

THE RISK REPORT

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Group Health

Chronic Conditions Driving Health Care Costs

A NEW REPORT has found that the top driver of health care costs in the U.S. is chronic conditions, emphasizing the role that employers can assume in helping their employees better maintain these ailments.

Chronic diseases play an outsized role in the cost of group health insurance. In order to contain costs and improve outcomes for their workers, employers can employ a number of different strategies, according to the report by the International Foundation of Employee Benefit Plans.

TOP CHRONIC DISEASES

- Heart disease
- Cancer
- Lung disease
- Stroke
- Alzheimer's
- Diabetes
- Kidney disease.

Source: Centers for Disease Control

While there is no one-size-fits-all solution, employers can try to contain costs, and hopefully their insurance premiums, by implementing a few strategies.

Disease management

Depending on the condition, chronic disease management programs will vary and it is usually a multi-pronged approach involving a health care provider and employer programs. Programs include:

- Regular screenings and checkups.
- Structured treatment plans.
- Education on how to manage their disease and self-care strategies. Some programs help enrollees to set goals for their health.
- Promoting the benefits of regular exercise and a nutritious diet, and empowering enrollees to take control of their health.
- Integrating wellness programs focused on chronic disease management and that promote a healthy lifestyle.
- Empowering enrollees to take control of their health.

Coordinated care

It's important for people with chronic conditions to receive care that's coordinat-

ed among different providers.

The key is that providers have systems and procedures that ensure that the patient's doctors are sharing information with one another, and that the patient is kept in the loop. This care requires:

- Access to care from different health care providers,
- Coordination between primary care, acute care and long-term care,
- Strong communications among providers, and
- Easily understandable patient communications.

Engagement and education

You as an employer can also do your part by making sure employees with chronic diseases make choices that ensure access to providers that focus on coordinated care.

You can also offer wellness programs that give employees with chronic diseases access to care coordination, medication management, disease-specific education, self-monitoring tools and peer support.

See more on page 2



Show Your Staff How to Best Use Their HSA Plans

AS MORE employers adopt high-deductible health plans, which leave their employees with more “skin in the game,” it’s important that you educate them on how to get the most out of the attached health savings accounts.

Unfortunately, your employees may not be using the funds in their HSAs as efficiently as they should, and they could be leaving money on the table. One of the most common ways that happens is spending on inappropriate care or misdiagnosed afflictions. It’s estimated that up to \$1 trillion a year is spent on this type of erroneous care.

HSAs have a threefold tax benefit:

- Money goes into the accounts pre-tax,
- The funds in the HSA grow tax-free, and
- Funds are withdrawn tax-free for qualified medical expenses.

Funds in an HSA remain in the account. There is no use-it-or-lose-it provision and workers retain ownership of the account even if they switch employers. They also can be kept until retirement and your staff can roll over or combine HSAs if they have more than one.

That said, your employees may be squandering their HSA funds.

Examples of unnecessary care

- Duplicate tests, because doctors don’t always have access to a patient’s full medical records if they first went to a different facility.
- Overtreatment for common conditions such as back and joint pain, some types of cancer, and stable heart disease.
- False positives from tests, leading to follow-up tests.
- Replacing less costly medications and treatments with new and more expensive alternatives that may not yield better results.
- Care that was delivered on the insistence of a patient when it was not needed or medically appropriate.

Tools for corraling health spending

Fortunately, there are means available to help your employees better decide how to spend their HSA funds.

First and foremost, the majority of medical expenses, like office visits, are reimbursable and the employee should tap the HSA whenever they incur a copay, deductible or outlays for medicine.

Shopping around – If they are told they need a procedure, they can take matters into their own hands and shop around for the procedure among the available treatment facilities in the group network. Doing this can save thousands of dollars.

Second opinions – Getting a second opinion is important, particularly after:

- Receiving a diagnosis of a serious or complex health problem,
- A doctor recommends elective surgery, or
- The diagnosis is not clear.

Fortunately, many group plans have second-opinion programs as stand-alone services or included as part of an advisory or vendor management program, and through medical centers of excellence.

Objective, evidence-based research – Supplying employees with evidence-based information on treatment options, presented in plain English, can help them understand their options, make more informed decisions, and avoid inappropriate testing and treatment.

It’s also helpful if this resource includes the option to speak with someone via phone or web chat who can answer questions about the information and suggest additional resources.

Referrals to experienced health care providers – Accurate diagnosis begins with connecting employees with the right physicians. This reduces the risk of misdiagnosis and inappropriate treatment. ❖



Continued from page 1

Wellness Programs Can Help People Manage Their Disease

Employee wellness programs can help employees adopt healthier behaviors and lifestyles by providing them with information, motivation, support and resources.

For example, an employee wellness program may offer free or discounted gym memberships, healthy food options, wellness challenges and rewards for reaching health goals.

Take advantage of essential services

To keep their disease from worsening or to identify possible health issues that may be developing, it’s vital that plan enrollees

take advantage of preventive services that the Affordable Care Act requires be offered with no out-of-pocket costs.

