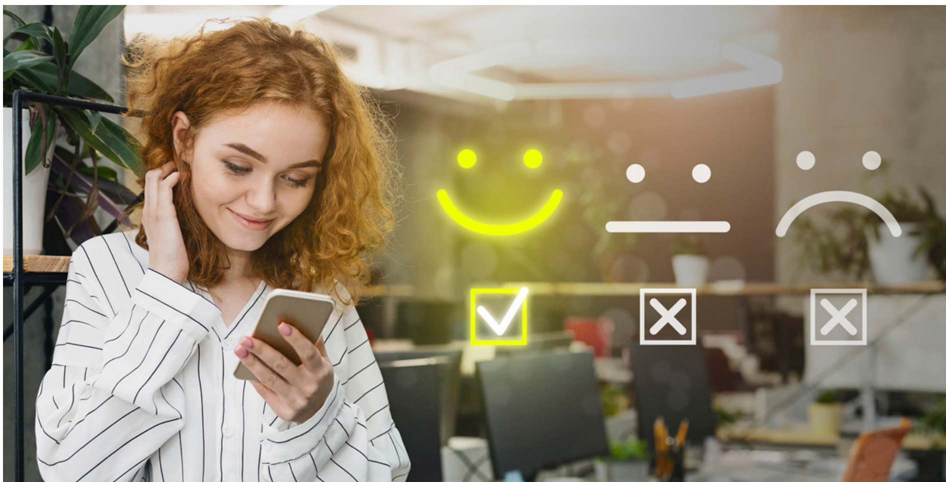
ECG NEWSALERT

June 2022 | Volume 6 | Issue 6

Attracting Talent

Workers Rank Health Benefits as Major Factor in a Job



DESPITE THE intense competition for talent in the job market, there is a mismatch between the value that human resources executives and job prospects put on employee benefits.

Findings from the "2022 Health at Work" survey by Quest Diagnostics include:

- 20% of workers said that health care and health insurance are a major factor when deciding to accept a job, compared with only 13% of human resources executives.
- 50% of workers cited comprehensive health insurance as one of the top two factors for attracting and retaining workers, compared with only 37% of HR executives.

While making more money was the top reason for looking for new work, the results illustrate the importance of health benefits.

The survey found that the costs are the one issue hanging over all employee benefits, particularly health insurance.

Employees are now expecting employers to do more to control these costs, particularly as premiums are expected to continue increase. That should be a wake-up call for employers to get their benefit offerings right.

Here are some of the approaches that employers are taking:

Maximize premium spend

In this scenario you agree to pay a set amount towards the premium regardless of which plan your worker chooses.

This helps you better predict what your company's outlays will be for group health insurance since every employee will receive the same amount against their premium. Some employers instead of choosing a flat rate, will pay a specific percentage of any plans they offer.

Offer narrow network plans

Employees who sign up for these plans can only receive care and services from providers in the plan's network.

If they go out of network, it will likely not be covered and the employee has to pay for the costs out of pocket.

And because the network is narrow, meaning the insurer doesn't contract with a number of different providers, premiums are usually lower, but still offer quality care (see article on page 2).

Offer wellness programs

If implemented properly, these programs can help your workers improve their overall health through lifestyle changes.

Wellness programs vary and focus on a variety of areas, such as smoking cessation, weight loss, exercise programs and activities, and health screenings.

These are all programs aimed at preventing disease and poor health, reducing the need for expensive medical care later.

See 'Telemedicine' on page 2

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Employee Benefits Priorities

More Employers Add Narrow Networks to Offerings

MORE EMPLOYERS are including narrow provider network insurance plans among their plan offerings to their employees to give them a lower-cost premium option.

Narrow provider networks limit the number of covered providers included in health insurance plans. While these plans have been mainstays on Affordable Care Act marketplaces, employers have been slow to adopt them.

But according to the Willis Towers Watson "Health Care Delivery Survey," 18% of large employers offered a narrow network – also known as a high-performance network – in their employee health plans. Those numbers are expected to have grown to an estimated 25% in 2022, experts say.

Premiums for such plans cost 16% less on average than plans with broad networks, according to a study in the journal *Health Affairs* of plans sold on the individual health insurance market.

