

Navigating **Your** Path to Consumer-Driven Health Plans

A Research Summary From Humana

9 Strategies to Implementation Success



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Guidance when you need it most

Executive Summary

As employers move toward offering a consumer-driven health plan (CDHP) as part of their employee benefits, many have questions such as:

- **How do employees respond to consumerism?**
- **Are my employees ready to assume greater control and responsibility?**
- **What can my company do to make the transition easier?**
- **Will the benefits of making the transition be worth the expense and the upheaval?**

This research answers those questions and more.

Over a 15-month period, researchers studied individuals representing different age groups, family structures, employment positions, and income levels. Participants remained anonymous. The findings are reliable, but due to the nature of qualitative research, they cannot be considered representative of the general population.

By studying the same people over time, an evolution can be seen in employees' attitudes, beliefs, and behavior, and employers can make note of potential obstacles to avoid.

Study Findings

Employees appreciate choice

Employees appreciate the change from a “one-size-fits-all” approach. However, too many choices can make it difficult to distinguish one plan from another. Although choice is intuitively viewed as a positive, the array of choices—and the complexity associated with those choices—can be confounding to some employees.

Allowing employees a multiplicity of choices upon which to build a plan that best meets their personal set of needs is generally appreciated in principle, but some employees have difficulty negotiating the sheer amount and complexity of those choices.

Making an informed choice requires that employees gain an intimate knowledge of each option in order to make a decision they feel is a good one. This amounts to a lot of work that they previously did not have to do. In some cases, this does more to disengage than engage.

While the research demonstrates that employees want to be—and can be—good healthcare consumers, doing so requires some assistance from employers and insurers.

Your company’s implementation of a consumer-driven health plan can be smoother by designing offerings with choice in mind—and by making sure each offering is distinct.

You can further build employees’ confidence in their enrollment choices by helping them predict potential costs and by providing tools that can help them forecast future healthcare needs.

Employees want to “try it on”

The ability to predict healthcare needs and costs leads to confident decision-making in choosing a plan.

The ability to predict healthcare needs directly affects confidence in plan choice. Employees with chronic conditions find it easier to choose a plan than those without either a chronic condition or an expected event, such as a pregnancy. This lack of a “crystal ball” creates frustration given the fact that much of what is involved in selecting a plan deals with forecasting healthcare needs in the coming 12 months.

The necessity of using online tools to learn about—and ultimately enroll in—plans creates problems for those who either have limited familiarity with computers or have hardware issues (older computer or dial-up service) that make the experience difficult. The “collar divide” of computer familiarity can be frustrating when there are no alternatives for those with limited computer skills, leaving them at a distinct disadvantage. There are a number of ways in which these issues of “collar divide” may be overcome, such as permitting employees to make use of company computers, hosting training classes, or setting up kiosks.

AS EMPLOYEES assume more financial responsibility, they demonstrate both the ability and desire to work with their plan to contain out-of-pocket costs. One result is a fulfilling sense of control over their own health and healthcare.

Likewise, employee expectations can be made more manageable by facilitating ongoing communication or by providing employees with a “coach” that can guide them in predicting healthcare needs and selecting an appropriate plan.

Getting results

Changes in attitude and behavior are driven by experience and the desire to contain out-of-pocket costs. Such changes appear to take effect over the course of six to nine months. It seems to start with prescriptions and then leads to greater knowledge of plan mechanics, along with significant assumption of control over one’s healthcare.

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of control over their own health and healthcare. This new sense of control is viewed positively as compared with their previous disengaged behavior. Employees begin by using web tools to find the least expensive prescriptions and in-network doctors. We also see employees asking doctors for samples of pharmaceuticals, which not only saves money but also provides the opportunity to assess drug efficacy at no expense. Interestingly, employees make the connection that their attitude and behavior change also benefits their employer.

Observed changes in behavior also include a greater level of discernment as there is a clear motivation for employees to spend their own money more wisely. For example, employees are not as quick to visit an ER as they might have been under a traditional plan. While this may be seen as “avoiding care,” the results do not show an increase in negative outcomes.

One way to enhance an employee’s sense of control over their own healthcare is to communicate year-round about the benefits that the employee has selected and how he or she has used the plan. Such communications could include an individualized statement of benefits used or year-to-date cost savings.

