

Employer's Guide to Employee Education

*Health Care Cost Control
Through Employee Awareness*



INNOVATION ~ EDUCATION ~ SAVINGS

EDUCATION HELPS EMPLOYEES UNDERSTAND THAT HEALTH CHOICES HAVE FINANCIAL CONSEQUENCES

Wage Trading

You know that your employees are trading wages for health benefits, but do *they*? The right kind of education helps employees realize that they have a financial stake in their health benefits.

What Do They Know?

Do your employees know how much you're currently spending on health benefits? Are they complaining about changes that you've made to your benefits package? How would it help you - and, more importantly, how would it help your organization - if your employees knew more about:

- The true cost - and value - of health benefits?
- How changes in the market have put the kind of health benefits we've known in the past at risk?
- How every employee can help to control health costs by being a smart, responsible health care consumer ... and why this is in each employee's interest?

Most employees - as health care consumers - know little about the cost of the health care services that they receive, or the financial consequences of the health care decisions that they make. It's time for them to learn more. Simply put, employee education can help them learn - and help your organization control health care costs.

This Employer's Guide to Employee Education can help you take the necessary steps to make it happen. To find out more, read on.

Here's Why It Matters

Two-thirds of Americans have employer-sponsored health coverage, so rising health costs present significant challenges for business. Over the last several years, businesses - especially small to mid-sized businesses - have seen health spending soar. Health insurance premiums increased by an average of 11% in 2002, and projected premium increases for 2003 are in the range of 13-15%.

Although employers still pay an average of three-quarters of health premium costs, the impact of rising health costs on workers is increasing because of slow wage growth. While premium costs are soaring, average employee raises in 2002 have been among the smallest in more than two decades. Where employees are receiving raises at all, it's not uncommon for these to go towards higher health care costs rather than into workers' pockets.

Employees today have a financial stake in their health benefits as never before, since they're trading wages for benefits. The sooner your employees know this, the more likely that they will begin taking the steps to keep their own - and your - health spending under control.

Educated, motivated consumers can help to control costs. Up to 40% of our spending for health care results from controllable lifestyle decisions that people make, like whether to eat right, exercise, or not smoke. And up to one-third of our health spending is estimated to be for unnecessary or poor-quality care. Employees as health care consumers have a substantial role to play in controlling health costs, by taking better care of themselves and by using health resources responsibly and cost-effectively. With education, they can.

Employee Education: A Vital Part of the Solution

Employers are exploring a variety of strategies to help address rising health care costs, ranging from incremental efforts to change existing benefits packages to adopting new consumer-directed plans. Regardless of the larger strategy, smart employers now recognize the value of educating their employees about health care costs.

The reason is simple. Employees who know more about the financial consequences of health choices are more likely to make the right health decisions. When this happens, employers benefit through health care cost savings as well as increased productivity and reduced costs due to absenteeism. And employee education can also benefit employers by softening the impact of increased cost-shifting.

Education about health care costs helps employees realize that health costs are rising, affecting each individual and her paycheck. The right kind of education encourages consumers to make cost-effective health care decisions - and shows them how to do this.

This education also shows employees that individual health choices have financial consequences, and that each individual can take steps to be a smart, responsible health care consumer.

How Should You Educate Employees?

To increase employee awareness through education, follow these steps:

Step 1: Self-Assessment - Determine Whether You Can Benefit

Every employer can benefit from educating employees about health care costs, but some employers may be able to benefit more than others. Partially or fully self-funded employers will be particularly likely to gain from employee education because they directly bear the risk of increased claims expenses. Employers making the switch to consumer-directed plans can also benefit from employee education since the effectiveness of these plans will be greater when consumers are more informed.

Step 2: Getting Started - Make the Commitment

Employee education cannot be effective without commitment from the leadership within your organization. If leaders believe in the value of the

education, others will follow their lead. Also, organizational commitment is essential to ensuring that adequate resources are provided to educate employees in a meaningful way. Take the time to secure buy-in from leaders in your organization before beginning your education initiative.

Step 3: Approach - Develop a Strategy

As you plan for your employee education initiative, develop an overall strategy for the best way to communicate the message to employees. Recognize that it will take time, energy and resources to convince employees that rising health costs affect them. Your strategy should take into account the demographics of your employee population, as well as major cost drivers.

Keep in mind that education will be most effective in shaping employee attitudes and behavior about expenses that are controllable. Look for cost drivers where lack of consumer knowledge is significant in driving costs higher, and where the consumer gains little value relative to the increased expense. Examples include use of high-cost, unnecessary prescription drugs or the use of Emergency Room services as a substitute for primary care services.

