

Taking Care In Communicating Health Care Plan Cutbacks

By Dennis Ackley

**Attention employees:
Health care costs are rising.
We are cutting your benefits.
Call the Insurance Company
if you have questions.**

Simple and to the point. But for most organizations, this is no way to communicate health care plan cuts.

To treat employees as smart and important contributors to your organization's success, make sure your health care plan communication lets them know:

- It's a business issue and a business expense
- It's not the insurance company's money,
- The most important reason for having the plan is not changing, and
- Employees can help control rising expenses.

It's About Business

Let's be clear. Health care benefits are not being cut and employee contributions are not going up simply because health care costs are rising. For the most part, these changes are being made for another reason – a business reason. The leaders of the organization have decided that the money needed to fund the increasing cost of the health care plan would be better invested in marketing, production, distribution, customer satisfaction, or

in some other aspect of the business, including compensation. That's what employees need to hear.

Employees don't often think of health care plan costs as a business operating expense – one that's rising more than twice as fast as others. Some organizations are spending more to pay medical bills and HMO charges than they make in profits.

Unless the cost of the plan is explained as a business expense, what employees hear is much like, 'grocery prices are rising so we are cutting your pay.' To employees, it can seem that when they need the health care plan the most – when prices are skyrocketing – that's when the benefits are being cut. Without the business expense perspective, the cuts just seem cruel.

Business leaders view soaring health care plan costs as a threat to the organization's competitive position and its long-term viability. Employees should too. Otherwise, the employees who try to help control company costs by saving paperclips don't realize

they could never reuse enough of them to pay for one unnecessary trip to the emergency room. The money to pay for both comes from the same place.

It's Not Someone Else's Money

You cannot get too much good health care. So it's great that you can pay for it with some rich insurance company's money. At least that's what many employees seem to think.

Some organizations are inadvertently perpetuating the 'it's the insurance company's money' myth by

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referring to the medical plan as ‘our medical insurance.’ In the plans of most mid-sized and larger employers, there’s often little real insurance involved (as in paying a small amount to ‘insure’ against a big loss). For the most part, the cost of the medical plan is set by the claims that are paid and the HMO membership charges. And the money paying for these comes from an account that gets funded by only two sources – the employer and the employees.

Many employees think some insurance company is footing the bills because that’s what they have been told. The name of the plan contains the insurance company’s name (the American Monolithic Insurance Company Medical Plan) ... employees get an insurance company card, the claims statement they receive comes from the insurance company, and the claims are paid with the insurance company’s checks. And to top it off, the booklets are filled with insurance company lingo ... copayment, stop loss, precertification, on and on.

Employees should know whose money they are spending. So rename the plan – the XYZ Company Plan ... funded by the XYZ Company and its employees ... with claims processed by the ABC insurance company. And get rid of the insurance jargon.

What the Plan is Supposed to Do

The medical plan’s most important role is to provide financial protection against the enormous expense of a catastrophic illness or injury.

Curiously, that’s rarely communicated. That’s why few employees appreciate the real power of the plan – the \$1million, \$5 million or more it can pay over the lifetime of each enrolled person.

Especially when cuts and changes are being introduced, employees need to know that the key purpose of the plan is not changing. Make it clear: offering employees medical coverage that protects them from the financial devastation of a catastrophic medical condition is the most important element of the organization’s employee benefit strategy. And even with the changes, the

company will be putting more money into the plan next year.

Show employees that the organization cares about them. Tell them you have been working hard to find ways of protecting them from catastrophic expenses while offering coverage they and the organization can afford. Tell them what alternatives were studied and who was involved. And use a high-status messenger to send these messages.

One way to get employees thinking about the purpose of the plan and the money they are spending is to tell them the real price of health care. They probably don’t know. Ask some employees the price to go to the doctor. Many will tell you that it’s \$10 or \$20 – often less than a haircut. That’s because of the message sent by the \$10 or \$20 ‘copay’ – content-free insurance jargon and, in hindsight, an unfortunate plan design.

