

EMPLOYEE HEALTH CARE DECISIONS ARE FUELED BY FEAR AND INSECURITY

The fear factor might drive positive ratings for reality TV shows, but it's doing little to control health care costs. Despite employers' best efforts to contain costs through strategies aimed at encouraging employees to become informed consumers, health care decisions are fueled to a large degree by emotion — fear and insecurity — to a far greater extent than by rational evaluation and decision making, according to a new Towers Perrin survey of more than 1,400 U.S. employees.

This finding and others in the nationwide study suggest that, to get at the root of the continuing disconnects between employers and employees over efforts to control health care costs, employers must understand the nature of employees' emotional responses to their health care decisions and uncover the factors that influence their choices. Employers must also find new ways to help employees understand their coverage alternatives and gain confidence in the health care system.

Here are some of the disconnects this study uncovered, along with some approaches that can help cut through the noise to more effectively engage employees in their health care.

MISCONCEPTION #1

Most employees are secure in the knowledge that their employer-sponsored plans provide ample financial protection, especially when viewed over the span of a year.

REALITY

More than half of survey respondents (53%) are negative about their current health coverage and most are intensely negative. Specifically, they worry that their current health plan doesn't provide adequate financial protection, cover the services they need (or may need) or deliver enough value for the cost.

MISCONCEPTION #2

After several years of cost shifting, employees are most negative about increases in premium costs.

REALITY

Employees want predictable expenses. They focus first on the extent of covered services when selecting a health plan, and are even willing to contribute more in up-front premium costs if that investment limits their exposure to out-of-pocket costs. In fact, more employees (55%) are willing to take on a portion of the increases in the predictable components of cost (i.e., premium) than are willing to face the perceived risks of reduced benefits (23%).

MISCONCEPTION #3

Employees have confidence in the support they have in navigating the health care system and getting the care they need.

REALITY

Fully 60% of survey participants express negative feelings about getting care (i.e., the health care experience itself). Moreover, they have serious concerns about navigating the provider system — not finding the right doctor, not knowing which tests to take, what treatments are best or which hospitals would provide the best care. And most — nearly 60% of the survey respondents — say they need more information and tools to make good decisions about health care.

COUNTERING THE FEAR FACTOR

While employees want financial protection from unforeseen and unbudgeted health care expenses, along with value, quality and confidence in their health care decisions, employers want to contain costs by encouraging employees to choose coverage carefully, use health care services appropriately and, most important, to live healthier lifestyles.

To align employee and employer interests, the study suggests that employers need to take employees' emotional responses into account when formulating and implementing health care strategy. Here's a quick look at some of the things employers might consider.

Action: Motivate employees by building understanding, confidence and a sense of personal control over health care and costs.

In a nutshell, employers need to engage employees as health care consumers in an ongoing, consistent communication process that goes well beyond enrollment decisions to focus on the value of managing both personal health and financial risks over time. As part of this discussion, it's critical that employers move away from approaches that focus solely on the company perspective — costs, limitations on coverage, insuring against the unexpected, what not to do, etc. Instead, employers should highlight employees' needs — the importance of maintaining good health, discerning and getting quality care, and how you as an employer can help. Messages and program features should also emphasize personal accountability for health care decisions — an important ingredient of good consumer behavior that years of aggressive managed care may have diminished.

Action: Provide the capabilities needed to make appropriate coverage, care and health choices.

Employees who have access to and use employer-provided health care resources and decision support tools — such as online access to health care information, tools to support coverage decisions and care management programs — are significantly more likely to report good consumer behaviors (based on a set of 11 self-reported behavioral factors, such as carefully evaluating coverage options, having regular checkups and following doctors' recommendations) than those who do not have or use such resources (56% versus 30% of respondents). This is especially true when these resources are organized in an integrated, thoughtful manner.

Action: Demonstrate meaningful commitment to help encourage and reward healthy behaviors and build an environment of support.

When companies demonstrate commitment and support their employees' health care decision-making process, positive behaviors emerge. For example, among survey participants who said their company makes an effort to support affordable quality care and good health for employees, over half (54%) qualified as relatively good health care consumers. Of those who regarded their company as not being committed to employee health, only 36% reported behaviors that would qualify them as good consumers.

ABOUT THE TOWERS PERRIN STUDY

The new Towers Perrin survey is part of a multiyear, multidimensional study on the drivers of employee behavior in health care decision making and how employers can influence behavior as a way to reduce costs, enhance the work experience, and increase workforce productivity and engagement.

This year's survey combined a traditional questionnaire with a technique most commonly used for marketing and product research. The technique, called Resonance™, was pioneered by Gang and Gang, Inc., and is designed to identify the level and nature of emotions that drive consumer decision making. The survey asked participants about four aspects of health-related experience: their health care coverage, their care experience, their overall health and, specifically, their employer's support for good health. The survey also gathered data on actual consumer behaviors and health status as reported by the respondents themselves.

ABOUT TOWERS PERRIN

Towers Perrin is a global professional services firm that helps organizations around the world optimize performance through effective people, risk and financial management. The firm provides innovative solutions to client issues in the areas of human resource strategy, design and management; actuarial and management consulting to the financial services industry; and reinsurance intermediary services.

The firm has served large organizations in both the private and public sectors for 70 years. Our clients include three-quarters of the world's 500 largest companies and three-quarters of the *Fortune* 1000 U.S. companies.

Towers Perrin has offices in 25 countries.

Our businesses include HR Services, Reinsurance and Tillinghast.

The HR Services business of Towers Perrin provides global human resource consulting and related services that help organizations effectively manage their investment in people. We offer our clients services in areas such as employee benefits, compensation, communication, change management, employee research and the delivery of HR services.