



Consumer-Directed Health Plan (CDHP) Solution Planning Guide

Offering a consumer-directed health plan can pay powerful dividends for your business. Not only can you reduce the cost of health coverage through medical plans with deductibles, but you can provide incentives that encourage your employees to become active consumers of health care through financial vehicles, such as Health Savings Accounts (HSAs), Health Reimbursement Arrangements (HRAs), and Flexible Spending Arrangements (FSAs).

Because every situation is unique, you need to carefully plan your own consumer-directed solution to meet your business needs and benefits strategy. This document will guide you through the key decisions that will help make your offering a success.

Adoption Strategy

When approaching a CDHP solution, it's critical to define what your business goals are, so that subsequent decisions about plan design and communications can be built to support those goals.

Set Overall Goals

Deciding on the overall focus of your CDHP offering will guide you through decisions about targeting, plan design, and contribution strategy.

Decision Point

What Are Your Overall Goals?

- Maximize premium savings
- Engage employees
- Support employee retention

Set Adoption Goals

Setting an adoption goal will help drive your approach to education, outreach, and plan design.

Decision Point

What Are Your Adoption Goals?

- Year 1 goal: _____%
- Year 2 goal: _____%
- Year 3 goal: _____%

Target Specific Employees

One good way to build a successful first-year launch is to target a specific group of employees. Consider which populations are most likely to embrace the concept of consumer-directed health care and have success with it. These can be people who are in certain income brackets, are active users of their 401(k)s, or are based in a specific location where you can provide support and education. These early adopters will help drive their colleagues to enroll in the future by sharing their positive experiences.

Plan Design Strategy

Next, think about what type of medical plan and spending account combination is most appropriate for your organization, your target population, your enrollment goals and how it will fit in with your existing plan offerings.

Consider Replacing an Existing Plan

One way to encourage employees to choose a consumer-directed health plan is to replace an existing plan—especially one that is popular with your target market—with the consumer-directed option.

Decision Point

Target Employees

- What kind of enrollment strategy will you have?
 Mass enrollment Target enrollment
 - If targeted enrollment, which types?
 Income-based targeting
 Location-based targeting
 Other (e.g., health status based) (explain below)
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Decision Point

New or Replacement?

- Will your plan be offered as an additional option?
 Yes No
 - Will it replace an existing plan?
 Yes No
- If yes, which plan will it replace?
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Select a Plan Design

Developing the right combination of health plan and financial vehicle is best done in consultation with your Blue Cross Blue Shield of Massachusetts account executive. The solution should mesh with your enrollment goals and your target population.

For example, if you target:

1. **High earners:** consider a high deductible health plan that allows employees to open HSAs and take maximum advantage of the plan's tax advantages and savings potential.
2. **Healthy employees:** consider funding the financial vehicle based on the completion of wellness activities, like having a routine physical or completing a personal health assessment.
3. **Families:** consider an HRA which gives you more flexibility to design a plan with fewer services subject to the deductible.
4. **Transitional consumers:** consider adding an FSA to your current offering to move your employees into managing health care funds without the disruption of changing your plan design.

Decision Point

Plan Design

- Health plan type: HMO_____ PPO_____ Access BlueSM _____
- Deductible levels: Individual _____ Family_____
- Account type: HRA_____ HSA_____ FSA_____
- Account contribution: Individual _____ Family_____
- Provider network: Local New England National
- Pharmacy copayment levels: _____

Contribution Strategy

Offering a consumer-directed plan involves more than just setting a percentage that your employees will pay for coverage. You should also consider how the new plan matches up with your other offerings. Take into account both your premium and financial vehicle contributions: these components work together to motivate your employees to consider and choose a consumer-directed health plan.

The good news is that if you are switching someone from a traditional managed care plan, you may be able to use some of the savings to contribute to an account while setting an attractive premium level. Although there are many options for using the premium savings, some industry experts recommend a 60-30-10 strategy:

- 60 percent of the premium savings is passed on to employees
- 30 percent is contributed to the financial vehicle
- 10 percent is retained by your organization

Decision Point

Contribution Strategy

- Cost of your existing plan: \$_____
- Cost of your consumer-directed health plan medical and account fees: \$_____
- Savings between plans: \$_____
- Allocation of savings to:
 - Premium reduction: _____% \$_____
 - Financial vehicle: _____% \$_____
 - Retained by you : _____% \$_____

Open Enrollment Strategy

Having an active and focused open enrollment can play a big role in driving interest in your new consumer-directed health plan offering. You can accomplish this through different strategies.

Require Employees to Choose a Plan

Don't let employees ignore your new offering and default into their current plan. By removing the default selection option and/or eliminating an existing plan, many more of your employees will consider the consumer-directed health plan.

Make Communications a Priority

In conjunction with an effective contribution strategy, employer support for a new consumer-directed health plan can be one of the biggest drivers to a successful open enrollment. This involves more than just handing out your usual benefit literature. It demands a commitment from you to engage your employees with their new choice.

Recommended strategies include:

- **Mandatory plan education.** Demonstrate your commitment by giving employees work time to find out about the new option. Our consumer-directed health plan launch kit provides a ready-made template for educational sessions. These sessions are not only helpful at open enrollment time, but also during the plan year when your employees better understand their plan.
- **Communicate early and often.** Begin explaining the plan well in advance of open enrollment to give your employees time to understand its features and benefits. The launch kit provides convenient templates for announcement letters and emails to your employees.

Decision Point

Open Enrollment

Is your organization willing to:

- Require employees to select a plan during this open enrollment, rather than allow them to default into their current plans?
 Yes No
- Support mandatory open enrollment meetings to educate employees about the new options?
 Yes No
- Support this product through internal mailings and other educational efforts?
 Yes No

Blue Cross Blue Shield of Massachusetts is committed to helping make consumer-directed health plans a success in your organization. Please do not hesitate to contact your account executive for assistance in developing your launch and enrollment strategy.



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