Involve Employees – Help Them Control the Costs

Employees can help control the costs, if they know how to avoid the expenses and spend the plan’s money like it’s their own. Here are a few of things they can do:

1. Get checkups and don’t ignore a health problem.
2. Use emergency rooms only for emergencies.
3. Live healthy – exercise, eat well, wear seatbelts, don’t use tobacco, etc.
4. Take advantage of cost-savings – use ‘network providers,’ ask your doctor if generic drugs would work.
5. Talk to your doctor ...
 - Ask what you can do to improve your health.
 - Describe past illnesses, medicine you are taking, and current symptoms – to help avoid a misdiagnosis.
 - Find out how the proposed treatment or medicine will improve your condition, how much it costs, if there are any equally effective yet less-costly approaches, and the possible side effects.

- Ask what foods, liquids or other medicines you should or should not take with any new medicine.
 - Always ask ‘why’ – it’s your body, your health, and to a large extent, your money.
6. Learn about your condition – use the internet or library – find out what other health care professionals have to say about your condition and what’s being done to correct it – become your own advocate, but not your own physician.
7. If you aren’t satisfied, act like a customer – tell your doctor or other health care professional that your expectations are not being met. In networks, contact the organization’s director of medical services. Be sure the treatment is working and is worth the price you and the company are paying.

Take Care in Health Care Plan Communication

Health care is the most emotionally sensitive benefit employers offer. That makes communicating about cuts such a difficult message to deliver well. The thought of not being able to obtain or afford quality health care for their families seriously threatens the employees’ responsibility as a family provider. And your message tells employees (many of whom are likely already involved in some degree of financial struggle) that they will pay more for something they view as critical to a good life.

Yet a well-done communication campaign about health care plan cuts should not leave employees feeling helpless, scared, or outraged. You don’t want your workforce in that emotional state.

Clearly, no one will be happy with the health care plan cut news. But you can keep the negative reactions to a minimum – and earn the employees’ trust – by focusing on the business issues, the strength of plan in paying the huge costs for catastrophic medical conditions, and by making sure employees know they have the responsibility and opportunity to help control the costs.

Consumer Driven Is The Way To Go ... So Let’s Be Sure It Gets There

There’s a lot of buzz about ‘consumer-driven health care plans.’ Everyone applauds smarter consumers.

Certainly, changing the plan design by funding health care accounts and bumping up the deductibles will make a health care plan more ‘consumer oriented.’ But more than that is needed to teach employees to be savvy health care consumers. To start, you’ll need a strategy that defines exactly what employees will know, who will teach them, what they will do with that knowledge, and how will success be measured.

Employees should be more actively involved in their health care buying decisions. It’s their health and they should spend the money like it’s their own. Yet, being a terrific health care consumer isn’t like being an expert shopper for cars or TVs. You don’t expect your ‘consumer-driven’ employees to say...

- “Doctor, is there a cheaper way to set my broken arm. Do you have a previously used cast?”
- “I was able to find a doc on eBay who will fix my chest pain for a 50% discount.”
- “Yes, doctor, this horrible rash all over me was in just a small spot a few months ago. But I was saving money by not coming in then.”
- “That surgery sounds expensive, doctor. Could I remove the tumor myself?”

That’s not what’s wanted. But from the consumers’ point of view, what are the expected employee actions and intended outcomes? With a clear picture of where you want to end up, you can better determine the educational techniques and measures needed to get there.



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Dennis Ackley is a nationally recognized leader in benefit communication and retirement education. His innovative, award-winning communication programs have reached more than three million employees on topics such as retirement planning, investing, health care, benefit choices, pay, and incentive plans. Dennis has created communication campaigns for hundreds of the country's largest employers. He has written more than four dozen articles for such publications as *HR Magazine*, *Benefits Quarterly*, *Employee Benefits News*, and *Communication World*. He is a featured speaker at scores of conferences including the International Foundation of Employee Benefit Plans, Profit Sharing/401(k) Council, the PBGC, The Conference Board, Pensions & Investments, and Benefits Management Forum and Expo.

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