

High-Deductible Health Plans: Good Practices for Employers



National Pharmaceutical Council

The National Pharmaceutical Council (NPC) is a health policy research organization dedicated to the advancement of good evidence and science, and to fostering an environment in the United States that supports medical innovation. Founded in 1953 and supported by the nation's major research-based biopharmaceutical companies, NPC focuses on research development, information dissemination, education and communication of the critical issues of evidence, innovation and the value of medicines for patients. For more information visit www.npcnow.org and follow NPC on Twitter @npcnow.

Gallagher Research & Insights

Gallagher Research & Insights (GRI) provides the intelligence, competitive benchmarking and guidance essential for success in the dynamic healthcare market through research, analysis, reporting, training, presentations and client support. Areas of focus include the marketplace influence of jumbo employers (5,000+ employees), non-jumbo employers (50-4,999 employees), leading employer health coalitions, employer advisors and integrated delivery networks.



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Glossary

Deductible — The amount an insured individual must pay out of pocket before their insurer starts paying.

Health Savings Account (HSA) — A type of savings account that allows an individual to set aside money on a pre-tax basis to pay for qualified medical expenses.

High-Deductible Health Plan (HDHP) — A plan with a lower-than-usual monthly premium but a higher deductible than a traditional plan. HDHPs require consumers to pay for more health care costs on their own before their insurance starts covering costs.

HSA-Qualified HDHP — A HDHP designed in accordance with Internal Revenue Service (IRS) rules that allow an individual to contribute to an HSA.

Good Practice — An action that employers can take to help enrollees maximize value and better navigate their benefits and treatment options.

Pre-Deductible Coverage — When a health plan covers a medication or service before a patient has met their deductible.

Executive Summary



Key Takeaways

- Employers are identifying HDHP good practices to help enrollees maximize value.
- Nine HDHP design tactics stand out as good practices.
- Employers recommend prioritizing five of these good practices to make the most impact in helping patients maximize value and better navigate their benefits:
- Opportunities exist to improve uptake of HDHP good practices.
- Some employers expressed concern about HDHP financial burden on employees.
- Employers acknowledged HDHP usefulness, but said they are imperfect tools.



Offer HSA contributions



Offer ongoing education that emphasizes the retirement and tax-free advantages of HSAs



Cover preventive care medications pre-deductible as fully as HSA federal regulations allow



Front-load HSA contributions



Offer additional HSA contributions based on employee actions

Employers Are Establishing HDHP Good Practices to Help Enrollees Maximize Value

HDHPs have grown in prevalence and enrollment since their introduction to the market. By 2021, however, the rate of HDHP adoption had leveled off, indicating the market had reached a mature state of HDHP adoption.

The National Pharmaceutical Council (NPC) and Gallagher Research & Insights (GRI) conducted this research in 2021 to explore whether consensus has emerged around which HDHP benefit designs consistently help enrollees in maximizing the value of their benefits and navigating their treatment options. The research included a survey of 50 jumbo employers about their experiences with and perspectives on HDHPs.

In 2014, NPC and GRI (formerly the Benfield Group) [published research](#) showing that some employers were beginning to establish good practices to support to their employees enrolled in HDHPs and align incentives to improve health and health care decision-making, but the market and practices had not matured.

While the 2014 research broadly considered the entire HDHP market, this research update focuses on HSA-qualified HDHPs, which have become the predominant model in the market.

Nine HDHP Design Tactics Stand Out as Good Practices

Two-thirds or more of employers surveyed agreed or somewhat agreed on nine HDHP good practices:

1. Offer ongoing education that emphasizes the retirement and tax-free advantages of HSAs
2. Offer real-time pharmacy tools that provide the prices of medications at various locations
3. Cover preventive care medications pre-deductible as fully as HSA federal regulations allow
4. Offer tools that allow enrollees to estimate costs for medical appointments and procedures
5. Offer HSA contributions
6. Offer an investment option as part of the HSA
7. Offer an alternative plan design in addition to HDHPs
8. Offer additional HSA contributions based on employee actions
9. Front-load HSA contributions

Employers Identify Most Impactful Good Practices for HDHPs

Employers rated five good practices as the most impactful starting points for helping enrollees maximize value and navigate benefits:



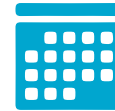
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Offer additional HSA contributions based on employee actions

Opportunities Exist to Improve Uptake of HDHP Good Practices

The survey revealed gaps between what employers considered a good practice and what they implemented in their HDHP designs.

