

# Developing a Strategy to Effectively Communicate HSAs

Dennis Ackley  
**Ackley Associates**  
DennisAckley.com

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## Communicating Consumer-*Involved* Health Care Plans:

*Turning the Two Main Elements  
of HDHP and HSA into a Positive and  
Turning Employees into Savvy Buyers*

## **Consumer-Involved Health Care**

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### **Health Savings Accounts...big picture**

- Requires IRS-defined, high-deductible health plan (HDHP)...no other coverage can be paid before the deductible (such as a spouse's plan...with IRS exceptions for 'preventive care' and certain other expenses).
- All HSA money always belongs to the employee – no 'use it or lose it' rule, and it's invested.

## **Consumer-Involved Health Care**

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### **Health Savings Accounts...big picture**

- HSAs are like personal IRAs for medical expenses – but better...tax-free contributions from employers, employees, or both... tax-free reimbursements for qualified expenses...and tax-free accumulation.
- If used for non-IRS approved expenses, it's taxed – plus 10% penalty before age 65 (always keep receipts for IRS).

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### **Health Savings Accounts...big picture**

- Contributions can be made only while **eligible** (have a HDHP, no unapproved duplicate coverage, not entitled to Medicare, not a tax dependent).
- Maximum total annual contributions can equal the HDHP deductible – but not more than \$2,650 (higher with family coverage).
- At age 55 or older, can make “catch up” contributions.

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### **Health Savings Accounts...big picture**

HSA money can buy...tax free:

- All IRS-approved expenses including over-the-counter medicine.
  - Medicare A, B ,new Rx, and COBRA.
  - Qualified long-term care insurance.
  - Employer-sponsored retiree medical.
  - Extra income at 65 (taxed as income).
- ...reasons to build up HSAs for the future.

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### Is HDHP/HSA a fix or fad?

- 40% of employers to have HSAs by 2006. McKinsey
- No standard design (within IRS rules)
  - ✓ an option or the only coverage?
  - ✓ rather lucrative benefits or stingy?
- Overall...a high-deductible plan (\$1,000, \$1,500 or higher) plus a spending-type account usually with employer money (\$0, \$500, \$1,000 or more).

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### Is HDHP/HSA good or bad?

- **Yes**...depends on how designed.  
(illustrative example)
- It could be **lucrative**
  - ✓ Employer's HSA contribution: **\$2,650**
  - ✓ Plan deductible: **\$2,650**
  - ✓ Out of pocket max: **\$2,650**  
(then plan pays 100%)

## Consumer-Involved Health Care

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### Is HDHP/HSA good or bad?

- **Yes**...depends on how designed.  
(illustrative example)
- It could be **stingy**
  - ✓ Employer's HSA contribution: **\$0**
  - ✓ Plan deductible: **\$5,100**
  - ✓ Out of pocket max: **\$5,100**  
(then plan pays 100%)

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### Does HDHP/HSA help control costs?

- **Probably**...depends on design and what employees do (studies under way).
- Key questions: Will employees...
  - ✓ spend the money wisely...as their own?
  - ✓ improve their health?
  - ✓ become better health consumers?
- Answers depend on plan design, communication, education, and personal interest and motivation.

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### HDHP/HSA communication challenges

First...

- Most people:
  - ✓ won't buy high-deductible car insurance – why medical?
  - ✓ don't understand or use spending accounts.

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### HDHP/HSA communication challenges

Second...

- Creating savvy consumers out of people who – when it comes to health care – have probably never:
  - ✓ shopped for price
  - ✓ compared value
  - ✓ considered alternatives
  - ✓ evaluated quality

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- The HDHP/HSA approach uses somewhat ***familiar components in unfamiliar ways***.
- HDHP/HSA is an entirely new approach – plus ***it's upside down*** compared to what participants know.
- Requires an entirely new approach to communication.

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**The main feature of  
the HDHP/HSA approach  
– the part every participant will  
use and needs to understand –  
is the Health Savings Account.**

**“Spend it like it’s your money – because it is!”  
...the power of the consumer-involved approach.**

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### The basics of communicating HDHP/HSA

- Because it's the most important element, explain the HSA first – but participants will expect to hear about the plan first.
- In many cases, the HSA will likely pay all health care for majority of participants.

