



# Helping Employees Choose a Health Plan

## Issue Brief

This Issue Brief focuses on what employees value most in the health plans they consider, how they comparison shop among plans—and what you can do to help them help themselves to make the best choices.

The findings were drawn from a study of more than 190,000 visitors across eight employers who used the PBGH Health Plan Chooser during fall 2009—along with more than 4,000 user responses to an online survey. The results are particularly insightful because they were captured when people were choosing a plan—signaling the information they find most useful and differences among health plans that are most compelling.

### What Matters Most

While choosing a health plan is a highly individual act, the vast majority of people report that their share of costs, coverage levels and access to doctors are top concerns.

Additional plan features that are important in plan choice:

- Rules for choosing and using doctors
- Services to save money
- Wellness services, and
- Help with managing particular diseases and conditions.

### Saving Money

Out-of-pocket costs, a concern made more poignant in this lagging economy, is the main

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consideration for most people when choosing a health plan. The costs paid at the time of service can differ tremendously among plans, as cost sharing is increasingly used to change consumer behavior and dampen premium increases. In this climate, employees especially appreciate being able to predict and compare these out-of-pocket costs.

Employees' prime concern about costs is increased in coinsurance or co-pays when getting care. The premium contribution also ranks high as a driver of plan choice, surpassing doctor choice for some—and is of heightened interest where the employee share of premium costs has accelerated.

More than half of the employees studied, 54%, expect low or no needs for medical services in the upcoming year. Specifically, they anticipated either no health problems or a well-controlled condition requiring two or fewer doctor visits for themselves or their family members.

**54%**  
**54% said they expected low or no needs for medical services in the upcoming year.**

But there was a sharp divergence between the anticipated need for medications versus medical services. More than a third of employees foresee the need for prescription drugs for significant or extremely costly health problems during the coming year.

For the overwhelming majority of employees, a simple out-of-pocket cost estimator provides an essential way to comparison shop wisely. Importantly, the tool should distinguish between prescription drug and medical care needs and the associated costs. The tool also should sketch out the bigger picture of an

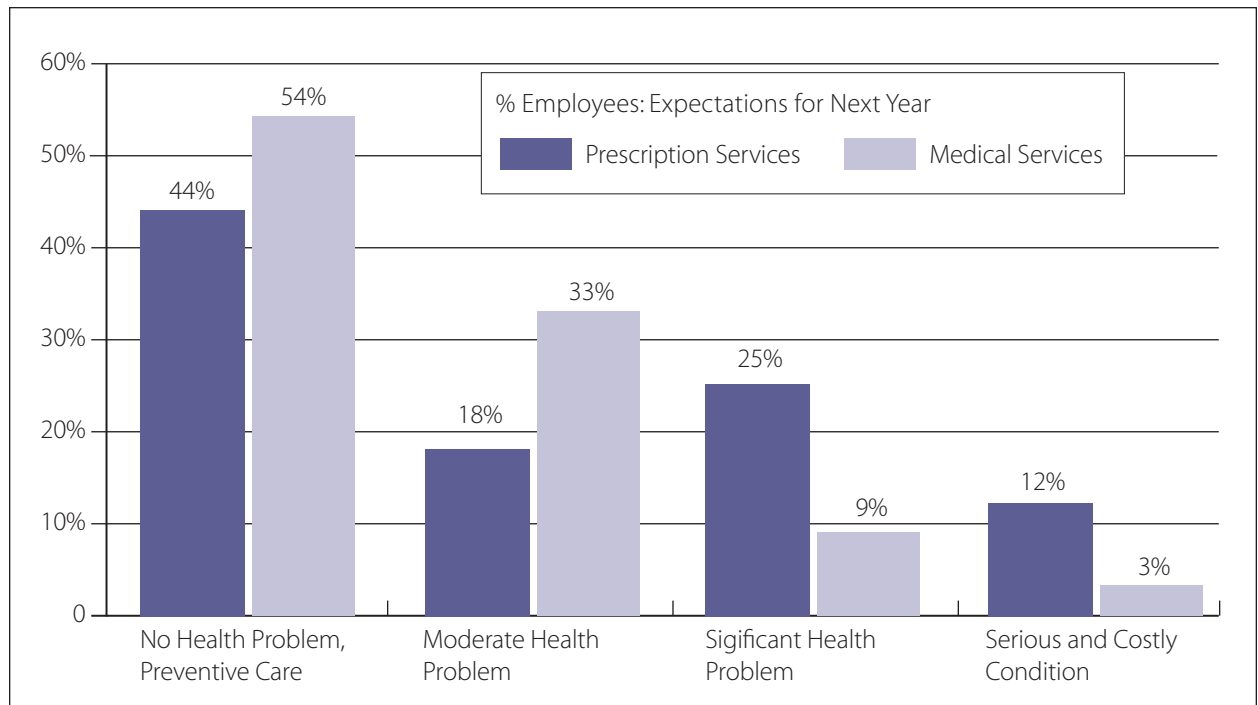
employee's potential cost for each plan by estimating pay period and annual premium contributions as well as annual costs for copayments and deductibles paid at the time of service. Noted one user: "The difference in total cost estimates for the various plans was much more dramatic than I expected. We've always used a PPO and I wasn't inclined to explore the alternatives until I used this tool. It definitely steered me toward something new, and when I ran my own numbers, I had to agree it was right!"

