How many of your health plan participants can correctly define the terms *deductible* or *copay*?

Low health care literacy can drive up health care costs for employees and employers.

Low health care literacy is an epidemic in the United States, with 32% of health care consumers saying they feel uncomfortable with their ability to navigate medical benefits and the health care system—a percentage that jumps to 56% among workers under the age of 30.¹ This lack of understanding not only makes it difficult for employees to choose and use their benefits, but it also leads to higher health care costs for both individuals and their employers.

All too often, workers are confused and overwhelmed by their options, forgetting to treat health care as they would any other purchase (shopping around for choices). As a result, they tend to keep the same coverage year after year or choose plans, providers and pharmacies recommended by their friends, family and doctors instead of researching which options best suit their needs.

This passive approach to health care choices can drive up employee costs, since they often enroll (or remain) in plans with more coverage than they need. In fact, more than half of employees in one survey said they wasted up to $750 a year because of poor benefit choices.² Employer expenses can also increase (in excess of $230 billion a year in health care costs³) due to uninformed employee health care choices. To cut down on these avoidable costs, employers must leverage the right tools and tactics to improve health care education.
Identifying the Issue

Health care literacy includes health literacy, which is a person’s ability to obtain, process and understand the basic health information and services needed to make appropriate health care decisions. Health insurance literacy is another subcomponent and represents the degree to which individuals have the knowledge to choose the best health plan for their own circumstances and appropriately use the plan once enrolled.

Employers must first understand that plan participants are unlikely to educate themselves about health care on their own time, whether it’s choosing coverage during open enrollment (86% of workers spend less than two hours reviewing their choices) or learning how (and why) to shop around for the best price for prescribed tests, elective procedures or prescriptions. This lack of proactivity around health care education becomes particularly problematic during open enrollment season. In a recent poll, 41% of employees whose employers offer health insurance said they feel the open enrollment process at their organization is extremely confusing—an issue that persists largely because enrollment material is too difficult to understand and workers lack sufficient time to make their benefits decisions.

To raise health care literacy, employers can explore a few different strategies.

Educate

Explain Basic Concepts

Employers shouldn’t assume employees understand what they’re buying. Only 4% of people in the U.S. can correctly define basic health terms such as deductible, copay or coinsurance. Employers can help employees become better health care shoppers by delivering more digestible health care information, such as glossaries, infographics or resource guides. While enrollment guides and summary plan descriptions (SPDs) are terrific resources for information about what’s covered and not covered under a health plan, they can be tough to navigate if employees don’t understand basic terminology and concepts. To ensure employees use the resources available to them, employers can explore new digital, interactive SPDs and guides and issue frequent, multichannel communications—using texts, webinars, posters and more to address these concepts in small, digestible chunks.

Create Content on Doctor Communications

Employers should consider creating fact sheets or quick-and-easy guides that outline how employees can effectively communicate with their doctors. Trips to the doctor—even planned—can be nerve-racking, and patients often forget to relay important information to their doctors or ask the questions they had planned. Employees also should learn how to address cost concerns with their doctors. Simple suggestions like asking for samples of newly prescribed medications (so the patient can test his or her tolerance for the new drug before paying for a full prescription), generic equivalents, or less expensive tests or treatments can help employees effectively manage their health care consumption.

Take a Personalized Approach to Education and Enrollment

Through one-on-one conversations around health care, employers can explain how each benefits offering might meet their workers’ individual needs. This approach to benefits communications also gives employees and their family members the opportunity to ask personal questions. A Colonial Life white paper shows that 95% of employees who have participated in individual benefits counseling say it is valuable, and 98% say they understand their benefits better. That said, HR departments likely do not have the bandwidth to facilitate one-on-one meetings—meaning employers might consider bringing in third-party benefits educators with whom employees (and their families) can schedule phone or in-person meetings to discuss benefit options. While online modeling tools may be a good starting point, they may not address every individual situation—and may not meet employee needs.
Leverage Multichannel Communications

Every individual processes information differently and prefers to receive that information in different ways. By using multiple communication channels, employers can ensure they reach and actively engage employees. A robust communication plan might include:

- Text messages or e-mails to remind employees of key deadlines and appointments
- Original communications content, such as posters, fliers or brochures, or digital assets, like infographics, videos or company webpages, that define key terms or highlight important concepts
- Quizzes to enable employees to measure their actual knowledge of the critical elements of how their plans work and how that knowledge affects their health and their wallets
- On-site meetings and benefit fairs to enable employees (and possibly their families) to ask questions about their plans and coverage
- Direct mail that engages hard-to-reach employees and family members.