If an employer wants a more economical premium cost, choosing a plan with a limited (or narrow) network may help. Those who want greater choice may pay more for access to a network with more providers. Narrow networks include all specialties, but a smaller network may offer only two podiatrists, for example, while a larger network may offer 10 or more.

What they are

An insurer that offers the narrow network plan will contract with a local, community-based medical provider, large enough to ensure they have all the specialties needed for the insurance plan.

Typically, these plans feature fewer doctor and specialist choices, but they are, by law, required to have all medical specialties represented in their network. Many people think the plans are restrictive, but that's not the case. The main driver of these plans is their focus on coordinating care and the central role of the patient's personal physician.

On top of that, insurers say that providers in these narrow networks have track records of delivering care more efficiently and cost-effectively by focusing on improving patient health rather than billing for more services.

Cost savings: In exchange for a narrower network, up-front premiums are often lower than other plans that have more choices of providers.

Additionally, narrow networks control longer-term costs by encouraging enrollees to go to their primary care providers first with any new health concerns or issues, instead of going straight to a specialist. Increased use of primary care physicians and less use of specialists can also help control your employees' out-of-pocket expenses.

The drawbacks

These plans are not for everyone. For someone who may not use their health insurance much, a narrow network could be ideal. But for many people the narrow network may not include their personal doctor and hospital that they are accustomed to going to.

And in some cases a specialist could be miles away, requiring a long drive. This is something for parents of young children to consider when choosing a plan.

Also, even if you have staff that focus on staying in-network, sometimes going out of network is unavoidable. And many narrow network plans do not cover any services outside of their network, while others may cover a small portion.

Under the Affordable Care Act, health plan enrollees are protected from massive medical bills because health plans are required to limit the amount of out-of-pocket costs to $8,700 for an individual and $17,400 for a family. But that applies only to services from an in-network provider. There is no limit if your employee goes out of network.

The takeaway

Employers know they need to offer health benefits to attract and retain top employees.

Narrow network plans provide a way to contain costs without sacrificing care, but because they're comprised of local, community-based medical providers they're best for a workforce that works at a single location and therefore lives within proximity to the job site/ office. ❖

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Telemedicine Is Growing in Use and Can Save Money

Offer a telemedicine option

Virtual care services have exploded during the last two years.

Offering telemedicine as part of your benefits package can lead to substantial cost savings as it allows your employees to access health care professionals when they need them, 24/7. This can reduce the chances of trips to urgent care facilities and emergency rooms, which are both costly.

Offer HDHPs

High-deductible health plans tend to be less expensive than other plans because they shift more of the cost to the employee, who pays out of pocket in exchange for lower premiums.

These plans are not for everyone though. Those who are frequent users of their health insurance, and those with chronic illnesses, are usually better off with another plan. ❖

Better Choices

Dental and Vision Benefits Are Inexpensive, and a Big Hit

EMPLOYERS NATIONWIDE are looking for ways to attract and retain talent and differentiate themselves from competing employers, and many are looking to the two most popular voluntary benefits: employee dental and vision plans.

That's important in today's tight job market. After all, a recent survey from *CareerBuilder.com* found that 55% of workers believed an employer's menu of benefits was more important than salary when considering a job position or offer.

Here's why dental and vision benefits are so popular and why, if you don't already do so, you should consider offering them as well.

Appeal to workers

Employees like vision and dental benefits because they provide real savings that they and their families are able to see every year – because they actually use the plans.

That's compared to other voluntary benefits like major medical, life insurance and disability insurance, which employees may need many years down the road, if ever.

According to the "2021 MetLife Employee Benefit Trends Survey," 68% of employees consider dental insurance and 49% consider vision benefits to be among their "must have" benefits.

Their employers like vision and dental benefits because they can provide these benefits, cementing the bond of loyalty between the employer and employee, for a small fraction of the overall compensation budget. Indeed, dental premiums have been falling in recent years.

The added benefit

Research has found that good dental and vision health is correlated to overall health – hopefully improving worker productivity and reducing eventual health care costs.

For example, diabetes and high blood pressure are increasingly being discovered during routine eye exams. Optometrists across the country are commonly finding early warning signs of hypertension from observing ocular pressure – a nearly invisible symptom outside of eye exams.