Among the nine good practices, the following ones had the greatest differences between the share of employers agreeing it was a good practice versus implementing the tactic:



Some Employers Express Concern About Financial Burden of HDHPs on Employees

Some survey respondents expressed concern about the financial burden on employees from HDHPs, but they otherwise thought that employees typically encounter moderate or few negative outcomes from HDHPs.

Increased emergency room claims and reduced claims for routine care were the negative HDHP impacts that employers most often observed.

Two-thirds of employers expressed concern about financial burden, which was most often related to low- and middle-income employees:

- Low-wage employees (74%)
- Middle-wage employees (74%)
- Enrollees with chronic illnesses (32%)

“*The lower premium attracts the employee ... the challenge that we found – again because of our employee makeup – is that employees tend to look at the premium and sometimes they don’t even look at the design. Then they’re in a little bit of a pickle when it comes to using the benefit, like when they end up in the emergency room.*

– Employer

Employers Acknowledge HDHPs Are Imperfect Tools

Survey respondents indicated that HDHPs generally achieve satisfactory results but can cause difficulty for patients.

While acknowledging their usefulness, employers said HDHPs remain imperfect tools. Survey respondents reported that HDHPs are more likely to achieve moderate than strong results in:

- Achieving satisfactory use of preventive care services (52% moderate vs. 24% strong)
- Curtailing employer medical spend (48% vs. 34%)
- Curtailing employer pharmacy spend (42% vs. 32%)

“*The problem with HDHPs is that people may indeed be avoiding care, but we simply do not have a line of sight on that situation. ... Post-implementation, we definitely saw a dip in utilization, and it has since bounced back a bit, but not to previous levels, and it is hard to not think some still avoid care. These plans are not a cure-all, that is for sure.*

– Employer

Methodology and Demographics



Methodology: Project Goal and Research Process

This research project conducted by NPC and GRI explored the status of HDHPs in 2021.

As an update to [research conducted in 2014](#), this project explored whether consensus has emerged around which HDHP benefit designs consistently help enrollees in maximizing the value of their benefits and navigating their treatment options. This research elucidates good practices that employers can implement to optimize their benefit design in a patient-centered manner.

Research Process



Methodology: Research Process

Literature Review to Identify Potential HDHP Good Practices

The literature review collected up-to-date information on the prevalence of HDHPs, common design features and the impact on patient health. The review identified perspectives on good HDHP designs and tactics to test in the interviews and survey. Sources reviewed included major coalitions, advocacy groups, consulting houses, think tanks, industry organizations and peer-reviewed journals.

Interviews with Health Care Stakeholders to Refine List of HDHP Good Practices

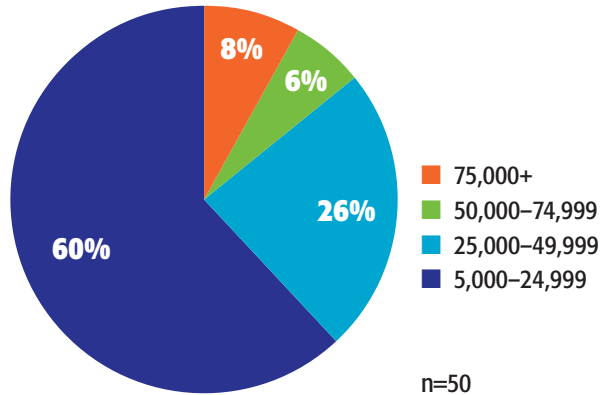
The interviews provided context to the literature review findings and guided the development of the survey. The 45-minute interviews were conducted with 22 health care stakeholders: one health plan, three pharmacy benefit managers, three subject-matter experts, three employee benefits consultants, four patient advocacy groups and eight jumbo employers.

Survey of 50 “Jumbo” Employers to Confirm HDHP Good Practices

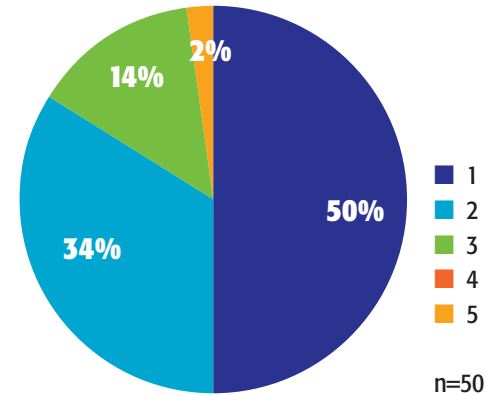
The survey explored the employers’ HDHP experiences and perspectives on good practices.

Surveyed Employers Had at Least 5,000 U.S. Employees; Half Offer More Than One HDHP

What is your total number of U.S. employees?