The need for ongoing support

Employees need the same level of support they receive during open enrollment to continue throughout the plan year. There is a “Lonely Road” sentiment where not all the support tools available to them are remembered, and they feel they are left alone to figure out how to navigate their health insurance needs.

Also, accuracy of information becomes more of a necessity as employees become more educated and learn to utilize the tools, seeking to maximize their plan benefits. Examples surfaced where inaccurate information provided by online systems contributed to a sense of mistrust.

A system of supportive communication can help build familiarity and boost employee confidence. One example is to focus on “first use” of plan benefits (first doctor’s office visit, first time using debit card, etc.).

Money matters

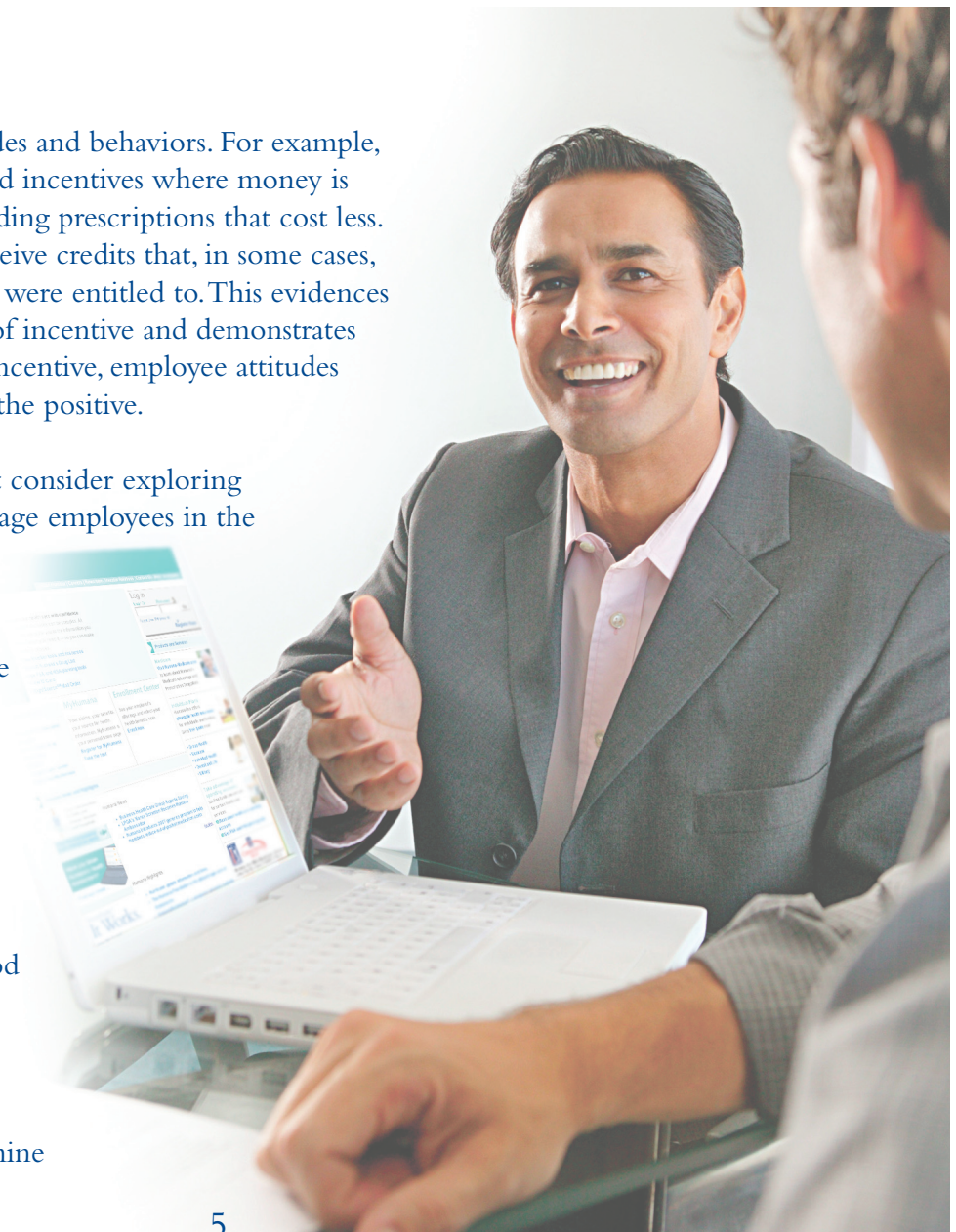
Cash has an impact on attitudes and behaviors. For example, employees have widely praised incentives where money is credited back to them for finding prescriptions that cost less. Employees were happy to receive credits that, in some cases, they did not even know they were entitled to. This evidences the impact of the right type of incentive and demonstrates that, given the right type of incentive, employee attitudes and behavior can change for the positive.

