



A UnitedHealthcare Company

Uncovering the
truth about

Consumer-driven health plans (CDHPs)

A closer look at CDHPs for hospitals and health systems

Consumer-driven health plans (CDHPs) require participants to think differently every time they access their health care benefits.

CDHPs are typically designed with larger deductibles to make plan participants more accountable for their own health care spending. They must manage a financial account, such as a health savings account (HSA) or health reimbursement account (HRA), which can initially take participants out of their comfort zone.

Hospitals and health systems often have their own unique concerns about offering a CDHP.

Despite apprehension, more hospitals and health systems are beginning to embrace the cost management benefits of CDHPs – especially as they find out the truth behind these plan options and solutions. In fact, a recent survey of our hospital and health system clients showed that 66 percent incorporated some form of consumerism in their plans.

There are good reasons for that, as a closer look at CDHPs can reveal their benefits and alleviate some of the most common concerns.

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Perception →

Members will look for health care services outside owned providers and facilities



Consumer-driven plans can be structured to promote domestic utilization.

CDHPs do encourage members to take a more active role in making their health care decisions, which may lead them to consider options outside of the hospital's facilities. Like traditional plans, consumer-driven plans can be structured to promote domestic utilization.

Deductibles and out-of-pocket maximums can be tiered as long as they are compliant with legal requirements of the CDHP option selected. Coinsurance and copays can also be set up to make it more favorable for members to use domestic resources. If using an HRA, hospitals can set it so that account dollars can only be used when services are received at domestic providers and facilities. While UMR does offer online cost and quality comparison tools, that functionality can be turned off for clients that choose not to offer those capabilities to members.

Perception →

It will be difficult to collect higher deductibles from members



UMR pays the medical provider directly with HRA funds.

Hospitals can fund an HRA or HSA with plan savings that can be used to pay deductibles. In fact, collecting deductibles is not an issue with HRAs because UMR pays the medical provider directly with HRA funds. The ability to carry over funds from an HRA or HSA to the following year allows members to offset future deductible expenses with any dollars left over from the previous plan year. Employers can choose to set a limit on the amount that can be carried over with an HRA. In addition, an HRA deductible can be set at a lower level than the minimum required by a qualified high deductible health plan (QHDHP)/HSA.

Perception ↘

CDHPs are only for the young and healthy

TRUTH

71%

of members enrolled in a QHDHP have made behavior changes since switching from a different plan.

An analysis of risk scores from the UMR hospital book of business shows increasing variation between traditional plans and CDHPs. But, this does not necessarily mean that only younger, healthy members are selecting CDHPs. A 2013 survey conducted by Aon Hewitt* indicates that 71 percent of employees and dependents enrolled in a QHDHP have made behavior changes – mostly for the better – since switching from a different plan. This suggests that increases in risk score variations may be due to improved member health.

Employer contributions to an account are a proven incentive to encourage participation across demographic groups, and premium reductions can further influence participation. Even members that meet their annual out-of-pocket maximums with a QHDHP may still come out ahead as premium savings and employer contributions can offset the deductible.

Perception ↘

Members will avoid care

TRUTH

30%

of QHDHP participants say they receive preventive care more often than under a different plan.

Let's face it—frequent visits to the emergency room are not cheap. In many cases, they are also not necessary. When members are enrolled in a CDHP, they are more likely to make better and more cost-effective health care decisions. The Aon Hewitt survey reveals that 23 percent of QHDHP participants look for lower cost options. So, rather than visit the emergency room for that sore throat, members are more likely to go to an urgent care clinic.

CDHP enrollees are also more likely to better manage their health. According to the Aon Hewitt survey, 30 percent of QHDHP participants say they receive preventive care more often than under a different plan. With preventive care covered at 100 percent, members will be able to better identify and manage chronic conditions. The important thing to remember is members must be aware of preventive care benefits in order to use them.

As members become more knowledgeable about their health care and the costs, they don't avoid care, they make healthier decisions. The result: reduced health care costs. UMR recently compared PMPM costs for hospital clients offering both a CDHP and traditional plan and found this to be true. The findings show that PMPM costs for CDHPs are 30 to 40 percent lower than traditional plans.

* The Consumer Health Mindset, Aon, February 17, 2014

Perception →

Members will be confused about CDH plans

TRUTH

CDHPs at their core are not difficult to understand. Plan participants simply need educational materials that are easy to understand. Spend some time with employees to gather information about their concerns. Do they understand how the account works? Are they struggling to determine how much to contribute to an HSA? Asking these questions can help you develop employee communications that eliminate confusion about CDHPs.

UMR offers a variety of tailored communication materials to educate members about their CDH plan. We provide consultative communication planning specific to your market, including a readiness survey and assessment tool. We also offer plan design and modeling assistance to ensure your CDHP is well matched to your population. We have an extensive library of member materials that can also be matched to the knowledge, readiness, abilities and preferences of varied demographics of your plan members.



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THE USE OF CDHPs TO CONTROL HEALTH CARE COSTS IS ON THE RISE

Many employers are turning to these plans to help members make better health care decisions, which can ultimately result in reduced benefit costs. And research indicates it's working. Is it time you take another look at offering a CDHP to your employees?

Contact your UMR strategic account executive today to learn more about how CDHPs can help you manage your benefit costs.