### Choosing a Doctor

While out-of-pocket costs narrowly trump concerns over retaining a particular medical provider, doctor choice remains important to most employees.

Nearly two-thirds of those polled say that a pivotal concern is whether their regular doctor is included in a health plan. A significant number of those who want assurance about a particular doctor in-network also say that a plan's rules for choosing primary care physicians and specialists are important to them in deciding on a plan.

### Employees' Anticipated Needs for Medical Services and Drugs



Those who have access to consolidated provider directories, in which all potential plans were included in a single doctor search, valued the straightforward process. “I love that I can enter my doctor’s name and it will give me a list of plans associated with my doctor,” said one.

But others are frustrated with the doctor directory searches each plan provides. The problem of out-of-date doctor lists is widespread as plans change network doctor rosters or a practitioner’s availability to take on new patients shifts.

#### BEST PRACTICES

A simple, concise out-of-pocket cost calculator that distinguishes medical and drug costs serves the needs of most people when comparing their costs by health plan.

### Getting Wellness Services

Fueled by employer programs offering incentives to those who take a Health Risk Assessment (HRA), a burgeoning number of employees are showing an interest in plans’ wellness services. The savings that are available to HRA users—discounts on healthcare premiums, rewards for losing weight and stopping smoking, gym memberships, prizes such as vacations or gift cards, even onsite medical and fitness centers—are even more compelling in the current economy.

Employees considering health plans’ wellness offerings were most interested in weight management and fitness. Some view them as essential components in preventative medicine and challenged their employ-

ers to invest. “Why are we not doing more to promote gym membership and a decrease in cost with all of the plans?” asked one of the employees polled. “I very seldom go to a doctor, so some help from that front would be very beneficial with a cut in gym membership.”

Stop smoking programs typically interest 5% to 10% of employees—consistent with the proportion of employees who smoke and who are open to getting help to quit.

About 1 in 10 employees were interested in the plans’ Personal Health Records—an early sign of interest in Internet services for people to directly manage aspects of their medical care.

### Managing Disease

When searching health plans, many employees were interested in whether the plans included care for particular conditions or diseases.

In fact, half of the employees who used the Plan Chooser investigated the disease management services that plans offered. Of greatest interest were asthma, depression, diabetes and pregnancy programs. Also flagged as important but of secondary interest were arthritis, coronary artery disease and pain management.

And employees interested in managing specific medical conditions were especially grateful that they could easily search for plan services that are critical to their chronic illness. Said one Plan Chooser user: “This took the guesswork out of choosing a plan. I have a medical condition that I am treated for on a regular basis—and it was very important for me to keep seeing my regular doctors at reasonable costs.”

## Comparing Health Plans

It's instructive to look not only at the factors employees compare when choosing among health plans, but also which plan services they value most—and how they prefer to access and digest information before deciding.

### Considering Plan Features

When considering health plan offerings, most employees focused on comparing and contrasting a handful of features. The plan choice information should be organized by topics of greatest interest to the workforce, including:

- Premium contribution
- Cost at time of service
- Doctors in the plan
- Covered benefits level, and
- Disease management and wellness programs offered.

