

CONSUMER-DIRECTED HEALTH CARE

Empowering the Consumer in Consumer-Directed Health Plans



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You know the drill. It's annual enrollment time. This year increased premiums have necessitated significant changes to your company's health and welfare plans. So, you've spent endless hours researching and selecting health plans and programs, communicating as much information as possible to your employees. Moreover, you've followed up the postal mailings with e-mails that contain links to the online self-service enrollment site, making it easier for your employees to click, review and enroll. Given all of this preparation, you've communicated your confidence to management that the employees have truly been empowered to be health plan consumers and make their own benefits choices. So why have the phones been endlessly ringing off the hook in the HR department?

After all, we've become a "self-service nation." We book our own plane tickets online, look for the best bargains online, buy stocks and even download our own music. Yet, with the "self-service" shift to consumer-directed health plans, even the most savvy individuals recoil in panic and reach for the telephone number of their HR department. Imagine how much worse this scenario is for less-than-literate computer users or for those employee populations that haven't "grown up" on the Internet, such as retirees!

According to a February 2006 report by the U.S. Government Accountability Office on employee compensation, health insurance costs have increased by 28 percent since 1991, causing health benefit expenditures in 2005 to equal those for paid leave, previously the most expensive benefit provided by employers. Consequently, employers remain steadfast on finding ways to control costs, and employees—the consumers—are now asked to share a greater percentage of the costs while also getting more involved in their health care. The pervasiveness of these trends have spawned new offerings, known as consumer-driven health plans (CDHP). Usually designed as high-deductible medical plans coupled with an employer-funded reimbursement account for each employee, many of these plans are comprised of an HRA or HSA, group health coverage and online decision-support tools. Arguably, the last item can be the most important to a successful CDHP.

Another component to CDHPs is the more familiar group health insurance plan with a new spin. In most cases, employers now contribute a fixed amount and employees assume the balance of the costs, such as a hefty percentage of the monthly premium and co-pays for office visits and prescription drugs. Yet, even the recognizable of group health insurance plans create confusion. HMOs, PPOs, POS? Consumers

struggle to understand what these terms mean to them.

Critics argue that CDHPs are doomed to fail because the employee—the consumer—cannot be expected to fully understand the nuances of the offerings. Yet, as evidenced by the rapid adoption of the Web to support other consumer transactions—such as purchasing those plane tickets—there's no doubt that, properly armed, consumers can take charge of their own benefits costs and choices.

The epitome of CDHPs involves giving the employee the Web-based decision-support tools that they need to research and select network offerings and benefit packages. These tools enable employees to actually gain visibility into what their health care costs are and give them the option to better manage those costs. When coupled with the well-researched benefit options presented by employers, they raise the probability of CDHP success.

These online tools also help educate employees, enabling them to become better health care consumers. By making it easier to understand health care options, employees and retirees can take an active part in controlling health care costs. Typically, these online tools initially engage the consumer with a questionnaire that helps ascertain the personal needs of the individual and then ranks those medical plans that best meet these needs. Well-designed Web-based tools also include medical cost calculators and modules that help estimate the tax savings of HSAs.

Let us go back to that already busy HR department where the phones are ringing off the hook. Odds are that the majority of the questions the department is receiving could easily be answered via the many online tools available. Given how personal and individual health care choices are, the best people to make those decisions are the consumers themselves. So, when faced with designing the best CDHP program for your employee population, remember the most important part of the equation is the consumer. Arm them with a selection of plan options in addition to educational tools and an array of Web-enabled solutions, including decision support and preference selection centers as well as medical cost and FSA calculators, to provide them with a better understanding of their preferences and decisions. You'll have savvy consumers and effective consumer-driven health plans, guaranteed! **BCS**

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