These include:

- Screenings and counseling.
- Routine immunizations.
- Preventive services for men and women.

Even when a member does not receive preventive care and develops a chronic disease, preventive measures can ensure that the disease remains in a low-severity stage. ❖



Open Enrollment

Help Younger Workers Understand Their Coverage

RECENT NEWS that many workers have a poor understanding of their employer-sponsored health insurance benefits, presents an opportunity for businesses to extend targeted support to staff during open enrollment.

The “2023 Optavise Healthcare Literacy Survey” found that 32% of employees are not confident about understanding how their plan works. As the plan sponsor, you can help them during open enrollment by providing them with tailored information and guidance.

Employees who don’t understand their coverage may choose plans that are not right for them, and because of their lack of knowledge, they are more likely to stick with the same plan and not explore other options during open enrollment.

To help your staff who may not be as up to speed on how their health plan works, your human resources team has a few options.

Focus on younger workers

The study found differences in health insurance understanding among the different generations in the workforce, with millennials and Gen Z workers having the poorest understanding.

The study authors recommend a “return to basics” approach during open enrollment for these workers.

If you have a multi-generational workforce or workers with chronic conditions, you’ll want to tailor your pitches depending on the employee. Your presentations should focus on multiple scenarios that explain which options are best depending on your workers’ age, health and life circumstances.

One-on-one communications

While group training and providing online tools and printed material can help your workers, one-on-one meetings seem to be the most effective.

- 84% said they found one-on-one sessions very or extremely useful.
- 68% said online resources were very or extremely helpful, and
- Only 49% said that e-mail correspondence was very or extremely helpful.

You may want to urge your employees to schedule face-to-face meetings with relevant HR staff. One-on-one meetings let them ask specific questions.

By having conversations about their current medical needs or family situation, employees can best determine the most reasonable option for them.

The takeaway

Employers can play an important role in educating their workers about their health coverage.

Smart employers will tailor their benefits communications, literature and meetings to meet the varying needs of their workers. It’s good to provide materials and education through various sources like a portal and literature, but meetings — and in particular one-on-one meetings — are the most effective.

A personal approach can be especially helpful to ensure that your workers choose plans from which they will benefit the most in light of their budget and needs. ❖

TOPICS FOR YOUR MEETINGS

Workers told the researchers that they wanted to know more about the following:

- How to avoid surprise medical bills.
- How their deductible, copay/coinsurance and out-of-pocket maximum work and what it means for their wallet.
- How to review an Explanation of Benefits and medical bill for errors.
- Researching health care costs and why it matters.
- How to choose where to get care.
- How to choose a plan.

More Employers Offering Deductible-Free Plans

AS MORE Americans struggle with medical costs and rising out-of-pocket expenses, employers are increasingly offering deductible-free plans, according to a new report.

Mercer's "2023-2024 Inside Employees' Minds" survey results jibe with other reports that some insurers' fastest growing group health plans carry no deductibles.

Workers covered by these plans often receive more preventive care than those who are in plans with deductibles, and they often pay up to 50% less out of pocket, UnitedHealthcare's chief operating office, Dirk McMahon, told investors recently. He added that these plans can reduce the total cost of care by an average of 11%.

Employers understand the increasing financial burden that health insurance and out-of-pocket costs are imposing on some of their employees. Medical debt is a growing problem in the U.S.

Employers are taking a number of different approaches:

- 15% offer free employee-only coverage in at least one medical plan.
- 18% use salary-based contributions, meaning that employees who earn less also pay less for their coverage, while their higher-wage colleagues pay more.
- 39% offer at least one health plan with no or low deductible. These are often known as copay plans.
- 6% make larger contributions to the health savings accounts of their lower-wage staff.

No-deductible plan trade-offs

No-deductible plans may:

- Have higher premiums to account for the more generous benefit.
- Feature higher copays.
- Have limited network providers.
- Have fewer covered health services.

Depending on your budget and your workforce demographics, no-deductible health plans may be your best option for staff who are high health care users. There are a few issues you should consider when mulling offering such plans. Here are the main pros and cons:

PROS AND CONS

Pros

- No-deductible plans can reduce out-of-pocket medical expenses.
- The plans are well-suited for people who have high medical costs.
- People who know how much they will pay upfront for care are more likely to access care when they need it, particularly for chronic conditions, and they are more likely to go to annual checkups.
- There is less likelihood of receiving surprise medical bills.

Cons

- No-deductible plans typically have higher monthly premiums.
- Copay outlays can add up for high users of medical services.
- Some plans may restrict services, such as not including certain drugs in their formularies or offering a limited provider network.

The takeaway

While no-deductible plans will be attractive to many workers, they are not for everyone and their higher premium may dissuade many people from choosing them, even if you have a generous premium-sharing arrangement.

If you agree to pay a set amount towards their insurance premium, these plans can still cost hundreds of dollars more a month for the employee.

People who do not use their health insurance much are not good candidates for these plans as well, since they may end up paying higher premiums for services they don't use. ❖

