

# Consumer-Directed Health Plans

A Smart Solution for Managing  
Health and Health Care Costs  
Through Financial Engagement



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## Smarter Health Care Decisions

Consumer-directed health plans combine high-deductible medical insurance with financial accounts designed to encourage responsible health care purchasing by your employees. This approach gives you a powerful and sustainable solution to rising costs.

Employees enrolled in consumer-directed health plans are more likely to participate in wellness programs and to research health information, which may result in a healthier workforce for your company. Over the long term, that can translate into lower health care costs for you and employees.

With more than 70 years of experience providing health care coverage, Blue Cross Blue Shield of Massachusetts provides the knowledge, broad product selection, and support to ensure that your consumer-directed health plan solution is successful.



## Consumer-Directed Health Plans

Our approach to consumer-directed health plans combines all the elements your employees need to be active, engaged health care purchasers. This strategy encourages employees to take a more active role in their care and helps you to better manage health care costs.



## Health Plan Options

We offer a full range of deductible-based health plans, including plans that are Health Savings Account-compliant, so you can choose the one that's right for your company. All of our health plans include the necessary preventive care, such as annual physicals and associated tests, to keep your employees healthy and productive. With so many options, you're sure to find a plan that meets your needs. Options for plan features include:

- Health Maintenance Organization (HMO) plans, open access HMO plans, or Preferred Provider Organization plans
- Massachusetts, New England, or national networks
- A range of price points and benefit levels
- Different levels of pharmacy benefits

**Individuals in consumer-directed health plans were more likely to say that they developed a budget to manage health care expenses; checked service prices before getting care; and used an online cost-tracking tool.<sup>1</sup>**

1. Paul Fronstin, "Findings From the 2011 EBRI/MGA Consumer Engagement in Health Care Survey," EBRI Issue Brief, No. 365, December 2011.  
[http://www.ebri.org/pdf/briefspdf/EBRI\\_IB\\_12-2011\\_No365\\_CEHCS.pdf](http://www.ebri.org/pdf/briefspdf/EBRI_IB_12-2011_No365_CEHCS.pdf)

## Financial Accounts

Financial accounts are a core piece of consumer-directed health plans. These accounts financially engage employees as they make decisions about their health care and how to spend their health care dollars. Employees can use their financial accounts to offset costs and plan for future health care needs.

### Flexibility in Account Administration

We partner with the most well respected and recognized account administrators in the industry. Whether you're looking for a fully integrated solution, or want to keep your current administrator, you have the flexibility to choose the right solution to meet your business needs.



**Most employers report that consumer-directed health care is an effective strategy to control costs and more effective than offering a deductible plan alone.<sup>2</sup>**

2. "Employers Health Benefits 2011 Annual Survey," The Kaiser Family Foundation and Health Research and Educational Trust, Section 14. <http://ehbs.kff.org/?page=charts&id=2&sn=28&ch=2221>

### Account at a Glance

<b>Health Savings Account (HSA)</b>	<ul style="list-style-type: none"><li>• Similar to a 401k, a Health Savings Account can be funded by both employer and employee.</li><li>• Employees own the accounts, and funds can be saved and invested for future years.</li><li>• Federal rules define plan options.</li></ul>
<b>Health Reimbursement Arrangement (HRA)</b>	<ul style="list-style-type: none"><li>• Funds are owned by and contributed by the employer.</li><li>• Employers set rollover and usage guidelines.</li><li>• Employers have cash flow flexibility when funding the accounts.</li><li>• Flexible plan options.</li></ul>
<b>Flexible Spending Account (FSA)</b>	<ul style="list-style-type: none"><li>• Employer and employee funded.</li><li>• Offers employees a pre-tax benefit for health care, related transportation, or dependent care expenses.</li><li>• Rollover and grace period guidelines are determined by the employer.</li><li>• Employees can't take funds with them if they leave the company.</li><li>• Can be combined with a Health Reimbursement Arrangement and, in limited cases, with a Health Savings Account.</li><li>• Can be offered with any plan, including non-deductible plans.</li></ul>

## Engagement Tools and Information

Research<sup>2</sup> shows that employees enrolled in Health Savings Account-eligible plans participate in more health and wellness activities, as well as use online tools and support to make smart health care decisions.

But for your consumer-directed health plan solution to be effective, your employees need to have the tools and information to manage their health and their health care costs.

### We offer you and your employees:

- Communication materials like, brochures, letters, websites, and more.
- Outstanding service and support.
- Engagement tools with cost, decision-support, and health education information to help employees make smarter health decisions. Tools include:
  - Interactive online health plan statements
  - Hospital cost and quality comparison tools
  - Medication cost and coverage search tools
  - Health care cost search tools
  - Health and wellness information

## Fitness and Health Incentives

We offer a full range of wellness programs, from standard fitness reimbursement to outcome-based activities that can be paired with special health incentive accounts and weight loss programs. In addition, our plans include access to social media and information members can use to get and stay healthy.



