

# How can I offer high-deductible health plans yet still design a benefits program that helps me attract and keep quality workers?

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To be successful in implementing a consumer-directed health care approach, there are two critical factors that should be part of your implementation plan: voluntary benefits and effective benefits communication.

The consumer-directed health care offerings is a good start to help curb escalating health care costs. The important component is to provide health plan choices for employees, such as offering a selection of health plans that range from more expensive, comprehensive coverage to plans with high deductibles and lower premiums. Employees can then choose a plan that best meets their needs.

However, when employees are faced with picking up the tab for a larger portion of their medical expenses, they need help to better manage their financial risk. That's where voluntary benefits and effective benefits communications come in.

### Voluntary Benefits Give Employees Choices

When you implement a consumer-directed health care approach and move toward high-deductible health plans, your role changes. No longer are you providing and paying for traditional benefits. Instead, your role is now to provide access to an array of quality benefits—both core and voluntary.

Enhancing your benefits program with voluntary benefits helps you give employees coverage choices. Consider offering employees a choice of individual and group voluntary products, such as supplemental health coverage, disability and life insurance. Employees can then assess their financial risk and choose products to help fill any coverage gaps.

What types of voluntary products work well to help fill gaps from high-deductible health plans? Here are a few:

- Hospital confinement indemnity insurance. Employees can choose a high-deductible health insurance plan and add a voluntary hospital confinement product to help cover out-of-pocket expenses related to hospital confinement. You may want to offer a plan that includes benefits for follow-up doctor's office visits and outpatient diagnostic tests.
- Cancer and critical illness insurance. Employees diagnosed with cancer or another covered critical illness can use the plan's benefits to help pay for expenses such as health insurance deductibles and co-payments.
- Accident insurance. Employees can use the benefits to help pay for out-of-pocket medical expenses, such as deductibles and copayments resulting from a covered accident—injuries such as joint dislocations, broken bones, burns, lacerations, eye injuries and ruptured discs.
- An HSA-compatible product. Employees can purchase a streamlined hospital confinement indemnity insurance plan

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that's considered permitted coverage with a high-deductible health plan and a health savings account.

You can add voluntary benefits to your benefits program at no direct cost to you. Plus, you can choose to fund all, some or none of the premiums, and employees can pay their share of premiums through payroll deduction. By adding voluntary benefits, you can maintain a competitive benefits package and continue to provide employees with choices to help them better manage their increased financial risk from medical costs not covered by their health insurance.

### Effective Benefits Communication Is Essential

Quality benefits communication can do more to retain top-performing employees than the actual richness of the benefits themselves. In companies that don't do a good job communicating the value of their rich benefits programs, the average turnover rate is 17 percent for top-performing employees. On the other hand, in organizations that do a comprehensive job communicating the value of less rich benefit packages, the average turnover rate among top-performing employees is 12 percent.<sup>1</sup>

For a successful consumer-directed health care implementation, benefits communication is critical. The best strategy for delivering effective benefits communication includes:

- Group meetings that explain program changes and enhancements at a high level.
- Individual one-on-one sessions with a benefits professional to cover both core benefits and voluntary benefits.

The goal is to help employees better understand their benefits, learn about the value of the benefits you provide and to make good benefits decisions. A quality voluntary benefits partner can help you by integrating voluntary benefits into your consumer-directed health care approach and effectively communicate and enroll employees in their core and voluntary benefits. **CDHC**

<sup>1</sup> "Communication Plays Critical Role in Improving Retention Power of Health Benefits," Watson Wyatt Worldwide, Feb. 23, 2005

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