Don’t Fly Blind With Your Employees’ Health Care Coverage: The Time for Literacy is Now

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Agenda

- The State of Health Care Today
- Rise of the Consumer
- Health Literacy: A Definition
- Barriers to Literacy
- What Can We Do About It
Health Care Today

Costs are rising and what coverage looks like is constantly changing.

• 30% increase in personal income over past decade eliminated by 76% increase in health care costs
• 73% of employers offer an HDHP*
• Medical plan cost increases have hovered between 6% and 8% for the past 10 years*
• The average medical plan deductible has tripled over the past 10 years*

*2017 PwC Health and Wellbeing Touchstone Survey
Rise of Consumerism?

- Employers/plan sponsors focused on reining in costs have shifted costs and plan designs with expectation that as employees must shoulder more of the cost, they’ll “shop”

- But…we can’t be consumers if we don’t know what we’re buying!
The Reality

• Employees avoid care entirely
• Misconceptions are rampant, especially around HDHPs
• Employees don’t have training, time or tools to shop
• Consumers rely on their physicians to “purchase” on their behalf…unaware that many doctors have pharmaceutical, hospital and other financial relationships that create influential fiduciary relationships that conflict with those of the consumers*

*Transparency in the Cost of Health Care, John Santa, MD, MPH, Consumers Union, 2009

“Many, if not most, healthcare consumers are not yet making research-based decisions. Our findings indicate, for example, that only a few consumers are currently researching provider costs or even the number of providers they can choose among.”
The Issue

- Lack of health literacy
- Lack of health insurance literacy
Health Literacy

[plural]

Definition:
The ability to obtain, process and understand basic health information and services needed to make appropriate health care decisions.
Health Literacy Abilities

- Knowing when and where to seek information
- Verbal communication skills to describe health issue
- Understand health professionals’ responses
- Assertiveness (successful communication)
- Literacy
- Retaining, processing information
- Skills in applying the information
- Ability to shop for care
<table>
<thead>
<tr>
<th>Health Literacy Level</th>
<th>Task Examples</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Proficient</td>
<td>Using a table, calculate an employee's share of health insurance costs for a year.</td>
<td>12%</td>
</tr>
<tr>
<td>Intermediate</td>
<td>Read instructions on a prescription label, and determine what time a person can take the medication.</td>
<td>53%</td>
</tr>
<tr>
<td>Basic</td>
<td>Read a pamphlet, and give two reasons a person with no symptoms should be tested for a disease.</td>
<td>21%</td>
</tr>
<tr>
<td>Below Basic</td>
<td>Read a set of short instructions, and identify what is permissible to drink before a medical test.</td>
<td>14%</td>
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Source: America's Health Literacy: Why We Need Accessible Health Information (https://health.gov/communication/literacy/issuebrief/)
Health Insurance Literacy

Definition:
The degree to which individuals have the knowledge, ability and confidence to find and evaluate information about health plans, select the best plan for their own circumstances, and use the plan once enrolled.
Health Insurance Literacy

- 71% of people can’t identify basic cost sharing features of health plans
- 62% of Americans don’t understand the difference between an HMO and a PPO
- 56% of workers spend 30 minutes or less researching, reviewing and signing up for benefits; 41% spend 15 minutes or less
- 25% would rather clean their toilet than research benefits; 18% would rather do their taxes
- 18.5% of Americans think the deductible is what’s taken from their paycheck to pay their premium
The Cost of Ignorance

• Individuals with low health literacy have average annual health care costs of $13,000, versus $3,000 for those with high literacy levels*

• 42% say they waste up to $750 a year because of poor benefit decisions

• Low health literacy costs the U.S. more than $58 billion annually**

*Source: National Bureau of Economic Research
**http://www.healthleadersmedia.com/marketing/low-health-literacy-high-health-costs#
What Do Employees Want?

- 90% want to better understand their health care
- 50% want personal guidance
- 44% want simple explanations

2017 Alegeus “State of Denial” Research Study
Barriers

- Generation
- Understanding
- Culture
- Location
Barrier 1: Generational Differences

- **Baby Boomers:** 1946-1964
- **Gen X:** 1960s-1980s
- **Gen Y / Millennials:** 1980s-2000
- **Gen Z:** Mid/Late 1990s-Today
Baby Boomers

- Very experienced with benefits
- May need help transitioning to retiree coverages
- Tend to prefer paper, webcasts, meetings

Gen X

- Relatively experienced with benefits
- Focused on family
- Just starting to think about retirement
- Prefer email/intranet; online tools
Gen Y

- Less experienced with benefits
- Focused on shorter-term goals
- Gaming/social media mavens

Gen Z

- Inexperienced with benefits
- Extremely short attention span
- Cost-conscious
- Personal touch
### Barrier 2: Understanding

- Education Benefits ≠ Savvy
- Readability
Readability

Quantitative:
- Grade Level
- Active vs. passive voice
- First vs. third person

Qualitative:
- Structure
- Flow
- Tone
- Appearance
Optimal Readability Statistics

- Flesch reading ease: 60% or higher
- Flesch-Kincaid grade level: 9 or lower
- Passive voice: less than 10%
- Words per sentence: 20 or fewer
Tools You Can Use

- Health Literacy Advisor
  - www.healthinnovations.com
- Toolkit for Making Written Material Clear and Effective
  - www.cms.gov/Outreach-and-Education/outreach/writtenmaterialstoolkit
  - http://www.plainlanguage.gov
  - http://www.dol.gov/ebsa/healthreform
# Barrier 3: Culture

Cultural beliefs around health and illness contribute to an individual’s ability to understand and act on a health care provider’s instruction.

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<tr>
<th>Affects:</th>
<th>Components:</th>
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<tbody>
<tr>
<td>• Perception of symptoms</td>
<td>• Religion, perceptions of western medicine, language</td>
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<tr>
<td>• Comfort level in discussing health issue</td>
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Barrier 4: Location

- Remote workers
- Offsite workers
- Road warriors
- Shift workers
What Can We Do?

- Education
- Tools
- Support

*Employees want to hear from their employers—more than any other source.*
Education

Year-round communications addressing:

- Basic terminology
- How insurance works
- How your coverage offerings work
- How to choose among plan offerings

How to choose a:

- Provider
- Pharmacy
- Hospital

Why your choice of where to receive care matters
Education

Year-round communications addressing:

How to make sure you’re getting the best care for your money:

- What questions to ask
- Where to find cost information
- What tools are available
Tools

- **State websites**
  - 18 states have all payer claims databases (APCDs)

- **Vendor websites**
  - Cigna, UHC

- **General websites**
  - GoodRx
  - Health Care BlueBook
  - Medicare.gov
  - Clearhealthcosts.com
Make It Personal

- Examples
- Testimonials
- Show the math—how choices can affect out-of-pocket costs
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<th>Enrollment</th>
<th>Advocacy &amp; Transparency</th>
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<tr>
<td>• Safe space to ask “stupid” questions</td>
<td>• Provide cost/quality comparisons on specific services</td>
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<tr>
<td>• Privacy</td>
<td>• Help with:</td>
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<td>• Opportunity to include spouse/partner in conversation</td>
<td>o Finding a doctor/second opinion</td>
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<td>• Tailored communication specific to employee</td>
<td>o Prepping for appointments</td>
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<td>• Builds a relationship</td>
<td>o Coordinating care across providers</td>
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<td>• Consistent messaging</td>
<td>o Resolving claims and billing disputes</td>
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Impact of Literacy Issues

- Lack of awareness
- Lack of trust in leadership
- Spending more on health care than necessary
- Poor employee retention
Questions?