With this in mind, you might consider exploring special incentives that encourage employees in the responsible use of their plan benefits. You’ll want to have these incentives in place and ready to announce at the time you implement the plan.

Planning pays off

Employees want guidance on how to make smart choices on short notice. They wonder, “How can I be a good healthcare consumer in an emergency?”

Even though employees are adept at using tools to determine



the network status of physicians, they do not know how this can be done in the case of an emergency. They report that even when they go to a hospital that is in-network, a provider who is not “in-network” (an anesthesiologist, for example) may be involved in the emergency, and they will have to pay the out-of-network cost for that provider. Given the situation, this is seen as being out of their control and outside the scope of “doing their part.”

Because of the acute nature of an emergency, there does not appear to be either the time or the ability to “research” the network status of every provider that might possibly be part of the care. Employees express significant distress as to how to deal with this. They are looking to the insurer to somehow meet them halfway. For example, if they go to an in-network facility, they feel as though out-of-network doctors at that facility should not be their responsibility.

Fortunately, you can preempt the source of much distress by encouraging your employees to plan ahead for emergencies and providing the tools to make planning easy.

Transparency is necessary

Employees complain that they do not have the level of cost transparency they need to truly drive down costs. They know they cannot be smart consumers unless they have access to transparent information about healthcare providers, procedures, prescriptions, etc.

Employees feel they are assuming more financial responsibility for their own healthcare, which is frustrating to some. They report that they do not currently have information regarding the cost of procedures and therefore cannot compare pricing to truly find the best value.

When your employees understand the value of transparency in healthcare, they are likely to have much greater confidence in their ability to be smart consumers. You help facilitate this understanding by making sure employees are aware of the tools available to them and by providing training to ensure that they are able to use these tools easily and effectively.

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Keep it simple

Employees’ top priorities are ease of use and claims follow-up. As employees take on more financial responsibility, there is a desire to see their spending information presented in a familiar, user-friendly frame of reference, such as a credit card statement.

There is a great amount of detail in terms of how plans pay for healthcare. (For example, is a cast considered surgery?) While major tenets of plan functionality are more easily imparted to employees, not every specific individual situation can be reviewed, nor can it be expected that employees will remember the details. Frustration occurs when employees discover they are responsible for services and procedures they assumed would be covered.



You may also wish to explore options that can help simplify claims and reimbursement. By making it easier for employees to view up-to-date information, you can raise comfort levels and effectively alleviate many problems before they occur.

Consumerism meets individual needs

Personal characteristics such as temperament, learning style, and organizational ability play into how employees respond to consumerism. These characteristics also drive levels of understanding plan choices as well as learning curve lengths.

Although all employees had the same access to information about the plan choices, not everyone had the same level of understanding about those choices. This was due in part to temperament and/or organizational styles. Each employee's approach to planning healthcare seemed to mirror their approach to planning financial decisions.

This implies that there should not be a one-size-fits-all approach to open enrollment. As such, there may be a need to acknowledge the various temperaments and styles in which people organize information.

Because there is such diversity of personality types and learning styles among your employees, you may need to deliver information in a variety of ways. Consider surveying your employees about their preferred methods of receiving information.

About the study

Humana's overall strategy of Consumerism requires getting to know our consumers intimately both as consumers/users of our products and in terms of their lifestyles and their relationships with healthcare. As such, we set out to gain deep insight into the actual Choose/Use cycles and the related Attitudes/Beliefs and Feelings/Behaviors held by consumers. The longitudinal nature of the Ethnography project allowed us the unique opportunity to gain insight into the changes that occur over time to consumers' attitudes and behaviors related to their healthcare, their plan, and their health insurance carrier. We also were able to gain insight into why and how people make the decisions they do regarding healthcare and what the key influencers are to those decisions.



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