

FINDING THE WINNING CDHP FORMULA

Companies Must Commit, Do Some Homework to Make Consumer-Driven Plans Succeed

ALTHOUGH A RECENT STUDY shows that employees who are in consumer-driven health plans (CDHPs) tend to become more cost-conscious and engaged customers, many small businesses are struggling to find the promised savings.

Inside Consumer-Directed Care, an industry publication, reported that many small employers find that CDHP premiums fail to net much savings compared with traditional PPO or HMO plans. Some are dropping CDHPs after reporting consistently high increases in premiums.

Many small businesses aren't realizing savings on these plans because employers often don't understand the differences between the self-insured and the small-group market in regards to CDHPs, insurers and consultants told ICDC. Unrealistic expectations of how CDHPs work only adds to the problem, they said.

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WAYS TO WELLNESS

Successful Programs Require Cash, Encouragement.

AS MORE EMPLOYERS encourage their employees to make healthy choices, they're discovering they need to do more than tack up a couple of posters in the break room.

Hefty cash rewards, good incentives and a real commitment from the company are key in making wellness work, according to benefits consultants at Towers Perrin.



For example, participation in a health assessment – usually one of the first steps in a wellness startup – drops to 25 percent without any incentives, according to Towers Perrin.

Cash and gift cards provide a good carrot to lure workers into enrolling, but those gifts alone will not keep workers engaged, experts said.

Six years ago, companies that offered \$100 in cash for a health assessment could expect about 75 percent participation, according to Jessica Grossmeier of wellness program developer StayWell Health Management. By 2006, that number had fallen to about 50 percent.

"I think you need a little bit more money now to get the same level of attention," she said.

Company encouragement also is vital, experts said.

"It doesn't matter, really, how much money you're offering if the culture isn't supporting what you're doing," Grossmeier said. ■

THE ELECTION EFFECT

Expert: Obama Will Ease into Health Reforms

PRESIDENT-ELECT BARACK OBAMA made health care reform a central theme throughout his campaign for the nation's highest office. He now faces the challenge of communicating the specifics of his plan and implementing those reforms during an economic downturn.

Obama's plan would require all children to be covered by health insurance and would create income-related subsidies for health insurance through a new national exchange, which would cost an estimated \$65 billion per year.

His plan also would require employers (except for small businesses) either to provide workers with a "meaningful" contribution to an employee health benefit or to pay an unspecified amount toward the national exchange.

"[Obama] does not define 'meaningful contribution,' so that will need to be defined going forward," said Cara Welch, director of public policy for World at Work, an HR consulting firm.

In addition, Obama has called for catastrophic reinsurance for employers and a long list of general health care reforms, such as improvements in health information technology and transparency rules.



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Finding the Winning CDHP Formula Continued...



“Some believe [in CDHPs] and take a thoughtful, long-term strategic approach,” said Jerry Ripperger, national practice lead for consumer health at Principal Financial Services, Inc. “Others . . . want the least expensive option, are looking for short-term savings, and they don’t invest in anything that will change their employees’ health behaviors. So at renewal time, their premiums look just like they did before.”

According to the 2008 UBA Health Plan Survey, CDHP savings have been somewhat overstated historically due to the high growth rate and large first-year premium savings the employer experiences by moving to a high-deductible plan from a first-dollar, copay oriented plan.

The 2008 results showed that companies putting in a CDHP for the first time experienced an average 7.9 percent decrease in premiums compared to the prior year. However, renewing CDHPs reported a 9.3 percent increase, compared with a 7.4 percent rise in all plans.

While some employers struggle to make CDHPs work, employees are learning to be better health consumers, according to a survey by Blue Cross and Blue Shield Association. The study found that 72 percent of CDHP consumers track their health expenses, compared with just 40 percent of non-CDHP customers.

While better consumers may lead to eventual savings for employers, some experts say that’s not enough to make CDHPs successful.

Aaron C. Davis, president of NextLogical Benefit Strategies, LLC, told attendees at a recent Employee Benefit News expo that CDHPs haven’t realized their full potential because those implementing the plans haven’t paid heed to other side of the equation: chronic-disease management and preventive care. ■

..... **Bulletin Briefs**

- ◆ **LESS TURKEY TIME:** Employers are being less generous this year with paid time off during the Thanksgiving holiday, according to the BNA Holiday Study. Nearly three out of four employers (73 percent) plan to give workers Thanksgiving and the day after off with pay – down from 78 percent in 2007:
- ◆ **RETIREMENT PLAN LIMIT:** The IRS has increased the maximum salary contribution that can be made to a defined contribution plan in 2009 to \$16,500, an increase from \$15,500.
- ◆ **NEW FMLA RULES:** The U.S. Department of Labor has finalized new regulations for the Family Medical Leave Act (FMLA). Changes include rules that define how families of wounded service members can take unpaid leave to care for them. For more, visit <http://www.dol.gov/>. ■

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An Obama administration also likely will tackle other HR-related issues such as discrimination laws, equal pay issues and immigration.

Although Obama is riding the momentum of a solid victory in both the Electoral College and popular vote, some experts say the realities of the U.S. financial crisis likely will stall most of his reforms, at least in the short term.

“We may get incremental change, but I don’t think we’re going to get substantial change,” Paul Keckley, the executive director of the Center for Health Solutions at Deloitte & Touche, told Bloomberg News Service. “How much do you want to tweak health care while dealing with bank mortgages?”

Keckley said Obama’s first step likely will involve an attempt to expand SCHIP (State Children’s Health Insurance Program), which subsidizes insurance for 6 million children.

Obama also might try to push through cuts to Medicare payments for insurers and a reform that would let Americans buy prescription drugs from Canada.

Congress, however, doesn’t appear to be willing to go slow on Obama’s reforms.

Despite the rough economic climate, key Democrats in Congress, led by Sen. Ted Kennedy (D-Mass.), are pushing to quickly consider a bill covering most of Obama’s proposals.

While details are still being hammered out, a spokesman for Kennedy said the legislation likely will be a single bill largely mirroring the president-elect’s platform during the campaign. ■