Their patients armed with this knowledge are able to seek intervention before their condition worsens and results in bigger claims against the employer health plan.

The benefits

- 34% of all diabetes cases are first identified via eye exams, at a saving of $3,120 per employee.
- 39% of all hypertension cases are first identified via eye exams, at an average saving of $2,233 per employee.
- 62% of high-cholesterol cases are first identified through eye exams – saving $1,360 in eventual health care costs thanks to early detection.

Source: HCMS Group

Finally, simply offering something like a vision plan sends an important message to workers that you care about their wellness.

Who pays premiums?

According to the National Association of Dental Plans:

- Only 6% of employers are currently paying the entire cost of employee dental benefits.
- At 24% of employers, the worker pays 100% of the cost via a payroll deduction program.
- 70% of employers share the premium cost with staff.

Plan structures

About 80% of group dental plans are preferred provider organizations, or PPOs, which aim to control costs by contracting with a limited network of providers willing to cut their rates to plan members in exchange for the promise of a steady stream of plan referrals.

The percentage of plans embracing the PPO model has been increasing, while dental HMOs and old-fashioned indemnity plans have been losing market share. ❖

Employee Benefits

Many Employees Choosing the Wrong Health Plans

A NEW STUDY has found that many people in employer-sponsored health plans are enrolling in plans that are costing them more than they ought to be paying.

Many employees choose pricey plans with low deductibles, which force them to spend more up front on premiums to save just a few hundred dollars on their deductible.

As result, many employees are spending hundreds, if not thousands of dollars more on their health care/health coverage than they need to.

Study 1: The deductible angle

A study by Benjamin Handel, a U.C. Berkeley economics professor, found that the majority of employees at one company he studied were in the highest-premium, lowest-deductible plan ($250 a year) their employer offered.

As a result, the average employee spent about $4,500 a year on health care, compared to only $2,032 had they gone with the cheaper plan (which had a $500 annual deductible) and received exactly the same care.

Study 2: Too many choices?

Additionally, the research paper "Choose to Lose: Health Plan Choices from a Menu with Dominated Options," published in *The Quarterly Journal of Economics*, found that more choices also didn't yield more savings for individuals in employer-sponsored plans.

The study examined a company's health plan offerings, that included 48 different combinations of deductibles, pharmaceutical copayments, coinsurance and maximum out-of-pocket expenses. All of the plans offered the same network of doctors and hospitals. The results:

- Workers paid an extra $528 in premiums for the year to keep their deductible at $750 instead of $1,000. In other words, they paid $528 to save $250.
- For nearly every plan with a deductible of $1,000, the additional premiums required to reduce the deductible, with all other plan attributes fixed, exceeded the maximum possible out-of-pocket savings provided by the lower deductible.
- The lowest-paid workers were significantly more likely to choose the most expensive plans.

Both of the studies above looked at plan options with relatively low deductibles when compared with high-deductible health plans, which have become more popular with time.

Their findings: At firms offering both an HDHP and a low-deductible plan, selecting the HDHP typically saves more than $500 a year.

Strategies

To help offset the cost of an HDHP, you can offer your staff health savings accounts, which offer a tax-advantaged way to save for health care costs. While there are annual contribution limits, HSAs allow your employees to roll over their balance from year to year. The funds they contribute to their HSA are pre-tax, so the savings are significant.

The Study 2 authors surmised that many people choose the costlier health plan for two reasons:

- **Inertia** – It's easier for consumers to stick with their old plan rather than crunch the numbers to see if a new plan may be more appropriate.
- **Deductible aversion** – When employees see a low-deductible plan they may associate it with better quality care, even though the network and coverage may be the same.

The best strategy to guide your staff to the plan that best suits them is to educate them. You should have workshops for your staff prior to open enrollment, to help them understand why the higher-deductible plan may often be the best choice for them if they want to save money on their overall premium and out-of-pocket expenses.

Ideally, you could encourage them to set aside the same amount of money in their HSA that would be enough to cover their deductible. This way, your employees would not feel burdened by health expenses they may have to pay for during the year. ❖

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