

Are Your CDHP Participants Fully Understanding their Plans?



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Employers are increasingly offering consumer-driven health plans (CDHPs) as a standard benefit option. Do employees truly understand how these plans work to their advantage? The evidence suggests not.

A [study published in the *Journal of Health Economics*](#) quizzed participants in employer-sponsored health insurance about basic health insurance terms like “deductible,” “copay,” “coinsurance,” and “out-of-pocket maximum.” A mere 14 percent of respondents were able to correctly identify the meanings of all four terms. Even fewer participants (11 percent) were able to determine the correct cost for a four-day hospital visit under a hypothetical plan.

Unfortunately for employees, brokers and employers may not be able to offer much additional help. In a [survey](#), while 68 percent of brokers and 50 percent of employers see themselves as highly fluent in CDHP benefits, both groups have notable knowledge gaps on program specifics. If brokers and employers don’t know CDHP details, how can employees be expected to understand them?

CDHP ignorance among employees is a significant barrier to CDHP adoption and usefulness. Health plans, brokers and employers all have an obligation to ensure that CDHP end-users know how their plans work, via their CDHP-

related communications and materials.

For purposes of this article, we define a CDHP as employer-sponsored health insurance coverage that pairs a high-deductible health insurance plan with a participant-controlled, tax-advantaged health savings account, flexible spending account or health reimbursement account.

Toward Better CDHP Understanding

Rather than thinking of employee ignorance of CDHPs as an unfortunate byproduct of participation, consider instead the following proven ways of effectively communicating about CDHPs:

1. **Emphasize CDHP benefits** – Instead of immediately jumping into grainy details about *how* a CDHP works, instead lead with *what* a CHDP can provide to plan participants. Foremost is an immediate reduction in employee out-of-pocket health care costs, as CDHP premiums are generally less expensive than other health plan alternatives. That may be a distinct advantage to younger, healthier employees who don't consume many prescription medications. Keep in mind that CDHP participants report being increasingly satisfied with their plans, according to an [EBRI/Greenwald & Associates report](#), while participant satisfaction with traditional plans has been trending downward in recent years.
2. **Incent consumers to use health care wisely** – While CDHPs have been shown to lower health care spending, the data also shows that those on CDHPs are less likely to receive care for chronic conditions. Avoidance of necessary care can negatively impact health and lead to higher health care costs. Employers offering CDHPs should educate their employees on the importance of managing their conditions and emphasize that no out-of-pocket costs are required for preventive care. Many insurers offer incentive programs to make it even easier to encourage employees to properly manage their conditions.
3. **Provide clear, concise and colorful information** – Health plan enrollment materials and supplementary communications regarding CDHPs should be presented in clear, concise and easy-to-understand language that's been tested for ease of readability. In addition, make liberal use of colorful information – both engaging anecdotes and stories that emphasize the benefits and uses of a CDHP, as well as eye-catching charts and graphics that help explain key points at a glance.
4. **Include third-party testimonials** – Take a cue from Amazon, which has become a retail giant in part due to the sales power of its customers' product reviews and testimonials. Include anonymous, candid and informative comments about your CDHP from current plan participants. Consider including enough background information about the source – for example "Family plan participant with two young children" – to make the information relatable to readers with similar health plan needs.
5. **Offer good access to cost and quality information** – It is important for CDHP participants to know where and how to find health care cost and quality information; this will allow them to be smart shoppers, just as they would for any other service or product. When this occurs, participants can potentially benefit by

receiving the highest-quality care at the lowest cost possible. And plan sponsors are rewarded as participants are incentivized to help reduce their own health care costs. There are publicly available online tools such as [Guroo.com](https://www.guroo.com) and [www.Fairhealthconsumer.org](https://www.fairhealthconsumer.org) that provide publicly available cost-estimating tools and information to help consumers compare prices for common procedures. Some insurers also offer plan members cost-estimating tools (although not all insurers offer the same degree of quality and price transparency). These tools are typically more robust than the public tools, offering cost estimates at the provider level in combination with quality metrics. The most advanced tools provide a personalized estimate that takes member benefits and deductibles into account to determine actual member out-of-pocket costs. This level of information is the gold standard for cost transparency tools today; no tool currently delivers estimates for every procedure, and estimates are still just that – estimates.

Where Does Your Company Stand?

Success with CDHPs should not be solely measured in terms of the number or percent of employees who have opted to participate in a CDHP. It should also be based on the number or percent of employees who fully understand their CDHP benefits, as well as the rate of participation in recommended preventive care and the quality of participants' management of their chronic conditions.

The more that employees know how their CDHP works, and how to optimally take advantage of its benefits, the greater the likelihood that these employees will be satisfied with their CDHP. That's a win-win scenario that truly benefits all.