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### The basics of communicating HDHP/HSA

- Communicate the HDHP/HSA approach as a **program** made up of two parts – always explain them together – to turn the two elements into a positive.
- However, add a statement on enrollment form (paper or web-based) where the employee acknowledges the HSA is not an employer-sponsored plan and is not covered by ERISA. (check with legal counsel)

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### Communicating the HSA

- **Not** “just like a Flex Spending Account (FSA) – but different.”
- FSAs are not widely used, not understood, and infamous for “use it or lose it.”
- Comparison also misses key points...
  - ✓ HSA belongs to the employee
  - ✓ employer’s and employee’s contributions
  - ✓ money stays in at year end – not forfeited

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### New communication approach

The biggest and most important change...

from “insurance pays” ...

to “you buy.”



Big  
Idea!

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### **“The Careful Buyer’s Health Program”**

#### ***...Featuring Your Health Savings Account***

During the year, ABCorp contributes \$1,000 (via monthly deposits) to your HSA for you to buy the IRS-eligible health care services you decide are needed. What you do not spend automatically stays in your HSA for you to use next year. If you have larger expenses, you are covered by ABCorp’s Major Cost Protection Plan...an IRS-defined High Deductible Health Plan.

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### ***ABCorp’s Major Cost Protection Plan***

#### ***...Your Shield Against Huge Expenses***

It provides protection from enormous medical expenses – up to \$5 million in benefits during the lifetime of each enrolled person.

You decide how to spend the \$1,000 ABCorp contributes to your HSA, plus any money you contribute, and any growth, to help you buy the first \$1,500 of eligible medical plan expenses (the deductible) for each enrolled person.

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### HSA communication approach changes the way all health plan options are explained

- In display of all medical options\*
  - ✓ Show HSA on top row of chart
  - ✓ Show lifetime plan max to highlight the same high-level coverage for all options
  - ✓ Mention HSA money each time the high-deductible amount is shown

\* Most popular communication tool – 86% say “very helpful.”  
Hewitt

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<i>In the calendar year:</i>	Careful Buyers' Health Program	High Value Plan	Managed Plan
<b>Health Savings Account</b>			
Individual Enrollment	\$1,000	Not Available	Not Available
Family Enrollment	\$2,000	Available	Available
<b>Medical Plan Features</b>			
Lifetime Maximum	<b>\$5 million for each enrolled person</b>		
Calendar Year Deductible	use HSA to help pay first...		
Each person	\$1,500	\$250	\$600
Family maximum	2 times above	3 times above	3 times above
Most you pay after plan benefits start (your out of pocket max)	\$3,000	\$3,000	\$4,000

## **Consumer-Involved Health Care**

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### **Sample employee message points**

- You know prices of TVs, cars, shoes, tires.
- Knowing price is key in being a smart shopper.
- Do you know the price of:
  - ✓ emergency room for non-emergency
  - ✓ brand name drug over government-approved generic
  - ✓ extra night in hospital

## **Consumer-Involved Health Care**

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### **Sample employee message points**

- Buying health care is more important and challenging than TV, clothing, or a car.
- As you become more involved in purchasing your non-emergency health care, your consumer skills will grow – helping ensure the money is spent wisely.

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Big  
Idea!

### Teach users to be consumers

- Clearly define your education strategy and measures:
  - ✓ what do “good consumers” need to know?
  - ✓ who will teach them?
  - ✓ what will they do with new knowledge?
  - ✓ how will success be measured?

Employees need a “job description” of what savvy health consumers do.

## Consumer-Involved Health Care

Don't let your communication come across to employees like this...

**We are introducing a  
consumer-driven health plan.  
You will need to become a  
savvy health care consumer.  
Please act accordingly.**

# Five Things Employees Can Do to Reduce the Cost of Health Care Costs



Big  
Idea!

## Things You Can Do

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1. **Stay healthy**...eat well, wear seatbelts, exercise, don't use tobacco and avoid unsafe activities...the best way to hold down health expenses is to not need health care.

## Things You Can Do

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- 2. Watch for problems...get checkups**  
(often available at low cost through the Health Plan) **and attend to small health problems before they become serious and expensive to treat...if your cholesterol is high, your weight needs to be lower, or you find something suspicious, take action now.**

## Things You Can Do

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- 3. Look for value – effective outcomes at a lower cost** ...call or email a health nurse before going to a doctor for a common ailment. Ask for government-approved generics rather than brand-name drugs and use mail order for on-going medications. Use “network” doctors, hospitals, and pharmacies that offer discounts.

