

Employees' Responses When Their Employer Introduced a Consumer-Driven Health Plan

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Consumer-Driven Health Care: Evidence from the Field

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Reprise: What Changed?

- Increased range of options (5)
 - Two lowest cost choices of special interest:
 - first \$500 covered, then \$1,000 deductible, then 80/20
 - first \$500 covered, then \$2,000 deductible, then 100%
- Increased costs for employees
- Changed pharmacy benefit to four tiers and increased many pharmacy copayments
- Switch to online enrollment

3 Research Questions

1. Who chose the consumer-driven options?
2. What did employees think of the enrollment process?
3. Did the enrollment process affect all employees equally?

Study Design and Sample

- Cross sectional mailed survey
- Conducted shortly after open enrollment (July 2001)
- All benefit-eligible employees at the corporate headquarters (4,680)

Results - Responses

Response rate - 66.2% (n = 3,098)

Q1: Who Chose the Consumer-driven Plans?

- Socio-demographics
- Health status
- Plan design preferences
- Enrollment experience

Q1: Sociodemographics and Health Status

(Logistic Regression Results)

- Half as likely to be Black
- Almost twice as likely to have associate-only coverage
- Half as likely to have chronic health problem
- Three times more likely to have no visits in past 4 weeks

Q1: Plan Design Preferences and Enrollment Experience

(Logistic Regression Results)

- 1 ½ times more likely to know a lot about plans
- 3 times more likely to think premium was most important consideration
- 4 times more likely to be extremely satisfied with variety of plan choices
- 5 times more likely to think there are big differences in plan premiums

Q2: What Did Employees Think of the Enrollment Process?

- Written communications were more likely to be very helpful in preparing for enrollment (45%) than for understanding why the employer developed new products (33%)
- Enrollment tool was more likely to be very easy to use (40%) than website (27%) or Wizard (28%)
- Employees wanted more details about benefits, especially pharmacy

Differences in the Enrollment Process

between those who selected the lowest cost options and those who didn't

- more likely to have enough time at work to review options (86% vs 79%)
- more likely to think there was not enough information about choices (26% vs 16%)
- more likely to use Wizard to select plan (82% vs 66%)
- more likely to find Wizard helpful in decision (52% vs 38%)
- more likely to find Wizard very easy to use (42% vs 26%)
- more likely to enroll in plan chosen by Wizard (58% vs 46%)
- more likely to find on-line enrollment easy (75% vs 68%)
- more likely to prefer on-line enrollment (82% vs 64%)

Q3. Which employee characteristics are related to their evaluation of enrollment?

Employees in fair or poor health had the hardest time
Compared with those in excellent, very good, or good health

- Communications less helpful (48% vs. 31%)
- Benefits information less understandable (39% vs. 28%)
- Not enough time to enroll (81% vs. 64%)

The Comments

- Over half of respondents wrote comments about changes in their coverage
- Comments were more negative than had been received in an on-line survey
- There were many moving parts working simultaneously
- Revealed the digital divide

Comments

- Wanted more information
 - Plans (certificates, contracts)
 - Prescription coverage
 - Consumer-defined plans

Sample Quotes on Coverage

“I thank God that my husband has real insurance. I hope I never have to purchase the ‘medical benefit’ that is provided to Humana associates. It is embarrassing to tell people what poor benefits are given to our associates.”

“It is very disturbing to administer better benefits to members than we get ourselves.”

“I love the concept of having less expensive option that suits our current above average health status...no need to be over-insured.”

Benefit Information

- Missed having Plan Comparisons (many reported printing out information)
- Would like to have extensive “What If” scenarios - modeling of plans and circumstances
- Wanted more information about
 - out-of-pocket expenses
 - details, more easily accessible and more helpful, about Providers
- No one asked about quality

Sample Quotes on Benefit Information

“Provide worksheet for calculating estimated med expenses for year, including copays, deductibles, etc.”

“Show me what my total expenses would have been last year under each of the six plans (based on my own Personal Claims Experience)”

“I like printed material for making important decisions—it is hard to follow all of that detail using a web page.”

Online Tools

- Wide range of feedback on online tools
- Some thrilled with online, others strongly preferring paper
- Biggest complaints were access-related

Sample Quotes on Online Tools

“The enrollment process was great and easy to use for anyone mildly computer literate.”

“Online tool was cumbersome and not user-friendly.”

“Enrollment was a breeze. Way to go!”

“The Wizard told me what plan was the cheapest for payroll deduction, but really did not help me understand what my true annual cost would be when considering deductibles, cost shares and non-covered service...I could not fully understand my out of pocket expense.”

Access

- Comments varied, but many thought system too slow, system locked up, couldn't access from home, frustrating
- Not enough time at work to complete enrollment

Sample Quotes on Access

“Enrollment was hard because I’m out on disability and couldn’t access the site ... and had to drive 1 hour each way with a newborn to go to the WTS building to enroll.”

“It took me at least 30 times to enroll - system was slow, always had an error. This was the worst experience I have ever had.”

“Electronic enrollment is a great idea. With so many new things to deal with, I needed more time. There was only one weekend to discuss this at home. I also needed to print out lots of stuff so this wasn’t exactly a paperless transaction.”

“Good system that needed a little more time in testing before going live.”

The Moving Parts

- Working for insurance carrier created special feelings of entitlement
- Change in pharmacy benefits concerned many
- Many technological problems encountered
- Transition from print information to on-line information not fully considered
- Some reluctance to transact business on-line

Consumer-driven Plans Present a Troubling Trio of Threats

1. Increased costs for employee
2. Increased confusion and need for information
3. Risk segmentation

The Times They Are a Changin'

- In 2001, 63% of Humana employees stated that the decision was extremely important
- In 1995 and 1996, less than 25% of employees (three different surveys) stated that the decision was extremely important