Employees who used the Plan Chooser most appreciated its help in illustrating various plans' potential effects on their finances. Noted one of them: "Previously, choosing a new plan was a nightmare because you could never feel comfortable understanding the total

#### Personal Account Plans: A Call for More Help

As more employers offer personal account plans a growing number of employees express concern about how they work.

Those considering these plans tend to value lower overall cost and flexibility in choosing doctors. They want forthright information on whether the plans are a good fit for their needs.

Topics many say they need clarified include:

- Portability of the account monies
- Rollover of monies year-to-year
- Certainty about costs and coverage, and
- Proper use of the banking or account transaction functions.

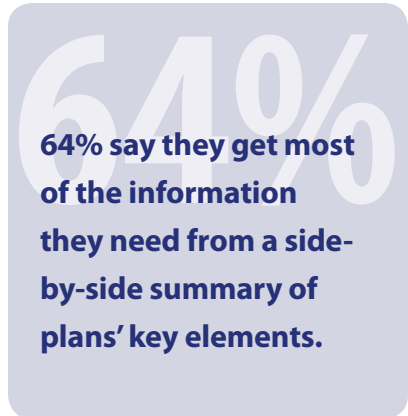
costs. However, this comparison tool was extremely helpful in my understanding of the maximum out-of-pocket expense."

### Accessing Comparison Information

To meet employees' diverse needs when choosing a health plan, benefits managers must provide a balance of both detailed and summary information.

A segment of employees need an easy path to more in-depth explanations of covered benefits. Those who felt they had insufficient information to make well-informed decisions wanted more details on specific services, such as alternative medicine and fertility treatments and on particular situations, such as coverage while traveling.

But the majority of employees surveyed, 64%, say they get most of the information they need from the Plan Chooser's QuickCompare feature, which presents a summary of key elements side-by-side—including projected out-of-pocket costs. For many employees, this comparative synopsis was exactly what they needed to evaluate potential plans—and also helped simplify the issues for other family members involved in making the choice. "The tool pulled out all the pertinent information and I printed it out to share with my spouse," said one user.



### Distinguishing Features by Plan Type

Additional valuable information about comparison shopping came from surveying those leaning toward enrolling in a particular type of insurance plan—traditional HMOs or PPOs, high deductible HSAs, or CDHPs—and focusing on the features they found most compelling.

## QuickCompare Side-by-Side View

|                                       | <a href="#">Remove this plan</a> | <a href="#">Remove this plan</a> | <a href="#">Remove this plan</a> |
|---------------------------------------|----------------------------------|----------------------------------|----------------------------------|
|                                       | Kaiser Permanente CA HMO         | Health Net HMO                   | Anthem Blue Cross Plus POS       |
| <b>Costs</b>                          |                                  |                                  |                                  |
| Your Premium Cost (Monthly)           | \$38.05                          | \$51.18                          | \$60.68                          |
| Your Premium Cost (Yearly)            | \$456.60                         | \$614.16                         | \$728.16                         |
| Your Cost at Time of Service (Yearly) | \$55.00                          | \$40.00                          |                                  |
| Total Cost (Yearly)                   | \$511.60                         | \$654.16                         |                                  |

Summarizing plan comparisons in a single side-by-side screen meets the needs of many decision aid users. Six out of ten users got most of their information from this QuickCompare view, which compares plan features they consider most important.

There are constants across plan types for all potential enrollees: availability of a particular doctor was consistently important, for example. However, employees considering particular types of health plans weigh aspects of these plans differently. For those likely to enroll in an HMO or PPO, certainty about costs and coverage was a paramount concern. And, one-third of these employees voiced confusion about the personal account plans. Those leaning toward high deductible HSA plans rated low monthly premiums of prime importance. And potential CDHP enrollees were more concerned than the others about keeping down overall costs.