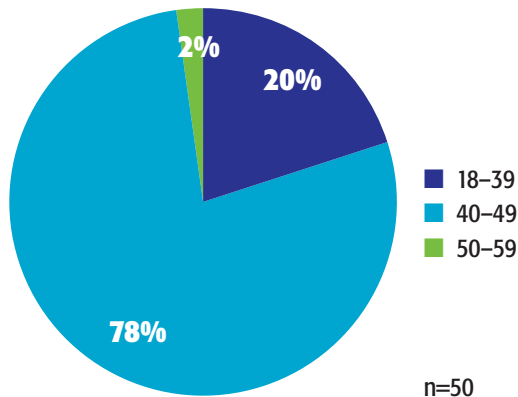
How many different HDHPs does your organization offer?



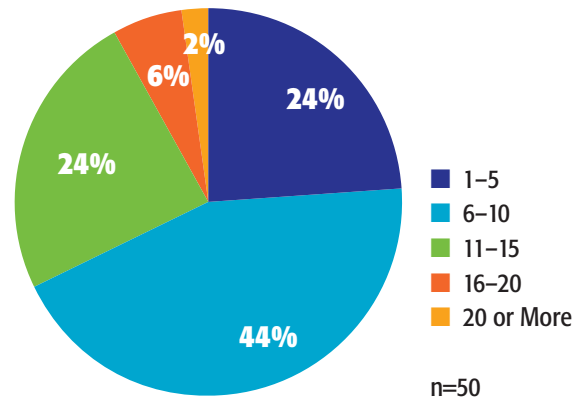
Predominant Average Employee Age of 40-49 Years, Average Tenure of 6+ Years

To the best of your knowledge, what is the average age and tenure of your organization's workforce?

Average Employee Age

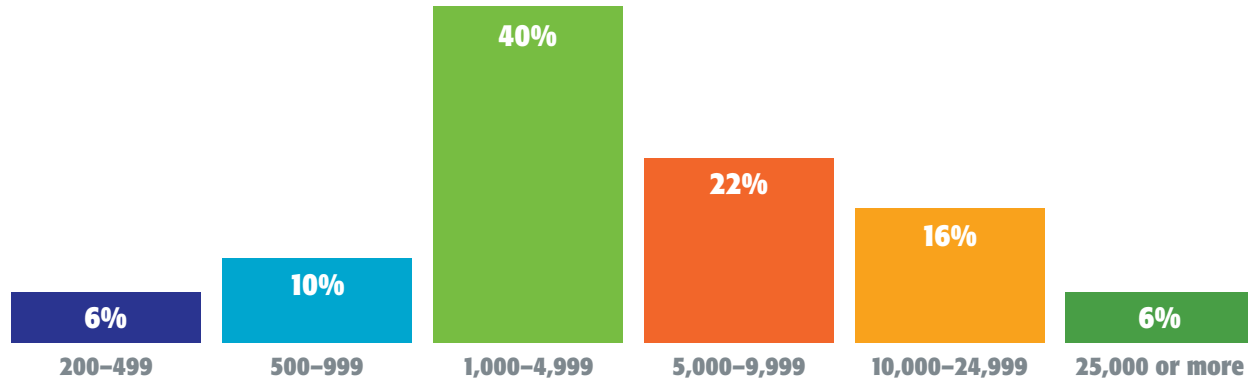


Average Tenure in Years



Most Employers Had More Than 1,000 Employees in an HSA-Qualified HDHP

About how many of your eligible U.S. employees are enrolled in an HSA-qualified HDHP through your organization?



n=50

Top Industries Included Manufacturing and Health Care or Social Assistance

Which of the following best describes the industry your company is in?