Employee stories can be very powerful tools. If employers can find workers who are willing to share how their health care decisions saved them money, that can help motivate other employees to take similar actions. Learning such concepts is easier when employees can use examples to see themselves in a particular situation.

Provide the Tools

The employer’s job does not end once employees select the best-fitting health plan. Most employees don’t really think about the implications of their choices around where to receive care (retail clinic versus urgent care versus emergency room) and aren’t aware that prices can widely range for the same service or supply. Once employees understand that prices do differ, they’re at a loss for how to find out what those prices are.

A University of California San Francisco study shows that across the state of California, an appendectomy can cost anywhere between $1,529 and $186,955. Yet, in a recent Health Affairs survey, only 3% of employee respondents compared health care costs by provider before receiving care. To foster informed health care consumption, employers can encourage employees to use a variety of research tools and strategies to get the most out of their health care while keeping costs low.

Suggest Cost-Comparison Services

In addition to educating employees about how widely costs can differ, employers can encourage employees to use cost-comparison services when shopping for health services. These might include:

- Online tools provided by the health plan provider, local hospitals and/or standalone testing facilities, as well as independent sites such as FAIR Health. While these will only provide a rough estimate of pricing, they can be a useful first step in choosing care.
- Prescription drug comparison sites that allow consumers to shop by ZIP code and often offer their own discount programs or coupons. It’s generally a good idea to check multiple sources because prices will vary from site to site.

Provide Support

Even the most health-literate employees sometimes need help navigating the health system. Rather than leaving workers to go it alone, employers can contract outside organizations to provide year-round support to their employees.

Offer Transparency Services

Sometimes plan participants are overwhelmed with the notion of researching prices for elective procedures and/or

**Takeaways**

- Nearly one-third of U.S. health care consumers feel uncomfortable with their ability to navigate medical benefits and the health care system, an indication of low health care literacy.
- Health care literacy includes a person’s knowledge about health information and services as well knowledge of health insurance plan choices.
- To improve health care literacy among employees, employers should consider providing materials that explain basic health terminology and concepts and how to effectively communicate with doctors.
- Employers also can suggest that employees use cost-comparison services when shopping for health services, such as those offered by health insurers, hospitals and independent organizations and those that compare the costs of hospitals and prescription drugs.
- Employers also can contract with outside organizations to offer transparency services and health care advocacy services to help employees select and use benefits, understand treatment options, find providers and coordinate care.
just don’t have the time to do the research. Transparency services take consumer cost comparison one step further by factoring in employees’ personal information, such as their insurance plans and geographic area. Transparency services often offer cost-comparison reports that show side-by-side pricing for multiple providers of the same medical test or procedure offered through different providers available to the employee—helping them to understand price along with associated quality data. Employees can then make an educated decision about the provider that makes sense for them, and by choosing a lower cost option, they save themselves and their employer money.

To encourage employee engagement, employers can build rewards programs around transparency services. For example, if employees choose the lowest cost, high-quality provider in a cost-comparison report, the employer can offer gift cards or even cash in their paycheck equal to a percentage of the savings as taxable income.

**Introduce Advocates**

According to a Harris/Accolade poll, 80% of participants said the top service that would improve their health care experience is a single, trusted source to help with all of their health care needs, such as selecting and using benefits, understanding treatment options, finding providers and coordinating care. Employers can provide this service by using advocates, which give employees access to third-party health care experts that are uniquely qualified to guide them through all health care decision making—filling in the gaps when there is lacking information or confusion. Advocates can answer benefit questions, research network status and help locate in-network providers, find providers for second opinions and schedule appointments, research claim issues and resolve denied claim issues, and review medical bills for inaccuracies.

When evaluating these services, employers should seek advocates with extensive experience in the health care space (either in health professions or with health insurers) and that are equipped with exceptional communication skills. Consider, too, their hours of operation and which family members (beyond the employee) can access the service.

**Eliminate Low Health Care Literacy**

Ultimately, education is the key to employee empowerment, especially when it comes to health care. By taking control of their employees’ health care and benefits education, employers will be able to positively impact their health care literacy—enabling their workers to make savvy, cost-effective decisions around health care, increasing wellness and savings for both parties.

**Endnotes**

7. See [www.plansponsor.com/creating-better-open-enrollment-experience/](http://www.plansponsor.com/creating-better-open-enrollment-experience/).