### Things You Can Do

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- 4. Help the treatment work**...tell your doctor about all your symptoms, past illnesses, and current medications and supplements to help avoid a misdiagnosis. Discuss the benefits and frequent side effects of proposed treatment and the possible alternatives. Then complete all the treatment and prescriptions you agreed to.

### Things You Can Do

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- 5. Act like a real customer**...learn about your condition, become your own health care consumer advocate (but not your own doctor) and if you are not satisfied with your care or the prices, share your concerns with your health care providers.

## Things You Can Do

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### Use stories and examples to help employees understand when and how to be a health care shopper

- In emergency situations, be a life-saver – not a shopper.
- In non-emergency situations...here's how you can be a consumer-involved shopper.

## Things You Can Do

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### A visit to doctor's office for a runny nose

- For the 5-minute visit with the doc (after an hour wait) and a name-brand prescription ...around \$250.
- For a free call to a health nurse and an over-the-counter medication that often works as well...under \$10.

## Things You Can Do

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### A nasty fall off a bicycle

- For an ambulance ride and several days of hospitalization to treat a skull fracture and complications suffered by falling off a bicycle while not wearing a helmet...over \$25,000.
- For a car trip to an urgent care facility to clean up small cuts suffered by falling off a bicycle while wearing a helmet that absorbed the blow...plus some aspirin for the headache...under \$175.

## Things You Can Do

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### Asking your doctor for a pill on TV

- The price for a brand-name drug that is often advertised...\$100 or many times that amount.
- The cost of an over-the-counter medication that your doctor tells you will probably work as well in your case...under \$10.

## Things You Can Do

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### A sore throat on a weekend

- A visit to an emergency room  
...more than \$400 and a two-hour wait.
- A visit to an urgent care facility  
...probably under \$120.

## Things You Can Do

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### Become a better health care shopper

- Knowing the price is a key step in becoming a wise health care consumer.
- The best way to find out the price is to ask...  
“How much would this treatment cost if I was paying the full price myself?”
- Show that you are interested in cost-effective care.

# Does Your Organization Act Like Health Plan Costs Matter?

**Use Your Safety  
Communication as a Model**

## The Need for Alignment

Say one thing (business/people strategy) and do another (benefits and HR actions) kills trust and prevents commitment



### **Act Like Health Plan Costs Matter**

#### **If you say health plan expenses are a business problem, do you act like it?**

- Put signs in company cafeteria to show content of food...why offer poor food choices?
- Remove high-fat snacks and candy from worksite.
- Post signs in smoking areas showing the cost to the plan for tobacco-related illnesses.

### **Act Like Health Plan Costs Matter**

#### **If you say health plan expenses are a business problem, do you act like it?**

- Health care professionals conducting onsite workshops.
- Consumer updates in employee newsletter
  - prices charged for services and Rx
  - success stories

### Act Like Health Plan Costs Matter

**If you say health plan expenses are a business problem, do you act like it?**

- Point-of-use reminders...at the moment.
- Wallet cards: things to ask your doctor:
  - for generic or non-prescription medicine
  - if similar, less expensive name brand would work (list possible exchanges)
  - for mail order Rx for long-term medications
  - about side effects
  - what foods/other medicines to take or avoid
  - how to avoid condition in the future

Turning Employees  
into Health Care  
Consumers

*The Reality*

### Turning Employees Into Health Care Consumers

- Demographics may not matter much.
- Money and health issues bring out emotional reactions.
- Personal values matter
  - ✓ motives
  - ✓ needs
  - ✓ wants
  - ✓ drives
  - ✓ aims
  - ✓ impulses

### Turning Employees Into Health Care Consumers

#### **Not all people**

- Want to become savvy health care shoppers.
- Are passionate about their health.
- Trust the medical profession.
- Are interested in alternatives.
- See a need to evaluate quality.
- Seek needed care.

## Health Care Interest Spectrum

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### High Interest in Health

- *Health Perfectionists* – I cannot do too much to improve my health.
- *Family Well-Being Protectors* – I will do everything to keep my family healthy.
- *Nearly Hypochondriacs* – I am so susceptible, I need lots of medical attention.

## Health Care Interest Spectrum

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### Low Interest in Health

- *Avoiders* – ...when I'm at death's door.
- *Distrusters* – doctors just want your money.
- *Natural Health Pursuers* – I believe in nature, not doctors.
- *Deniers* – too many pounds, cigarettes, six packs, and no exercise...but I'm fine.
- *Followers* – I just do what my doctor says.