n=50

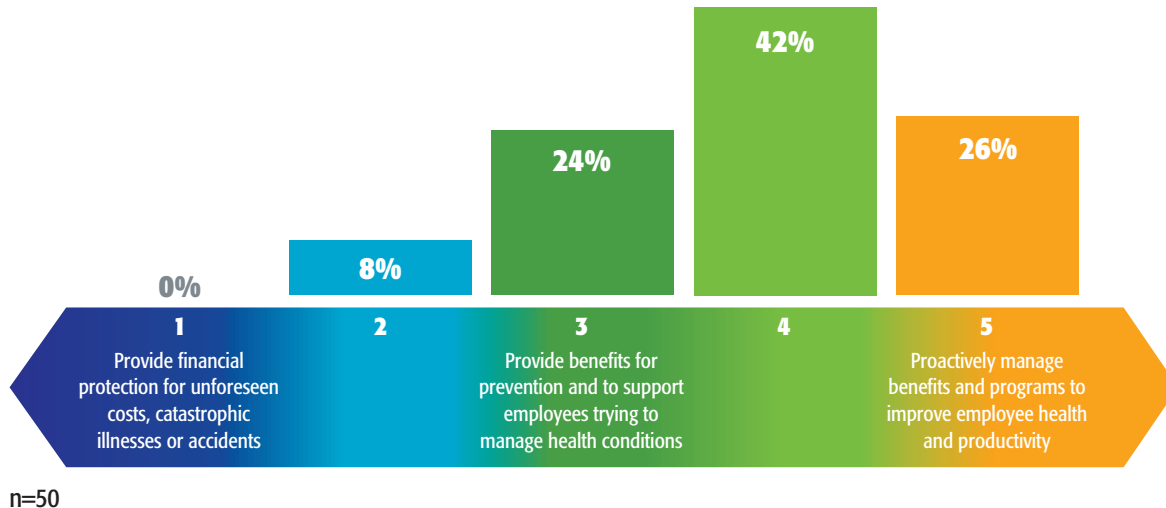
High-Deductible Health Plan Experiences

This research explored employer experiences with and perspectives on HDHP benefit designs and associated outcomes.



Two-Thirds of Employers (68%) Report Taking a Proactive Approach to Managing Benefits and Employee Health Programs

What position on the scale best describes your organization's core philosophy on providing health care benefits to manage employee health?



Surveyed Employers Believe Employees Understand How HDHPs Operate, but Some Interviewees Are Skeptical

Use the scale to rate your agreement with the following three statements about your organization's HDHP enrollees' experience.

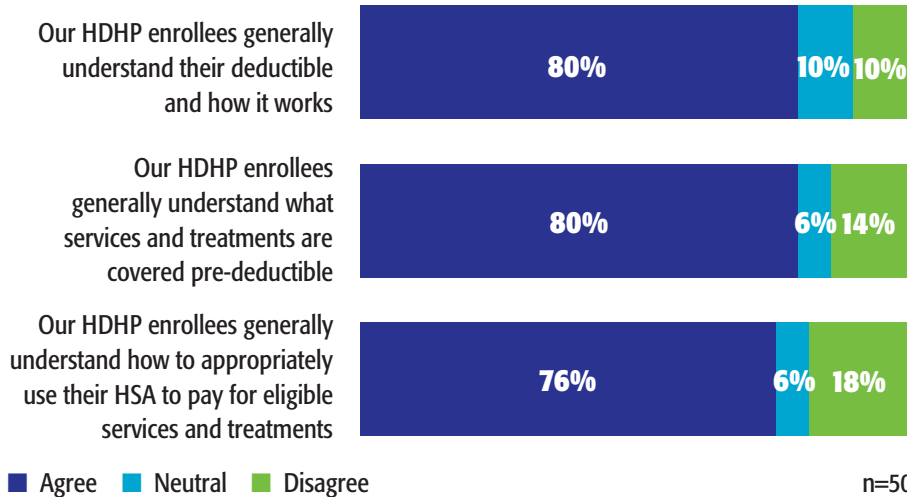


Chart combines responses on a 5-point Likert scale: Responses 1 and 2=disagree/somewhat disagree; 3=neutral; 4 and 5= somewhat agree/agree.

“ I’ve had to help my own grown children navigate these plans, and the bottom line is that HDHPs are still confusing. The deductible is a big number, and when an employer takes steps to implement these plans, employees get concerned.

– Consultant

Most Employers Report Moderate Financial and Preventive Care Outcomes

Use the scale below to indicate if your organization has experienced any of the potential outcomes associated with HDHPs.