**The number of people with consumer-directed health plans rose to 13.5 million in January 2012, up from 11.4 million in 2011.<sup>3</sup>**

3. "Health Savings Accounts and Account-Based Health Plans: Research Highlights, May 2012."  
Source: AHIP Center for Policy and Research.  
2005-2012 HSA Census Reports.



## What Are the Benefits for Me and My Employees?

Benefits:	Employer	Employee
Deductible structure offers lower premiums	●	●
Proactive health management tools	●	●
Contributions to Flexible Spending Accounts and Health Savings Accounts are pre-tax	●	●
Contributions to Flexible Spending Accounts and Health Savings Accounts are generally not subject to employment taxes for FICA	●	
Withdrawals from Health Reimbursement Arrangements are tax-free; HRA contributions are tax-deductible	●	
Tangible incentives to get and stay healthy		●
Control over out-of-pocket costs		●

**Consumer-directed health plan members are more likely to participate in health risk assessments and health promotion programs than traditional plans.<sup>4</sup>**

4. Paul Fronstin, "Findings From the 2011 EBRI/MGA Consumer Engagement in Health Care Survey," EBRI Issue Brief, No. 365, December 2011.  
[http://www.ebri.org/pdf/briefspdf/EBRI\\_IB\\_12-2011\\_No365\\_CEHCS.pdf](http://www.ebri.org/pdf/briefspdf/EBRI_IB_12-2011_No365_CEHCS.pdf)

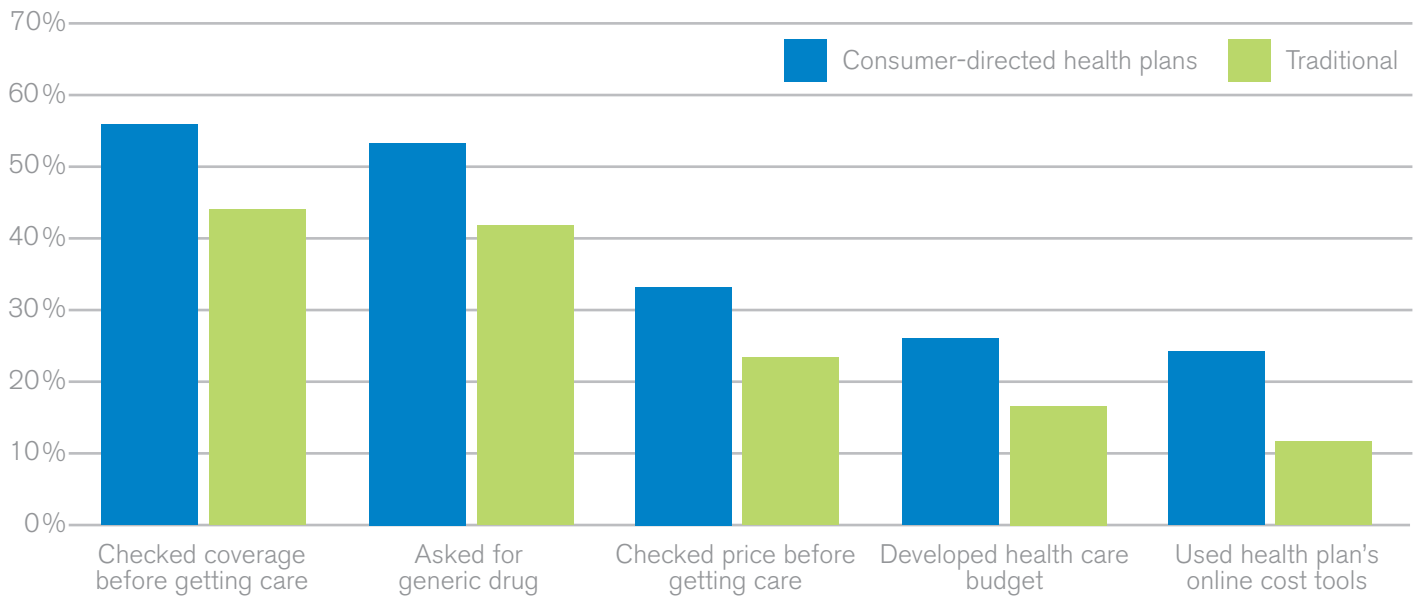


## Take Control Today

Consumer-directed health plans combine financial engagement and comprehensive support to move employees toward becoming empowered consumers of health care services.

This approach can help your company manage costs over the long term and be an effective strategy for delivering quality, sustainable coverage for your workforce.

To learn more about our robust consumer-directed health plan solutions, call your account executive today.



Paul Fronstin, "Findings From the 2012 EBRI/MGA Consumer Engagement in Health Care Survey," EBRI Issue Brief, No. 379, December 2012.  
[http://www.ebri.org/pdf/briefspdf/EBRI\\_IB\\_12-2012\\_No379\\_CEHCS2.pdf](http://www.ebri.org/pdf/briefspdf/EBRI_IB_12-2012_No379_CEHCS2.pdf)



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