## Financial Interest Spectrum

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### High Interest in Money

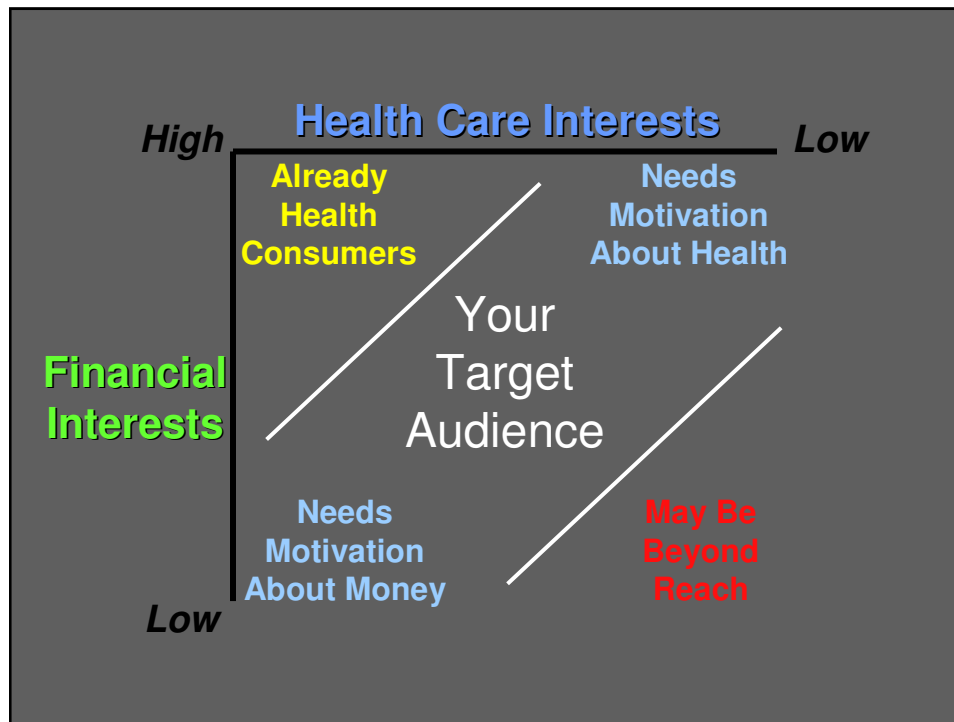
- *Tiffany Buyers* – highest price equals best health care.
- *Ultimate Quality Pursuers* – research leads to best health care...pay whatever it costs.
- *Value Shoppers* – research leads to best quality and best price.

## Financial Interest Spectrum

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### Low Interest in Money

- *Low Price Buyers* – lowest price matters... all doctors and hospitals are about the same.
- *Defeatists* – I'll have to pay what they charge.
- *Protectionists* – not going to insult my doctor by asking her about prices.
- *Too Busy* – don't have the time to haggle over price.



## Web-based Tools

...required to show the employer  
 “walks the health care matters *talk*.”  
 But not an educational panacea.  
 They are terrific tools...but the Internet  
 has trust and credibility issues.  
 Look at 401(k) online advice...  
 great content – yet often has single-digit  
 employee use of the data.

## Consumer-Involved Web Experience

### **Web Tools ...Enrollment Choices**

- Tutorial – choices, how options work.
- Expense modeling – comparison:
  - ✓ By out-of-pocket expenses plus employee contributions
  - ✓ By doctor – “I must use Dr. Jones”
- Online enrollment.

## Consumer-Involved Web Experience

### **Web Tools ...Access to Information**

- Coverage descriptions
- Doc finder...by experience, specialty, education, location, discounts, open to new patients, etc.
- Claims status and processing info.
- Billing questions and issue resolution.
- Quality measures and information (great to have, becoming more available).

## Consumer-Involved Web Experience

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### Web Tools...Prescription Information

- Prices at local pharmacies.
- Personal Rx history.
- Possible Rx alternatives – “some patients taking X drug have good results taking less expensive Y drug...may we send your doctor a note?”
- Drug information – food, activities, medicines to avoid, potential side effects, overdose dangers.

## Consumer-Involved Web Experience

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### Other Web Content

- Health information
  - ✓ newsletters, bulletins, reminders.
  - ✓ food content...calories, fat
    - in brand name foods
    - in fast foods (national chains)
  - ✓ suggested recipes.
  - ✓ content, concerns, and attributes of supplements, herbs and vitamins.
  - ✓ possible alternative remedies.