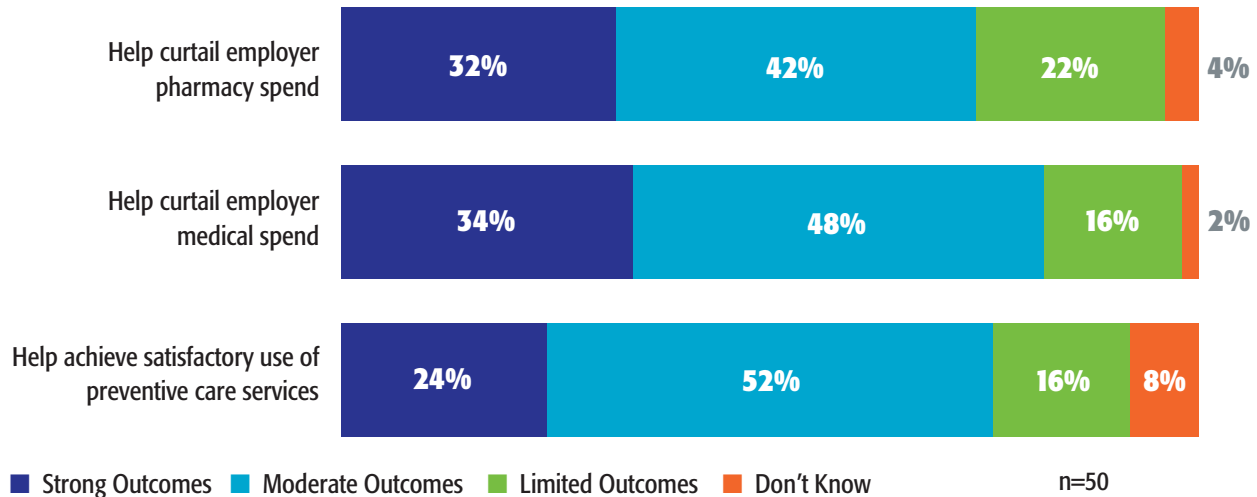


Chart combines responses on a 5-point Likert scale. Responses 1 and 2=not at all/very little; 3=moderately; 4 and 5=quite a bit/very much.

Some Employers Express Concern About Financial Burden with HDHPs

Use the scale below to indicate if your organization has experienced any of the potential outcomes associated with HDHPs.

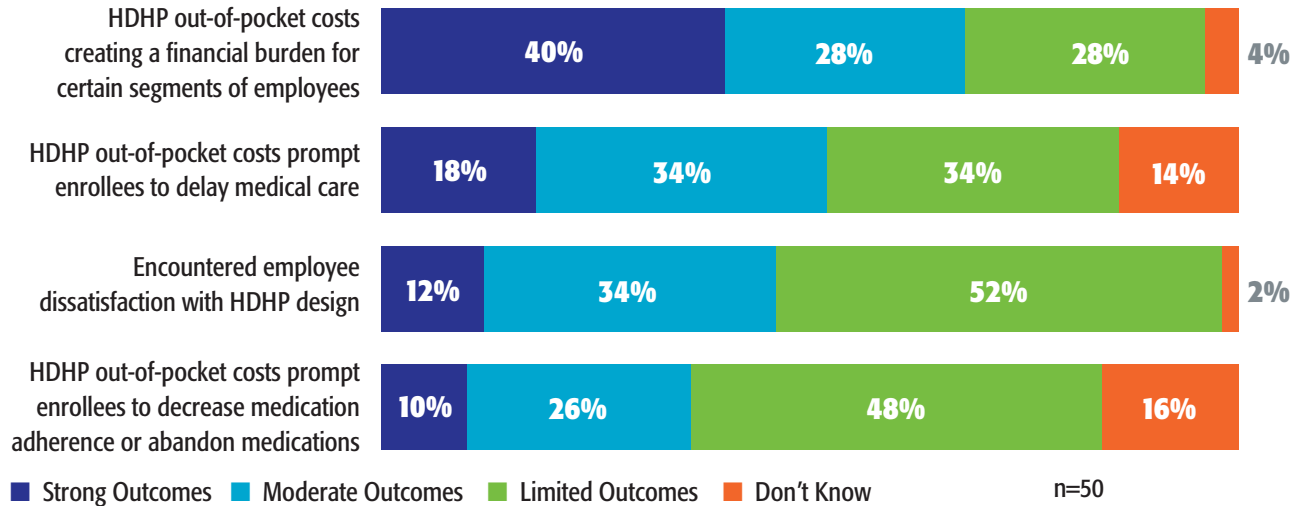
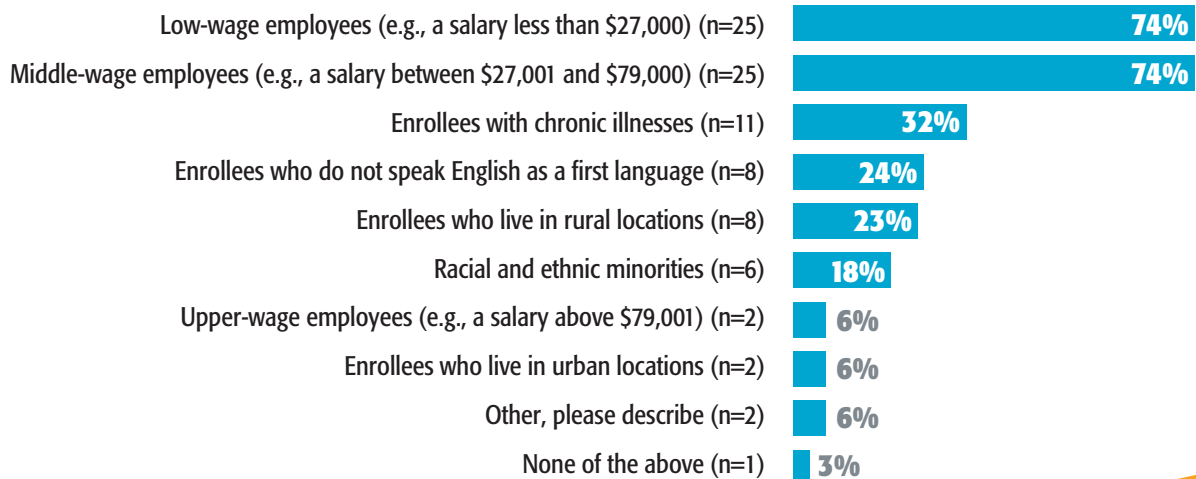


