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'Burden of Choice'

'Consumerism' Impacts Decision-Making Process

THERE IS A growing movement among employers to shift some or all responsibility for health coverage and healthcare purchases to consumers. Consequently, as today's employees assume greater responsibility for their own healthcare, they are being asked to make more complex decisions than ever before, according to *Consumers in Health Care: The Burden of Choice*, a new report from the California Health Care Foundation.



At the same time, the American workforce, which is paying a greater share of spiraling corporate healthcare expenses,

is suddenly demanding better information about actual healthcare costs, quality, and the connection between rising costs and their own personal behavior, according to research from PricewaterhouseCoopers Health Research Institute. "Consumer-directed healthcare reflects a fundamental shift in strategy whereby employers and employees are beginning to partner financially, organizationally, and personally to bring down the cost of care together," says Sandy Lutz, PwC Institute director of research.

However, research suggests that empowering consumers to make sound decisions in the context of this new responsibility will not be easy as this represents a huge culture shift for American employees.

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Learning from 'The Best'

Employers Confront Challenges, Help Employees Change Behaviors



FINDINGS FROM the Employee Benefit Research Institute's *2005 Health Confidence Survey* appear to confirm that Americans are less likely to see a relationship between quality and the comparative costs of healthcare providers. At the same time, many Americans say that healthcare cost increases have affected the way they use healthcare and their financial well-being.

While the majority of survey respondents say they are changing their behavior, the changes may not be in their best interests, according to Jerry Ripperger, director of consumer health for the Principal Financial Group. "While they are choosing generic drugs (79%), taking better care of themselves (71%), and talking to their doctor more carefully about treatment options and costs (57%), 40% are delaying going to the doctor and 21% are not taking prescribed medications," says Ripperger. "With an ongoing focus on cost, employees are sometimes left to make decisions that are unwise for their long-term health, but in the short-term, benefit their pocketbook." *(Continued on back)*

Creating Recognition Programs

Reinforce Company Values, Objectives



THINK TWICE before giving employees Thanksgiving turkeys or expensive trips. Such gifts might be perceived as being great for morale, but they're not what many employees want. What they do want is managerial support when they

make a mistake, personal thanks for doing good work, and workplace autonomy, according to Bob Nelson, author of *1001 Ways to Reward Employees*.

Though most firms haven't ditched old-fashioned tokens of appreciation like awards based on years of service, employers increasingly look for ways to link employee appreciation to achieving goals, improving products, or demonstrating behaviors aligned with corporate values, according to a recent WorldatWork survey.

"Companies should move away from 'entitlement cultures' to 'performance cultures' that base rewards on employee actions," says Nelson. Whether it's peer-to-peer mentoring, an opportunity to work on developmental projects that teach skills vital to advancement, reaching project milestones early, taking the lead when that's not the employee's regular job, or awarding different colored *(Continued on back)*

'Burden of Choice' . . .

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Consequently, findings from consumer-decision research and lessons learned from advertising and social marketing principles suggest a number of strategies to consider when developing employer support information and tools, according to the *Consumers in Health Care* report:



1. *Simplify the process*—People cannot and will not deal with a large quantity of information at any one time. Therefore, make sure that information is relevant and appropriate to the specific type of decision being made. For example, a simple health plan comparison chart may help employees understand core implications; however, more customized information may be vital to incorporate specific individual preferences and circumstances.
2. *Focus on those most receptive to information*—Target or segment those who are likely to be most receptive to specific types of information. For example, consider cultural differences and values, attitudes, motivations, and behaviors of those most likely to benefit from and use the information.
3. *Support already trusted advisors*—For a variety of reasons, many people will not use information directly, but will use it if it comes through others they trust (family member, friend, doctor, etc.). Consequently, consider training information intermediaries on the importance and value of your communications and support tools.
4. *Integrate multiple types of information*—Consumers will dismiss information that does not include all the factors that they have to consider, such as quality, cost, degree of choice among providers, and convenience. ■

Learning from the Best . . .

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While implementing best practices recognized in *The Principal 10 Best Companies—2005* will not necessarily result in short-term cost decreases for companies, these small- to mid-size companies have helped their organizations to excel, particularly through employee benefits, at contributing to their employees' financial futures and sense of financial security via the following: (1) *Best practices in healthcare benefits*—Establishing comprehensive wellness programs; implementing health savings accounts (HSAs); making healthcare education a top priority; providing free preventive care; offering different medical plans to meet employees' varying needs; and rewarding employees for exercising. (2) *Best practices in retirement benefits*—Making saving—and saving more—automatic; including lifecycle funds in the investment lineup; adding annuities as retirement plan payout options; sponsoring age-specific retirement planning classes; and offering incentives for even small 401(k) deferral increases. (3) *Best practices in employee communication and education*—Bringing in a financial advisor; sponsoring "lunch and learns"; getting creative when communicating with off-site employees; making meetings fun; planning ahead when communicating benefit plan changes; using a combination of communication tools; showing employees the big picture; and creating personalized benefit statements. ■

Recognition Programs . . .

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name badges based on customer service achievements, many of the most effective forms of recognition don't cost a dime. "The movement is toward the intangible, the abstract," says Nelson. "Whatever you recognize, you want the behavior to support the values of the organization so it serves as a reminder of what's important to the organization," says Theresa Chambers, chief motivation officer for Recognition Works. ■

Bulletin Briefs

- ◆ *Employers Request New FMLA Certification in New Year*
The Department of Labor confirms that an employer may insist on new medical certification, not just recertification, for an employee's first Family and Medical Leave Act (FMLA) absence in a new leave year. A second and third medical opinion can also be requested with the new certification.
- ◆ *COBRA Election Period Can Extend Beyond 60 days*
According to the U.S. Court of Appeals for the 5th Circuit, COBRA elections periods do not automatically end after 60 days. The court noted that the statute is silent, suggesting that parties to a plan subject to COBRA can choose to have an election period of any length, so long as it is at least 60 days. ■

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