“HDHP” is not a four-letter word: Reframing the perception of HDHPs

There are several colorful words that could be used to describe today’s health care environment. However, HDHP is not one of them. You’ve known for years that the High-Deductible Health Plan (HDHP) can have a positive impact on your bottom line, and in some cases it can make the difference between offering your employees health care or not. But now, the combination of an HDHP and a Health Savings Account (HSA) may help make it palatable for your employees as well.

Reframe the perception of HDHPs

We prefer to describe them as “Low-Premium Health Plan.” These two simple word changes can lessen the stigma that surrounds this plan. And there are two additional points: one, that having an HDHP can mean a significantly lower premium compared to a traditional HMO or PPO plan; and two, that pairing the HDHP with an HSA makes a savings vehicle available to pay for eligible health care expenses. As an employer, your challenge might be to help your employees understand the benefits of this pairing, instead of their viewing the HDHP as an inferior health plan option that will cost them more out-of-pocket.

Many people only think about health insurance on a year-to-year basis without looking at the long term. They usually choose a traditional health plan like an HMO or PPO and then add a Flexible Spending Account (FSA) or a Health Reimbursement Arrangement (HRA). They might mistakenly believe that their health care expenses will be covered in full by their higher-premium health insurance plan. Unfortunately, that’s becoming less typical. In many cases, after paying the copay they still receive bills from their providers for balances that their insurance plan no longer covers, or no longer covers in full. Now, it might be worth explaining this trend to employees and helping them understand that there is an alternative to traditional plans.

What can you do about it?

Employee education is the key to HDHP/HSA adoption. When someone hears about the HDHP option, he or she could assume, “My monthly health insurance premium is cheaper, but I’ll have to pay more out of my own pocket — and who knows how expensive that could get?” This is often the primary concern and one that can be alleviated when they do the math for themselves and see how the numbers can work out for their personal health care situation.

Employees with an HDHP will generally pay a lower premium, and if they have minimal health care expenses, they would have the potential to accumulate savings in their HSAs. By reframing their perception of the HDHP, viewing their health care as a long-term decision and calculating the numbers for themselves, they can see the potential advantages of an HDHP, especially when combined with an HSA.1

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1 Please be sure to explain the advantages and disadvantages of an HSA to participants so they can make a fully informed decision.

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