Chart combines responses on a 5-point Likert scale. Responses 1 and 2=not at all/very little; 3=moderately; 4 and 5=quite a bit/very much.

Employers Recognize HDHP Financial Burden on Low- and Middle-Wage Employees

You indicated that HDHP out-of-pocket costs may have created a financial burden for some segments of employees. Have you noticed any of the following segments affected?

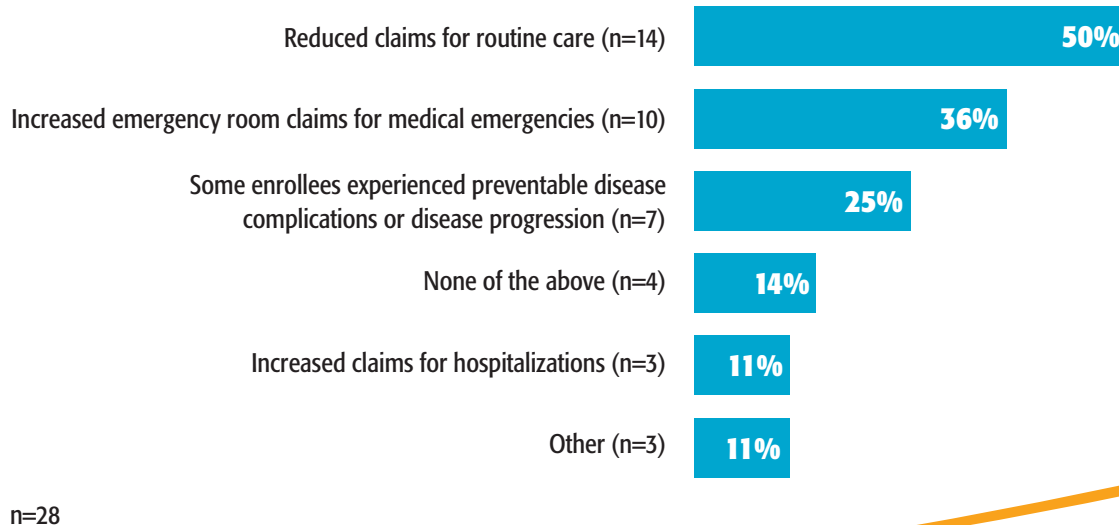
Select all that apply.



n=34

Some Employers Note Reduced Routine Care, Increased Emergency Care and Preventable Complications with HDHPs

You indicated that HDHP out-of-pocket costs may prompt enrollees to delay medical care, decrease medication adherence or abandon medications. Have you noticed any of the following outcomes? Select all that apply.



