

# 4 Ways to Boost Employee Satisfaction with HDHPs

By Joanne Sammer

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**H**igh-deductible health plans (HDHPs) have become a mainstay of many employee benefits programs since their introduction in the early aughts. However, despite two decades of experience with these plans, employee satisfaction with HDHPs lags behind that of more traditional health plans. Data from the Employee Benefit Research Institute (EBRI)/Greenwald Research Consumer Engagement in Health Care Survey ([https://www.ebri.org/docs/default-source/fast-facts/ff-463-cehcs7-6apr23.pdf?sfvrsn=c599392f\\_2](https://www.ebri.org/docs/default-source/fast-facts/ff-463-cehcs7-6apr23.pdf?sfvrsn=c599392f_2)), for instance, found that 66 percent of employees enrolled in a traditional health insurance plan are extremely or very satisfied with their plan, compared with 52 percent of those enrolled in an HDHP.

This may explain why HDHP enrollment has remained relatively static since 2016, when plans began to attract 29 percent to 31 percent of eligible enrollees. Although the number of employers offering these plans has continued to grow, the vast majority of HDHPs are offered by larger employers. Among employers with 200 or more employees, 57 percent offer a HDHP to their employees, while just 27 percent of smaller firms offer these plans, according to data from the Kaiser Family Foundation's 2022 Employer Health Benefits Survey.

If employers are to capture the full promise of a more consumer-driven approach to health care, they need to understand why employees might be frustrated with HDHPs.

Consider that employees who are enrolled in traditional plans and those in HDHPs are about equally satisfied with their health plan when it comes to quality of care, ease of getting appointments and provider choice, according to the EBRI/Greenwald survey.

However, satisfaction levels drop significantly among HDHP enrollees when it comes to costs for prescription drugs and other health care services: While 63 percent of traditional plan enrollees are satisfied with prescription drug costs and 57 percent are satisfied with the cost of other health care services, the survey found that 47 percent of HDHP enrollees are satisfied with prescription drug costs and only 35 percent are satisfied with the cost of other health care services.

So, how can employers that offer HDHPs help increase employee participation and satisfaction? Here are four strategies to consider:

**1. Manage perceptions and expectations.** Experts argue that lack of satisfaction with HDHPs is more about employees' perception of costs under a HDHP rather than the reality. Quite simply, total deductibles and co-insurance levels among HDHPs are often the same as or even lower than those in traditional health plans. The difference is where those costs show up. For example, someone using a HDHP plan for the first time may experience sticker shock from having to pay a contractual or in-network rate for a generic drug, for example, rather than a flat co-pay. Therefore, a \$10 generic drug under a traditional plan might be \$40 under a HDHP.

"There is a lesson here in setting expectations because out-of-pocket costs even out over time, but employees may not understand that," said Becky Seefeldt, vice president of strategy with Benefit Resource in Rochester, N.Y.

She noted that some of this is marketing. "It sounds simple, but just stop calling them high-deductible health plans because that is just highlighting what is scaring people," Seefeldt said. "If people start viewing these plans as a saving tool, you can start a different conversation."

The name change could be as simple as calling them HSA-compatible or HRA-compatible health plans instead, for health savings accounts or health reimbursement accounts. "[That's] probably not perfect, but it's an improvement," she said.

**2. Help employees get used to the plan.** Increasing satisfaction starts at open enrollment. Employers should help prevent employees from experiencing "premium blindness, which occurs when employees focus solely on the monthly premium when choosing a health insurance plan and do not consider other important factors," said Katie Lochte, vice president of client communications with Kelly Benefits Strategies.

To help employees stay focused on the big picture, employers may need to shore up their general education about how health plans work.

"Employees need to look at the total cost of 'ownership' of their health coverage—the monthly premium, potential out-of-pocket costs for the year (including deductible, copays and co-insurance) based on expected usage, how exactly the plan works and what programs are in place to offset out-of-pocket costs," said Kim Buckey, vice president of client services at Carmel, Ind.-based HR firm Optavise.

Lochte emphasized the need for decision-support tools that help enrollees select, filter and compare benefits selections by purpose, cost and necessity. For example, when plans offer an integrated calculator, employees can see the financial impact of using pre-tax HSA dollars versus after-tax dollars to pay for medical expenses.

"These tools enable employees to review all costs and benefits when choosing insurance and select the most cost-effective option for their expected needs," she said.

**3. Emphasize opportunities to shop for care.** Year-round benefits education can also play a role by providing information on the "how and why of shopping for care," Buckey said. "Knowing there can be a huge variation in the cost of a prescription, test or procedure can be a strong incentive for employees to make sure they're paying as little as possible for quality care."

By helping employees learn to shop for care, those individuals can gain some measure of control over their out-of-pocket costs.

"Employees need to see how their plan works for their personal situation and even experience how it works," said Brett Brown, director of benefits administration at HR outsourcing firm G&A Partners.

For example, if employees begin to compare the cost of common types of care, such as an MRI, which can easily cost two or three times more at one provider than it does at another, "they will recognize that where you go matters," Brown said. Employers can support this by providing access to cost estimators and other educational resources.

**4. Get creative with HSAs and HRAs.** There are opportunities for HSAs and HRAs to play a greater role in employee satisfaction with HDHPs. By emphasizing the role of these accounts in helping to pay for health care, employees can begin to see these accounts as a specific type of emergency savings.

"Care for medical or mental health conditions is too often delayed or foregone due to out-of-pocket expenses," Brown said. "Similar to a regular savings account or emergency fund, an HRA or HSA can significantly reduce the stress and even remove the financial burden employees feel."

Employers can get creative with how they use these accounts.

For example, Seefeldt suggested that employers front-load HSA contributions so that employees have immediate access to the employer's and/or the employee's planned annual contribution at the beginning of the plan year. "This provides an immediate cushion to meet unexpected costs," she said.

Another option is for employers to supplement HSAs by offering a post-deductible HRA that covers care once an employee meets their HDHP plan deductible.

"If employees get through the first year or two (with money left over in their HSA), they can get accustomed to saving and contributing to the HSA," Seefeldt said.

### **Buying Time**

The good news is that employees tend to become more satisfied with HDHPs the longer they are enrolled in one. The EBRI/Greenwald Research survey found that satisfaction levels among HDHP enrollees almost doubled after using the plan for three or more years, compared to new enrollees, with satisfaction levels increasing from 32 percent to 58 percent.

By taking targeted action, employers have an opportunity to speed up that progression and help employees toward greater satisfaction with their health plans.

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