Enhancing Your High-Deductible Health Plan

BlueCross BlueShield of Texas

To help control the rising cost of medical plans, many employers now offer high-deductible health plans (HDHP) to their employees.

In the last five years, the share of employees enrolled in high–deductible plans has more than doubled to 29 percent.[1]

28 percent of employers now offer high-deductible health plans, which is up 10 percent from a decade ago.[2]

1. Transparency Tools

Empowering Your Employees to Make Better Healthcare Decisions

In order to become savvier healthcare consumers, employees need the proper tools to make informed buying decisions. User-friendly transparency tools enable employees to shop around and evaluate providers based on price, clinical quality and customer reviews.

Example: When Mandy's physician told her she needed an MRI, he gave her a referral for where to have the procedure done. Most people would have the MRI completed at the referred location, but the cost of an MRI can vary by as much as 400 percent depending on where it is completed. When Mandy did some research with her transparency tools, she found a high-value, lower-cost location and saved healthcare dollars for both herself and the group medical program.

Take a look at these real-world cost examples for common procedures. If employees had cost estimates and quality information up front, which providers would they be more likely to choose?

Procedure	Provider A	Provider B	Difference
MRI of the brain	$682[3]	$3,849[3]	$3,167
Hernia repair	$4,142[4]	$11,692[4]	$7,550
Knee replacement	$16,997[3]	$55,155[3]	$38,158

Note that costs are examples and may not apply to every member's situation.

Cost is not the only data employees should consider. High-quality care ultimately costs less. That's why the right transparency tools also provide clinical quality indicators for employees from multiple independent sources.

When employees have access to transparency tools that provide accurate cost information on a large number of procedures, independent clinical quality indicators and reviews from other patients, they are able to make informed buying decisions and get the maximum value out of their healthcare dollars.

Blue Cross and Blue Shield of Texas' (BCBSTX) Provider Finder is available to group PPO members and provides the cost and quality information members need. The Benefit Value Advisor (BVA) program is available as a buy up for employers who want to supplement their online Provider Finder with a telephonic solution. Member Rewards is an innovative member engagement and cash reward program. Members earn cash rewards through education and engagement strategies that demonstrate the cost benefits of shopping around for healthcare services.

[1] Mercer. "National Survey of Employer-Sponsored Health Plans." www.mercer.com/newsroom/national-survey-of-employer-sponsored-health-plans-2016.html. Published October 26, 2016. Accessed November 15, 2016.

[2] Kaiser Family Foundation. "2016 Employer Health Benefits Survey." kff.org/health-costs/report/2016-employer-health-benefits-survey/. Published September 14, 2016. Accessed November 15, 2016.

[3] Allowable in-network cost data from providers within a 50-mile radius of Chicago, Texas. Costs are examples and may not apply to every member's situation.

[4] Allowable in-network cost data from providers within a 50-mile radius of Springfield, Texas. Costs are examples and may not apply to every member's situation.

While an HDHP can reduce an employer's medical expenses, it puts more financial responsibility on employees and their families, which can be overwhelming.

Deductibles for covered workers have tripled since 2008, growing 8 times faster than wages.[5]

The average single deductible increased 114 percent between 2008-2018.[5]

43 percent of insured patients said they delayed or skipped physician-recommended tests or treatment because of high associated costs.[6]

Fortunately, employers can reassure their employees about HDHPs by guiding them to become smarter about their healthcare choices, helping them save for medical expenses and providing supplemental insurance protection to reduce the financial shock of an unexpected accident or major illness.

2. Health Savings Account (HSA)

Encouraging Your Employees to Save for Medical Expenses

Saving money is difficult for many Americans. In fact, according to the Federal Reserve Board, 43 percent of Americans could not meet an unexpected expense of $400.[7] But this doesn't have to be the case. A compassionate employer can help their employees take the first step to saving for their healthcare costs by establishing and contributing to an HSA account for their employees.

Employees who are actively engaged in their medical care can forecast their expected medical expenses each year and contribute pre-tax dollars to their HSA accounts to help cover out-of-pocket costs. Many employees may want to take advantage of the tax-favored status of an HSA account and contribute more than their expected medical expenditures annually.

HSA Advantages

Tax Savings:

1. Tax deductions when account contributions are made
2. Tax-free earnings through investment
3. Tax-free withdrawals for most qualified medical expenses

Portability: Members can usually keep the account even if they change insurance plans, jobs or retire.

