

Employee Attitudes On Health Care: The Only Constant Is Change

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Benefit telepathy: the ability to read the minds of employees in order to understand how they make benefit-related decisions. No, this paranormal phenomenon does not exist, but many employers, benefit managers and HR professionals wish it did.

Insight into the concerns and attitudes of health care consumers is invaluable information for developing a new plan design, launching communication strategies, planning incentive programs, and recognizing disparities in employer/employee perceptions. However, very few businesses are measuring trends in their employees' attitudes.

"They have the money, so they should be awake at the wheel in measuring this," says Dennis White, senior vice president, value based purchasing for the National Business Coalition on Health.

Fortunately, when employers aren't on top of fluctuating employee attitudes, consultants and non-profits are. Employee attitudes shift often due to current events, changing media coverage and ad campaigns, new employer health strategies, and higher out-of-pocket costs.

For example, an increase in out-of-pocket costs has historically caused not only a dissatisfaction with the health care system, but also a positive attitude towards radical changes in health care and rethinking how the system is structured, says a report by Harris Interactive Inc. With this in mind, we may be seeing a whirlwind of changing attitudes about health care.

"Almost every employer I've talked to plans to, or already has, shifted more costs to their employees," says Roger Reed, executive vice president market operations for Gordian Health Solutions Inc.

Whose responsibility is it?

Employers are asking consumers to pay a bigger part of their bill and work toward a healthier lifestyle. They hope the costs employees incur will make them realize escalating health care costs are a shared burden.

"Employers are drawing a line in the sand," says Reed.

However, a recent Great-West Healthcare survey of 1,000 consumers showed a continued lack of understanding of what is causing a rise in health care problems, why health care costs are increasing, and the actual expense of medical treatment.

Only one in four respondents thinks individuals are extremely responsible for controlling health care costs. Similarly, the number of people who felt factors beyond their control have more impact on their health than positive lifestyle choices more than doubled since the survey was conducted last year.

There's better news in a WSJ.com/Harris poll of over 2,300 adults that shows more employees are sympathizing with employers' health care costs and support a more extreme distribution of health care responsibility.

The survey indicates that 53% of health care consumers think it's fair to ask those with unhealthy lifestyles to pay higher insurance premiums, a 16% increase from 2003.

The same percentage also said it was fair for those with poor health habits (those who smoke, don't exercise, or are overweight) to have higher deductibles and co-payments, a 17% increase from 2003.

A long road to consumerism

Changing attitudes about responsibility for health care costs could make consumers more attentive to costs and healthy lifestyles, which is essential for the success of today's consumer-driven health plans.

Marc Ver Straate, director of consumer-driven healthcare strategy for Great-West, maintains that CDH is a trend that's going to last, but employees' lack of health knowledge reveals that advocates of this approach have their work cut out for them.

"Just don't jump into it," says Ver Straate. First, the employees have to be ready for it.

The Great-West survey finds the general employee population is facing a steep learning curve on CDH. Seventy-six percent of consumers have heard of consumer-driven health care; of those who have heard of CDHC, 55% understand it to mean "consumer choice," but only 5% mention the trade-off of responsibility.

Great-West also found a limited understanding of health care costs. Sixty-eight percent don't know the cost of treatment until the medical bill arrives, and 11% say they never know the actual cost of treatment.

"They've never been expected to know those costs," says Ver Straate, "Now, employers need to look at putting money and resources into communicating the plans."

Managers also may need a CDH crash course. While 92% of managers expressed at least a general awareness of CDH concepts, only 17% have researched the options and can explain them, according to an OnlineBenefits 2006 CDH survey.

Shaping attitudes and behaviors

"With the American worker, money talks," says Ver Straate.

Does it ever. Ver Straate says he found the suggested monthly incentive amounts in the Great-West survey startling. Forty-two percent of consumers would require a reasonable \$10 per month to complete a health assessment. However, almost half of respondents said an appropriate incentive for an employee to stop smoking would be \$100 per month.

"Cash motivates most people, but it's bad when it's going to cost employers \$1,200 [per year, per employee] to get people to stop smoking. People should want to stop this behavior anyway," says Ver Straate.

Reed says one way to engage employees in taking better care of themselves and understanding their health care better is through incentives.

"Incentives don't change behavior. They present the opportunity to change the behavior," he comments.

Reed says premium contribution differentials are an effective incentive method because they help employees make the correlation between personal decisions and managing health care costs. The contribution is also more immediate and visible to the employee than other rewards.

Better information needed

One reason consumers are poorly informed about the health care system is because of scarce cost data; however, this problem may be fading. An increasing push towards cost transparency will help employees better understand their health care and develop more informed attitudes.

The NBGH's 2006 eValue8 study shows transparency by health care providers is improving. Forty percent of health plans reported making costs of health services information available to plan members.

White says the study shows advances in physician transparency and clinical performance as well. He hopes that in the future employees will be able to see various health data like claims, visits, lab results, and even doctors notes aggregated automatically to a location accessible to the patient.

"As more and more employers move towards consumer-driven health care, they need to know how to trade off costs between doctors and spend responsibly," says White.

Trust me on this

Most employers want a healthy and informed workforce, but even if employers do establish methods of educating employees, there is evidence that employers' real battle is in conveying the seriousness of today's health care problem to their company.

Employees question whether or not health care costs are truly affecting their company, says a 2004 study by Towers Perrin. The survey found only about a third of employee respondents think rising costs impact their company's ability to succeed. What's more, just over half of the employees responding say they believe what their employers communicate to them about health care costs.

An employer won't be able to change consumer attitudes and educate employees on managing health care unless he can first establish health care as a significant issue for the company and the individual.

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