Study Shows Half of Employers Now Offer Consumer-Driven Health Plans.  
By Jason P. Farro

Consumer-Driven Health Plans (CDHP) – high deductible health plans that incent employees to make smarter, more cost-effective health care decisions – have been around for nearly a decade. Many employers were reluctant to offer them at first, finding the design complex to communicate and difficult to sell to their employees. However, steadily increasing health care costs have helped many employers overcome their initial hesitation. In fact, according to a recent study by Towers Watson and the National Business Group on Health (NBGH), more than 50% of U.S. employers currently offer a CDHP and the number is likely to increase to 60% in 2011.

While CDHP’s are certainly not a magic bullet, they are achieving some success and appear to be shifting employees from a blind, entitlement mentality to a more conscious, responsible level of health care involvement. And, combined with other health care management and wellness strategies, these plans can play a key role helping employers manage costs.

What are Consumer-Driven Health Plans?
CDHPs, as defined by the Employee Benefits Research Institute (EBRI), are health insurance plans with an annual deductible of at least $1,000 for an individual and $2,000 for a family. CDHPs must be tied to a tax-exempt health savings account (HSA) or health reimbursement account (HRA), in which the employee or employer deposits money to use for medical expenses.

The premium contribution for both the employer and employee are significantly lower than traditional medical plan options. In exchange for a lower contribution rate, employees pay a much greater share of health care expenses when they are incurred in the form of the high deductible. The theory behind the design is that employees will be more selective about the health care services they purchase and the providers they choose.

Are Consumer-Driven Plans Working?
The Towers Watson/NBGH study showed that CDHP cost savings depended largely on how much of the employer’s workforce enrolled in the plan(s):

- Under 20% Enrollment: average $83 annual savings per employee
- Over 50% Enrollment: average $978 annual savings per employee

It is also interesting to note that that CDHP participation also correlates with high participation in wellness initiatives, including health risk assessments and disease management programs. The study showed the highest correlation with participation in weight management programs – CDHP enrollees were more than twice as likely as likely to participate.
Are CDHPs the Answer?
Data from this and other studies seems to indicate that employers who take a broad approach to changing the health care culture in their organizations have the greatest chance of success. Comprehensive wellness efforts, data-based disease management programs and other elements can work hand-in-hand with CDHPs to create a real shift in employee thinking and behavior.

Of course, CDHPs can be a tough sell in an organization that has always had more traditional, low-mid deductible health plans. The high deductible can look scary, and employees may be concerned that, even with lower premiums, they will end up paying a lot more for their health care – a concern that the Towers Watson/NBGH data doesn’t support. The fact is that lower premiums usually offset any increase in employee out-of-pocket costs resulting from the higher deductibles. Plus, out-of-pocket maximums and 100% preventive-care coverage included in most CDHPs provides significant financial protection.

Are You Considering a CDHP?
BRG can help you assess your current health and wellness plans and determine if a CDHP is right for your organization. If you are interested in considering expanding your organization’s commitment to health and wellness, we’ll also be happy to share information about our state-of-the art program, Beyond Wellness. Please give us a call.

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