Step 4: Content - Define the Message

The specific messages that you will communicate to your employees depend on your cost drivers and your employee demographics. Generally, however, it makes sense to address the following:

- *Wage-Benefit Tradeoffs* - To make employees more aware of the wages-for-benefits tradeoffs that are occurring, make it clear to your employees that they have a financial stake in their health benefits - and that increased health spending affects their take-home pay.
- *Lifestyle Decisions and Health Costs* - To make employees more aware of the financial consequences of lifestyle decisions, let your employees know that if they don't take care of themselves, their health expenses will be higher in the future.
- *Overutilization/Misuse and Health Costs* - To encourage employees to use health resources more carefully, make sure that they realize that their decisions about whether or not to use health resources in the short-term have financial consequences - and that misuse of the system puts their health benefits at-risk.

Step 5: Repetition - Broadcast the Message

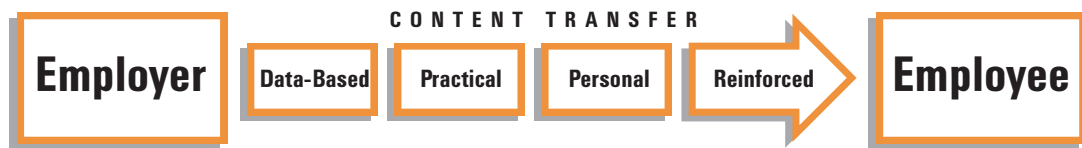
For employees to understand that they have a financial stake in their health benefits, employers need to tell them. But a single message during open enrollment is not enough. You need ongoing communication to be effective.

Marketers know that you have to communicate a given message a half-

dozen times or more before anyone hears it. And this message must be heard another half-dozen times before it will motivate anyone to act. Employee education is a form of marketing. What you're selling is the idea that each employee has a financial stake in her health benefits and can keep more money in her pocket by being a smart health care consumer. No employee will "buy" this message until he or she has heard it compellingly articulated a number of times. Communicate the message until it sinks in.

Step 6: How to Say It - Getting the Point Across

Effective employee education requires meaningful content - but this content needs to be wrapped in a compelling package that can grab the attention of employees. Again, selling the message is like introducing a new product to the market. Look for creative approaches to spread the message. And consider using different media, including printed materials and the internet. Paystuffers, wallet cards, flyers, posters, and intranet content represent a few of the possibilities for communicating this message. Keep in mind that different communications techniques may be necessary to reach certain subsets of your employee population.



To ensure that employee education efforts and collateral materials are memorable, keep the following key words in mind. Wherever possible, education should be *data-based*, incorporating information about actual costs from your health plan to show employees what their health benefits and services actually cost. Provide *practical* information to employees about how they can use their benefits more cost-effectively to save themselves and the company money. Make sure that the information you are relating is *personal* (although be careful about violating any privacy or confidentiality standards). And make sure that these messages are *reinforced* by repeating them until they are absorbed.

Step 7: Beyond Cost - It's About Value

Beyond stressing health care costs, make sure to tie the educational message to value - and values. Stress the continuing value of the benefits that employees have, notwithstanding rising costs. And stress the value of each employee to your organization. You need your employees to know that they are essential to your staying in business and/or fulfilling your organization's mission. By the same token, you want them to realize that it is precisely because of their value to the organization that you are providing information showing how to use benefits cost-effectively.

Although every employee does have a financial stake in her health benefits, it can be difficult for some employees to recognize. If possible, encourage your employees to see the larger picture. Strive to develop a sense of social or group responsibility towards using health resources responsibly. You want your employees to know that you and they are in this together.

Employee Education Can Make A Big Difference

Until employees begin to understand how much health care costs - and modify their health behavior accordingly - it will be difficult for employers to control health care spending. The right kind of education can help. We hope that this Employer's Guide to Employee Education puts you on the right path.

For additional information about how employee education can benefit your organization and help control rising health costs, please contact Accurium at (919) 838-5329 or info@accurium.com. Visit our website at www.accurium.com

ACCURIUM IS A HEALTH CARE INFORMATION SERVICES COMPANY. WE HELP EMPLOYERS ADDRESS RISING HEALTH CARE COSTS BY EDUCATING EMPLOYEES ABOUT THE COST OF HEALTH CARE, THE VALUE OF EMPLOYEE HEALTH BENEFITS, AND THE VITAL IMPORTANCE OF USING HEALTH RESOURCES RESPONSIBLY AND COST-EFFECTIVELY.



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