

5 REASONS WHY YOUR HDHP WILL FAIL

High deductible health plans (HDHPs) are becoming a popular health plan offering among employers nationwide. HDHPs can encourage employees to spend their health dollars wisely and can motivate them to take charge of their own health and wellness. To maximize the odds that your HDHP will be a success, avoid making these five common mistakes.

1

FAILING TO OFFER A HEALTH SAVINGS ACCOUNT (HSA). The cost of higher deductibles for HDHP plans is often offset by the following two factors:

1. Lower premiums than traditional plans
2. Addition of an HSA

An HSA is a tax-advantaged account that allows employees to set money aside to pay for qualified medical expenses. Employers are also able to contribute to an employee's HSA to encourage participation and engagement. Because deductibles are higher, HSAs are a vital component to an HDHP's success.

2

FAILING TO ANALYZE EMPLOYEE POPULATION. HDHPs aren't right for all employees. Survey employees before implementing an HDHP to discover what current perceptions and knowledge are, so you can target the areas that need clarification. Focus on the average age, general health and health literacy of your employees. Knowing this information is key in deciding whether an HDHP is right for your organization.

3

IMPLEMENTING AN HDHP WITHOUT EDUCATING EMPLOYEES. The success of your HDHP is largely dependent on clear, consistent communication. Employees are often skeptical to enroll in an HDHP for a variety of reasons, including concerns about higher out-of-pocket costs, misinformation, a lack of understanding, or reluctance to switch from a traditional plan that is comfortable and familiar. In order to minimize these concerns, employers should communicate early and often and explain that HDHPs are meant to help employees take control of their health.

4

PICKING THE WRONG PLAN DESIGN. Not all HDHPs are the same. Analyzing benchmark data and consulting professional advice is important to determine which HDHP is best for your organization.

5

FAILING TO SUPPLEMENT AN HDHP WITH OTHER BENEFITS. Employee behavior and lifestyle are significant factors in health status and can have a huge impact on the cost of health care. Studies have shown that behaviors can be modified through the use of workplace wellness programs and other voluntary benefits. These programs can motivate employees to eat healthier, exercise more and stop smoking—all of which can help reduce future medical costs.

For more information on strategies to make your HDHP a success, contact Touchstone Consulting Group today.

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