Flexibility: Use the funds to pay for current, qualified medical expenses or save the money for future needs.

Control: The member decides how much money is to be put into the account and when to use it to pay for qualified medical expenses.

Money contributed to an HSA account belongs to the employee, so it encourages him or her to be more responsible and get the best value for his or her money. Using an HSA account is one way an employer can motivate employees to make wiser healthcare buying decisions.

Blue Access℠ for Members (BAM), Blue Cross and Blue Shield of Texas' member portal, contains transparency tools and HSA account balances together for an integrated member experience.[8]

[5]The Kaiser Family Foundation. "2018 Benchmark Kaiser Family Foundation Employer Health Benefits Survey." www.kff.org/health-costs/press-release/employer-sponsored-family-coverage-premiums-rise-5-percent-in-2018/#. Published October 3, 2018. Accessed June 24, 2019. [6]Kaiser Family Foundation/New York Times. "The Burden of Medical Debt: Results from the Kaiser Family Foundation/New York Times Medical Bills Survey." kff.org/report-section/the-burden-of-medical-debt-introduction/. Published January 5, 2016. Accessed November 15, 2016. [7]Board of Governors of the Federal Reserve System. "Report on the Economic Well-Being of U.S. Households in 2015." www.federalreserve.gov/2015-report-economic-well-being-us-households-201605.pdf. Published May 2016. Accessed September 27, 2016. [8]HSA balances are available when using a BCBSTX preferred HSA vendor.

3. Supplemental Insurance from Blue Cross and Blue Shield of Texas

Providing Members Financial Protection from the Unexpected

Blue Cross and Blue Shield of Texas' accident and critical illness insurance provide cash for unexpected medical costs. They work alongside an employee's major medical coverage to help pay for out-of-pocket expenses.

Accident Insurance

- Covers accidental injuries (e.g., broken bones)

Critical Illness Insurance

- Covers diseases and illnesses (e.g., heart attack, stroke and cancer)

Even with the best transparency and savings tools, many employees might still find it difficult to pay for out-of-pocket costs—especially if they suffered a major accident or illness. This can cause anxiety and possibly reduce enrollment in the HDHP.

Roughly 20 percent of people under age 65 with health insurance nonetheless reported having problems paying their medical bills over the last year.[9]

Among those who reported having problems paying their bills despite having insurance, 63 percent said they used up all or most of their savings; 42 percent took on an extra job or more work hours; 14 percent moved or took in roommates; and 11 percent turned to charity.[10]

But employers can reassure their employees by offering supplemental accident insurance and critical illness insurance to complement their HDHP. They both give employees the opportunity to secure additional financial protection in case of an accident or critical illness.

Supplemental accident and critical illness coverages are cost effective ways for an employer to enrich their benefits package for their employees. They can be offered as either an employer-paid benefit or as a 100% employee-paid voluntary benefit.

Employers who are first introducing an HDHP or wanting to increase enrollment in their HDHP may consider using some of the premium savings they realized by switching to a HDHP and use it to pay for accident and critical illness insurance. Once employees understand the benefits of the supplemental insurance, employers can offer additional voluntary coverage for those who would like even more financial protection from unexpected medical costs.

Benefits:

- HSA protection: preserves HSA funds for other planned medical expenses by helping to cover the unexpected costs from an accident or critical illness.
- More financial support: provides additional money to help with all of the non-medical expenses associated with recovering from an accident or critical illness, such as travel, household expenses and child care.
- Employee reassurance: reduces employee anxiety associated with large, out-of-pocket expenses.

HDHP's can be intimidating to some employees, but with the right tools and supplemental benefits, an HDHP can be the first step in turning employees into engaged consumers of health care.

Give your employees more opportunities to make smart choices and save money. Contact your account representative or sales executive to learn more.

[9]Kaiser Family Foundation/New York Times."The Burden of Medical Debt: Results from the Kaiser Family Foundation/New York Times Medical Bills Survey." kff.org/report-section/the-burden-of-medical-debt-introduction/. Published January 5, 2016. Accessed November 15, 2016.

[10]Kaiser Family Foundation/New York Times."The Burden of Medical Debt: Results from the Kaiser Family Foundation/New York Times Medical Bills Survey." kff.org/report-section/the-burden-of-medical-debt-introduction/. Published January 5, 2016. Accessed November 15, 2016.

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