|                                    | Kaiser Permanente CA HMO   | Health Net HMO  | Anthem Blue Cross Plus POS   |
|------------------------------------|--|---|--|
| <b>Features</b>                    |  |   |  |
| <a href="#">Seeing a Doctor</a>    | PCP selection encouraged, but not required. Referral required for most specialists; can self-refer for ob/gyn and mental health. | Must select PCP; referral required for specialist except for ob/gyn.      | In-network must select PCP and referral required for specialists. Non-network no PCP or referral required. |
| <a href="#">Wellness Resources</a> | Plan has health assessment program <a href="#">More...</a>   | Plan has health assessment program <a href="#">More...</a>                | Plan has health assessment program <a href="#">More...</a>   |
| <a href="#">How to Save Money</a>  | You pay copays for doctor's office visits. Must select in-network providers. <a href="#">More...</a>                             | You pay copays. Must select in-network providers. <a href="#">More...</a> | You pay the deductible and coinsurance. You pay less when using network providers. <a href="#">More...</a> |

|  | Kaiser Permanente CA HMO | Health Net HMO  | Anthem Blue Cross Plus POS |                 |
|--|--------------------------|-----------------|----------------------------|-----------------|
|  |                          |                 | Network                    | Non-Network     |
| <b>Key Services</b>                    |                          |                 |                            |                 |
| <a href="#">Doctor Office Visit</a>    | \$15                     | \$15            | \$20                       | 30%             |
| <a href="#">Lab and Radiology</a>      | \$0                      | \$0             | \$0                        | 30%             |
| <a href="#">Well Baby Visit</a>        | \$0 up to age 2          | \$0 up to age 2 | \$0 up to age 7            | \$0 up to age 7 |
| <a href="#">Deductible Self/Family</a> | \$0                      | \$0             | \$0                        | \$500/\$1,500   |

## POLL RESULTS: How important are the following reasons in choosing your medical plan?

| Reason for Choosing a Plan                     | Respondents Who Rated the Topic Extremely or Very Important |                    |                          |
|--|---|--------------------|--------------------------|
|  | HSA enroll likely   | CDHP enroll likely | HMO or PPO enroll likely |
| My doctor/provider is in the plan              | 63%   | 79%                | 80%                      |
| My costs will or could be lower                | 70%   | 77%                | 62%                      |
| My monthly premium is lower                    | 84%   | 69%                | 50%                      |
| More certainty about costs and coverage        | 49%   | 70%                | 79%                      |
| More flexibility choosing doctors and services | 39%   | 64%                | 62%                      |
| I need coverage for a specific condition       | 20%   | 36%                | 48%                      |
| Other plans too confusing                      | 9%  | 26%                | 37%                      |
| My HSA is portable                             | 67%   | N/A                | N/A                      |
| My HRA rolls over to next year                 | N/A   | 64%                | N/A                      |

## Making the Decision

Feeling the pinch of the economy and concerned about the rising costs of medical care, most employees

**84%**  
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polled say they are  
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select a plan.**

say they feel the pressure to make the right—or at least the best available—decision when choosing a health care plan. But the process of finding fitting, affordable coverage can feel daunting and stressful—“scary-making,” as one of the employees put it.

The vast majority of people who used the Plan Chooser, 84%, say they are well served by getting help with the decision-making process from an online tool.

### BEST PRACTICES

Most users said an online tool provided the critical decision support to evaluate health plans. Important decision aid features are:

- The ability to compare all plan choices in a single view
- A simple calculator to estimate and compare out-of-pocket costs
- An easy way to find doctors in each plan
- A way to tailor the comparison to highlight plan services of interest, such as weight loss services, and
- Concise information focused on key aspects of choice—especially cost of premiums and cost at time of service, doctors included and services covered.

And information is power when comparing plans with the help of an online tool—even if the news is not what the employee hoped to learn: “It allowed me to see that not only is my hospital not a participant in the plans, but my primary care physician and dentist are also not participants,” said one user. “Thanks for letting me know before I spend hard-earned money on something I can’t use.”

## Overcoming Obstacles to Choosing

Many employees applaud the convenience of an online tool when comparison shopping for a health plan. And a growing number appreciate the environment-friendly format. “Thank you for putting all this information and tools online to save money and trees that were used to print the expensive books that we received in the past,” said one.

Among those less content to get their guidance online, some said they miss the give-and-take available in a personal presentation from a knowledgeable benefits representative. And some still prefer to study their options in a printed guide.

