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Very soon, thousands of employees across the United States will be choosing their health insurance. That's scary, because there's an emerging body of data that shows that most people don't understand the basics of how health plans work. That knowledge gap may be causing some serious issues: From sick people not going to the doctor, to employees over-paying for health insurance.

If you're like most employers, there's a good chance that you're moving to consumer-driven health plan designs that employ a high deductible. In 2006, only one in 10 employees had a general health insurance deductible of \$1,000 or more for single coverage. Today, nearly half do.

As adoption accelerates, benefit professionals find themselves in the midst of a developing crisis: Though HDHPs clearly help cut healthcare costs new research indicates that they do so in the worst way possible. Instead of shopping for better prices, sick people are simply not getting the care they need. As one of the study's authors puts it: "We [didn't] find any evidence [employees] look for a lower cost. They just don't go."

Here's what's puzzling: This isn't necessarily happening because of cost. This research is based on an employer that fully funded the deductible. As Vox explains: "In some cases, you could chalk this up to a liquidity issue: A worker might not have enough money in her checking account to pay for all the care below the \$3,750 deductible. But that explanation doesn't work here: In this case, the employer put a \$3,750 subsidy in workers' health savings accounts."

So, what could it be? There could be many complex reasons. But there could also be a very simple one: 86% of people cannot define deductible, copay, coinsurance and out-of-pocket maximum. And people can't properly use what they don't understand.

A central assumption in consumer-driven plan design is that people can get the same care at a lower price and avoid care that they don't actually need. To do that, employees need to be educated healthcare consumers, and companies have added tools to help. Utilization modeling and cost transparency technologies are becoming more and more broadly available. But there's a much more foundational piece of the puzzle that's been taken for granted.

In a paper published in *Journal of Health Economics*, researchers found that 86% of participants couldn't define all of the following four terms on a multiple choice questionnaire:

- Deductible
- Copay
- Coinsurance
- Out-of-pocket maximum

While the healthcare industry is focused on utilization prediction and cost transparency tools, which are hard to create and implement, something quite basic is slipping right under our noses: Teaching people basic terms that they need to know to make informed decisions.

Understanding these terms is a building block of healthcare consumerism, without which a lot starts to unravel. If an employee doesn't understand the terms that make-up every health plan design, it's hard to convince an employee to even switch to a high deductible health plan, even when it saves the

employee money. It may also cause the employee to avoid care that she needs, because she has trouble predicting what she'll pay.

As more employers adopt HDHPs, a troubling reality is on the horizon: A healthcare crisis may be around the corner due to employees not getting the care that they need.

What to do about it

The good news is that healthcare consumerism isn't a one-time event. It requires ongoing education and now is as good a time as ever to begin.

Here is something completely free you can do:

- Survey your employees to see what percentage understand basic health plan concepts.
- Send a weekly email to all employees defining each healthcare term, one at a time.
- Re-survey your employees with the exact same questions to measure the change.

This alone will give you a measurable starting point, a way to make progress, and measure the progress made.