## Consumer-Involved Web Experience

### **Personal Web-based Health Content**

- Personal health assessment – self scoring, suggestions, norms.
- Workout schedules and log.
- Simple self-diagnosis – symptoms, concerns, treatment and outcomes.

**HSA balance and investment information.**

**Inform Senior Management  
of Potential HSA “Issues.”**

## **HSA's Offer Huge Advantages**

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### **Don't Let Management Be Surprised**

- Senior management sees the positives ...but maybe not the few "issues."
- A zealous journalist could create a PR mess.

***It's unlikely...but it would be ugly.***

***A Channel 5 Exclusive...Breaking News***

## **ABC Corp PAYS FOR SEX CHANGES**

Company President Admits New ABC Corp Medical Plan Covers Sex "Reassignment" Surgery, Sex Therapy, Abortions, and Swimming Pools ...plus Employees Can Use Company Money to Buy Big Screen TVs, Bass Boats or Anything They Want!

**Details on Total News@6PM.**

# Eliminate Benefit Communication Techniques that Don't Work

With all the money, time, and energy  
invested in benefit communication,  
*why don't employees get it?*

## Better Benefit Communication

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### Adult Learning – *sequential steps*

Step 1 – **Awareness** – Get my attention

Step 2 – **Motivation** – Make me care

Step 3 – **Understanding** – Help me  
obtain what I need to know

Step 4 – **Appreciation** – “I get it”

...I want to know more

**Ask any teacher, “Can you teach the  
unaware and unmotivated?”- too often  
benefit communication skips those steps**

## Better Benefit Communication

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### “Pricetagization”

“Show employees how much the coverage costs so they’ll appreciate their benefits.”

- Not a bad thing – but generates little understanding or appreciation.
- “I need to spend \$5,523 – that’s what my company is paying for my health insurance.”
- If prices increased appreciation, price tags in museums would make us art connoisseurs.

## Better Benefit Communication

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### “Insurance Companyization”

- *Plan Name* – change “Monolithic Insurance Plan” to “ABCorp. Medical Plan.”
- *Co-Insurance* – say “you pay a small part of the price.”
- *Premiums* – say “your enrollment cost.”
- *Drop “insurance”*...“the *insurance company* pays...see the *insurance* claim form... get your claim check from the *insurance company*.”

## Better Benefit Communication

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### “Jargonization”

Benefits are rewards – sound like it!

- “You pay the Member responsibility plus bridge payment amount.”
  - “...an Open Access Point of Service Plan.”
  - “You pay up to the annual threshold.”
  - “The Plan assures quality medical...”
- ...on and on.

**The communication should make employees feel valued.**

## Better Benefit Communication

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### “Employees as Customerization”

- Do *not* treat your employees like customers – do not sell to them, do not hype your message to them, do not use your customer advertising themes on them.
- Do treat your employees like
  - ✓ valuable resources
  - ✓ adults
  - ✓ perhaps...adult family members

## Better Benefit Communication

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### “Employee Decision Makingization”

*Letting employees decide isn't always a good leadership strategy*

- Participants prefer choices – just ask them.
- What if participants in a health care survey – or a focus group – tell you?
  - ✓ “Give us lower-cost insurance – my neighbor has Acme Health Insurance and she pays less.”
  - ✓ “Increase our benefits.”
  - ✓ “Reduce our premiums.”
  - ✓ “Tell us about the plan first – before the account.”
  - ✓ “Males don't need maternity coverage – give us a refund.”
- What will you do with this information?

## Better Benefit Communication

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### “Advertizingization”

- Do **not** send out “teasers”...do not start communicating about specific plan changes many months in advance...do not give them bite-sized pieces.
- Why tease employees about emotionally sensitive issues?
- Adults want to take action and understand the big picture of “why” and “what.”

## Better Benefit Communication

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### “Passivevoiceization”

- Often, the legal reasons for negative things or odd actions are never explained
  - ✓ HDHP required to contribute to HSA
  - ✓ no other coverage allowed rule
  - ✓ limits on HSA contributions
  - ✓ summary plan descriptions
  - ✓ ...on and on

## Better Benefit Communication

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### Too Often Overlooked

- People-to-people is most powerful technique – especially through “people of influence.”

(web is best information access technique)

## **Summary**

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- Make health plan costs a business issue.
- Talk “buyers” – not insurance.
- Communicate HSAs as a “program.”
- Teach users what good consumers do.
- Use communication techniques that work ...and make benefits a reward...again.
- Create more HSA customers with larger balances...that’s good for them and for you.