But whether employees choose to get help online or from another resource, certain factors can still make shopping for insurance flummoxing.

For example, many say the expanding and often ill-defined alphabet soup of acronyms that permeates the plan choices—HRA, HSA, HMO, PPO, CDHP, HDHP—makes it hard to make an informed decision. Said one frustrated employee: “I wish I had a translator.”

Some lament that while their employers are offering fewer health plan options, the plans that remain are loaded with requirements and cost-sharing which may encourage “good” behaviors, but are complex. Employees are apprehensive about following the rules to avoid losing coverage or spending more for medical care.



And a few said there is nowhere to turn for more in-depth information on particular scenarios they face, such as getting coverage for college-age children or continuing their insurance if they retire.

An additional source of frustration: Employers seldom provide quality ratings for the plans they offer. This shortcoming is aggravated by the lack of quality performance reporting for most personal account plans and many other non-HMO plans.

## Giving Employees the Help They Need

Employees particularly value the ways that decision aids organize information so they can easily find and compare plan features that are most important to them. For example, one user commented that the Plan Chooser “provided a simple framework within which to analyze the more important factors associated with each plan.”

Translating insurance coverage and rules to straightforward information is essential to successful decision support. Users who reported that the tool made it easier to comprehend complex plan choice topics also reported greater overall satisfaction with the entire experience. “This was a great way to explain benefits,” observed one user. “Last year when I enrolled, I was very confused about everything—especially because it was my first time. However, this presentation of benefits was very informative, direct—and most important: understandable.”

### BEST PRACTICES

**Comprehension Counts.** Testing the clarity of language, numbers and math with employees is key. Users who easily grasp the information rate the online tool a near “10,” while those who have comprehension difficulty are much less satisfied.

But some are frustrated when trying to judge plans on particular details. Employees who wanted additional information especially sought more on:

- Definitions of insurance terms
- Descriptions of differences among similar products—plans with same benefits but different provider networks or same network but different benefits
- Details on personal account plans
- Specific services such as alternative medicine, pregnancy and fertility, and
- Coverage for dependents and particular situations, such as traveling.

Benefits managers can help by assessing the adequacy of current materials and the ease to access these resources when selecting a plan.

### Helping Employees Plan Ahead

Some people aren’t comfortable making their health plan decisions on the fly. They need to collect facts and figures or do a bit of digging on their own first. Employers can help ward off potential frustration by alerting employees to plan ahead:

- **Personal budgeting**—Encourage review of recent medical services and expenses to take advantage of out-of-pocket cost calculators.
- **Doctors in plan**—Urge contacting the health plan or a particular doctor to be assured of that physician’s availability.
- **Wellness incentive mechanics**—Advise about wellness-related opportunities to lower annual contribution costs or earn rewards and make best use of preventive care coverage.
- **Information for special situations**—Provide ready resources for details on issues such as coverage for travelers, dependents and more complex services such as fertility treatments and expensive drug regimens.

## Getting the Most From Decision Aids

Predictably, employees who seek support when choosing a plan did so most doggedly during open enrollment—most often at the start or very end of the period. However, employees who release online plan decision support prior to the open enrollment period serve significantly more employees, and serve them better.

**10**  
**Highly satisfied users of online decision support typically complete their plan choice session within 10 minutes.**

Factors that increase the use of a plan choice tool include:

- Employee outreach—particularly email promotion campaigns
- Magnitude of changes to the menu of options or the employee’s cost sharing obligations