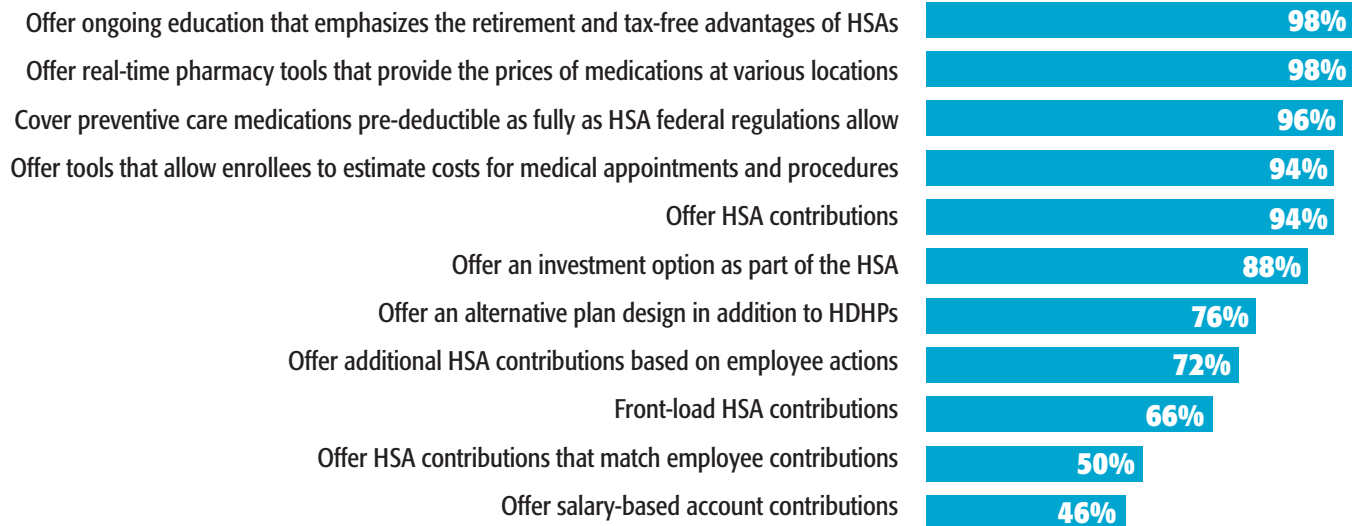
High-Deductible Health Plan Good Practices

This research defines a “good practice” as an action that employers can take to help HDHP enrollees maximize value and better navigate their benefits and treatment options.



Out of 11 HDHP Design Tactics, Two-Thirds or More of Employers Agreed on Nine as Good Practices

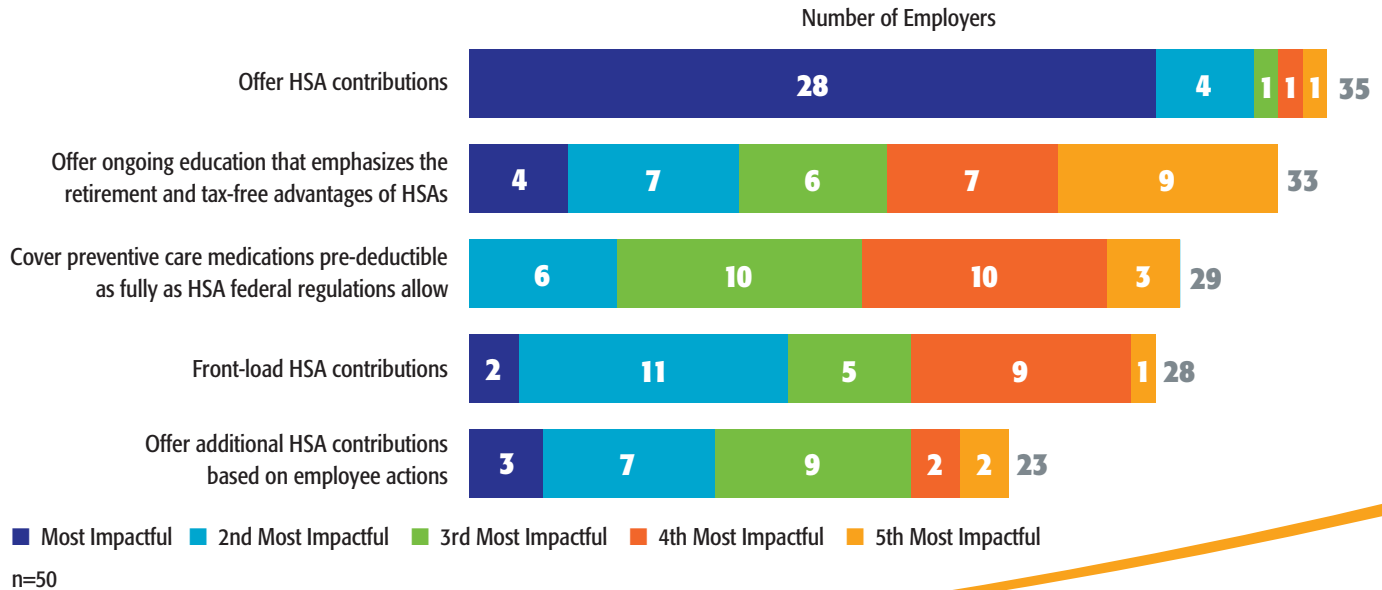
Respondents that agree/somewhat agree tactics are a good practice:



