

# Benefits Insights

Brought to you by:  
National Insurance Services

## How Employers Can Help Make Health Care More Affordable for Employees

The Kaiser Family Foundation reported that nearly half of Americans struggle to afford health care, with about 4 in 10 saying they've delayed or gone without health care due to cost. Unfortunately, medical costs are projected to continue increasing. Financial services organization Peter G. Peterson Foundation found that, on average, health care costs U.S. households \$12,900 per person per year. Furthermore, some experts warn that the full impact of inflation hasn't yet fully impacted health care costs because health plans generally have multiyear contracts.

Helping employees access affordable health care can increase their overall health, decrease stress and improve employee retention and attraction. This article provides guidance on how employers can help make health care more affordable for employees.

### How Health Care Costs Impact Employees

The 2023 Healthlock Attitudinal Survey found that nearly one-third (30%) of surveyed Americans feel overwhelmed by health care and medical bills. While cost was a major factor contributing to Americans' anxiety, 63% of people also perceived medical billing as challenging. Of this group, people were often worried about the time and effort it took to manage medical bills and costs. They also faced additional difficulties, such as unexpected bills and unaffordability concerns.

Low rates of health care literacy contribute to stress and challenges associated with paying medical bills. In fact, a 2023 survey by voluntary benefits solutions provider Optavise found that 10% of individuals didn't know what an insurance premium was, and 8% didn't know what "in network" or "out

of network" meant. Poor understanding of health insurance can cause employees to make uninformed and costly medical decisions.

Additionally, Optavise's survey found that employees are still not getting the information they need from their employers to make informed health care decisions. Many survey respondents were self-taught, and just 30% had learned about health care from their employer's HR department, down from 37% in 2021.

### How Employers Can Help

Many employees look to their employers for guidance and information regarding their health care plans. According to Optavise, 39% of employees want to learn more about managing surprise medical bills, 33% want to know how cost-sharing works and 22% want to know how to choose a health plan. Employers who educate their employees on these topics can help workers avoid large and surprising medical bills and reduce health care costs for employees and their organizations. Employers can consider the following strategies:

- **Rethink health care resources.** Research shows that employees aren't getting the information they need to make wise health care decisions. Although many employers have tried to provide resources across a variety of channels, the Optavise survey found that employees don't find these resources particularly useful. Less than half of employees found emails to be helpful, compared to 68% who found online



resources helpful. However, both strategies paled in comparison to in-person conversations, which 80% of employees found very or extremely helpful. Surveying employees regarding communication channels can help employers identify the best methods for communicating information. Additionally, providing information over various channels may be more effective than using a single channel.

- **Require employees to reenroll in coverage.** Employees who have the wrong health care coverage may over- or underpay for insurance, resulting in extra expenses and potentially high medical bills. Although most (76%) Optavise survey respondents who didn't switch plans did so because they were satisfied with their plans, a minority didn't switch plans because they were too confused (6%), didn't know it was open enrollment (4%) or didn't know how to change plans (2%). Employers can encourage employees to reexamine their health care plans by requiring them to reenroll every year instead of automatically rolling over the previous year's selections. It's also crucial that employers provide consistent and accurate information regarding open enrollment and the importance of signing up for health care benefits.
- **Educate employees on how to be educated health care consumers.** Just 31% of Optavise survey respondents said they check if a health care provider accepts their insurance before getting care. Additionally, the majority (87%) of respondents have a primary care physician, but 26% said they go to the urgent care clinic for nonemergency care, 10% use retail care clinics and 7% go to the emergency room. These behaviors can contribute to rising medical debt and costly bills. Employers can encourage employees to choose in-network providers, rely on their primary care physician for nonemergency care, make careful decisions about prescription drug treatments (e.g., consider using generic brands) and carefully review medical bills for mistakes.
- **Offer voluntary benefits.** Certain benefits, such as high deductible health plans (HDHPs) and health savings accounts (HSAs), can help employees pay for medical bills. HDHPs can help employees lower monthly health care premiums, while HSAs allow

employees to make tax-free contributions to pay for qualified medical expenses and their deductibles. Additionally, employers can offer financial planning and debt relief programs to help ease the burden of medical bills.

### Conclusion

Improving health care affordability for employees can reduce group plan costs, decrease employee stress and boost morale and job satisfaction. These efforts are also critical to maintain a healthy workforce and attract top talent.

Contact us today for more health care resources.