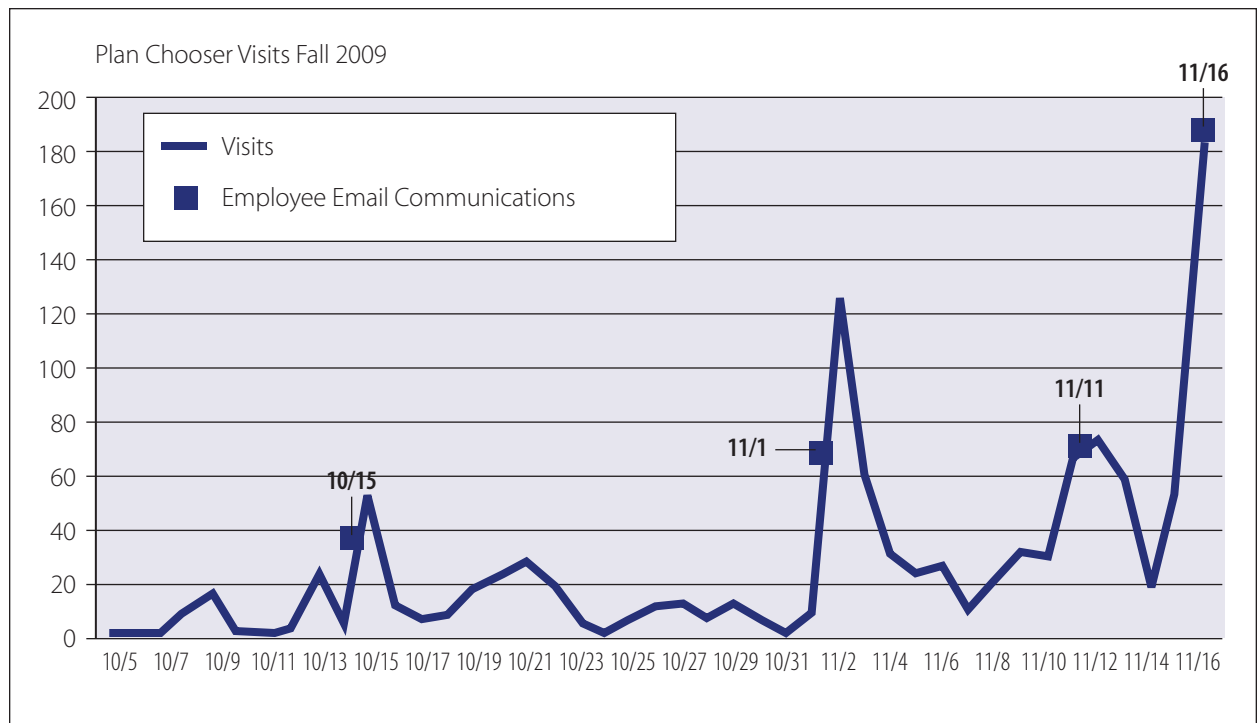
- Active versus default enrollment
- Length of time tool is available prior to open enrollment, and
- Online plan enrollment process.

Of all the elements affecting use, the one most easily controlled by benefits managers is crafting a well-timed and well-thought campaign explaining the help available and encouraging its use.

Encourage employees who may be content with a current health plan to make sure their plan remains the best fit by:

- Checking best opportunities to save money for services that matter to them
- Confirming that their doctors are still in the plan
- Finding out how other members rate their plans, and
- Estimating their medical costs for the coming year under each plan.

### How Communications Drive Online Decision Support Use





Since most employees feel pressed for time, balancing time at work and at home, a campaign should emphasize the ease and convenience of online help. These tools can be used in private, any time of day or night. Using online decision support, most employees take fewer than 10 minutes to compare their plan choices—and the information can be saved for later reference.

Companies that report high rates of use for the Plan Chooser tool also embellished their campaigns in a number of other ways—describing the tool in: company newsletters, company blogs and intranets, open enrollment notices sent to employees’ homes, brochures distributed at health and retirement fairs, articles for union officials to include in local newsletters, posters displayed during open enrollment and summary messages on employee paychecks.

Employee use of the online plan choice aids varies widely across employers. Typically, 15% to 20% of employees use the tool during open enrollment. But a sizable segment of the workforce, including new hires and those with family changes, also use the tool throughout the year. Organizations without online enrollment processes see the lowest use and those with the greatest activity engage employees online through email and other communications. The range in use of online decision aids is illustrated in the following sample of Plan Chooser clients.

**Employee Use of Chooser by Plan Client (Fall 2009)**

| <b>Plan Chooser Client</b> | <b>% Employees Who Used Plan Chooser</b> |
|----------------------------|--|
| Employer A                 | 71%                                      |
| Employer B                 | 20%                                      |
| Employer C                 | 19%                                      |
| Employer D                 | 18%                                      |
| Employer E                 | 14%                                      |
| Employer F                 | 10%                                      |
| Employer G                 | 3%                                       |