n=50

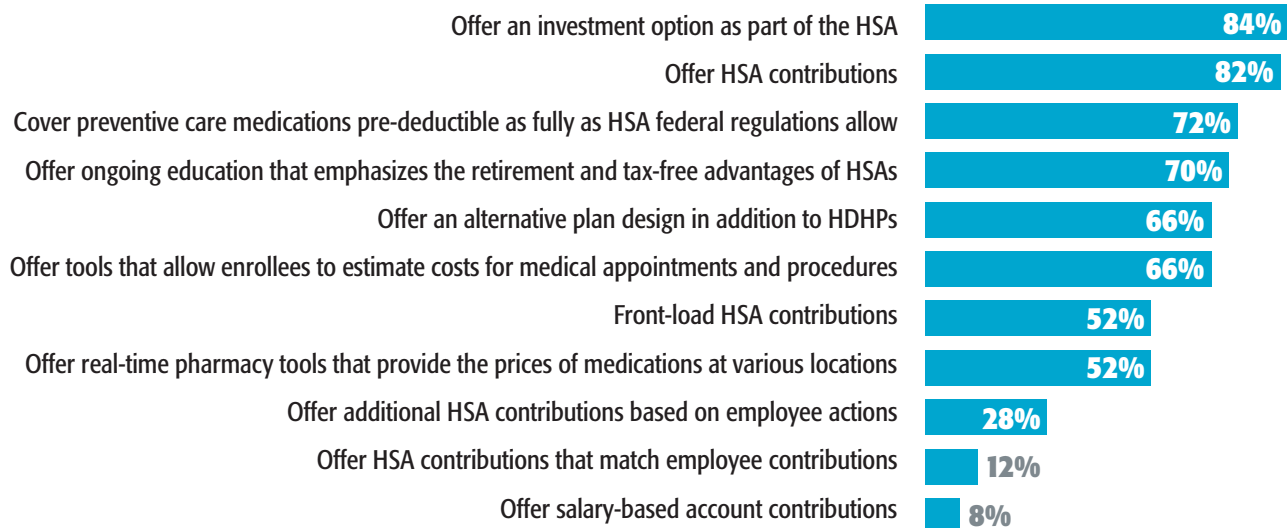
Employers Recommend Prioritizing Five HDHP Good Practices

Which practices would you recommend that an employer implement to have the most impact on HDHP enrollees' ability to maximize value and better navigate their benefits and treatment options? Rank up to five (1-5), where 1 = most impactful



8 in 10 Employers Offer HSA Investment Option and Contributions for HDHPs

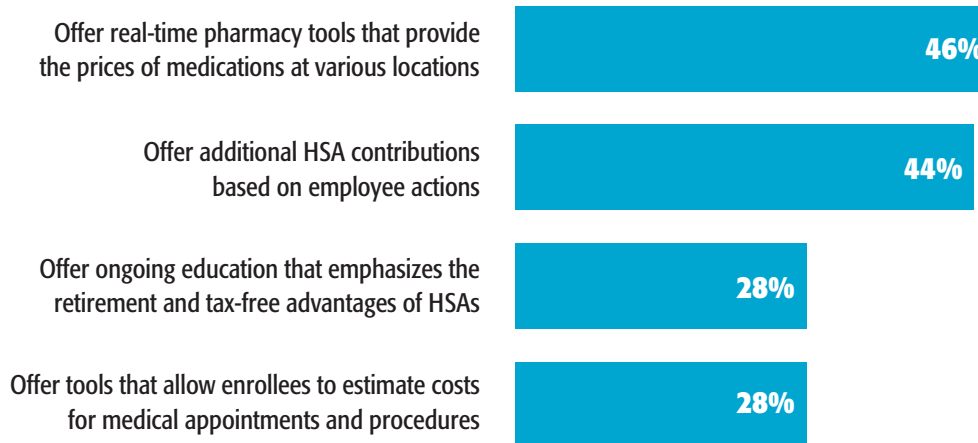
Overview of HDHP practices respondents currently implement:



n=50

Considerable Gaps Exist Between What Employers Consider a Good Practice and What They Have Implemented

The following good practices had the largest differences between the share of employers agreeing it was a good practice versus implementing the tactic:



n=50

Conclusion



These HDHP Good Practices Help Enrollees and Employers Maximize Value



HSA education*



Real-time pharmacy price tools



Pre-deductible coverage*



Medical service price tools



HSA contributions*



HSA investment option



Alternative plan to HDHP



Action-based HSA contributions*



Front-loaded HSA contributions*

*Identified by employers as most impactful

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