Benefits Insights

Strategies for Encouraging Employee Health Care Shopping

Many Americans pay attention to prices and shop around when buying gas, groceries or big-ticket items like automobiles, but most don't do the same for their health care. A survey from AKASA, a health care artificial intelligence company, revealed that nearly two-thirds (64%) of Americans have never tried to find the price of a health care service. Although price transparency rules are meant to encourage comparison shopping to unlock cost savings, this purchasing behavior is still lagging in health care.

Paying more for health care doesn't necessarily mean the consumer receives a higher quality service or outcome. Shopping around for health care can result in cost savings for not only employees but employers as well. This article highlights strategies employers can use to encourage employees to shop for high-value health care, which can help lower the organization's health care costs.

Educate Employees

One of the first steps in helping encourage employees to shop around for health care is education. Employers have a unique opportunity to provide data and information to help employees understand the savings potential of health care comparison shopping.

Specifically, employers can help employees understand price variation and explain how to best shop around. According to Healthcare Bluebook data, U.S. health care prices vary an average of 650% for the same procedure in the same market. The location or facility—not the provider—usually influences the cost. Thus, employers can demonstrate how to compare prices based on various facilities or providers.

Additionally, the federal government has started increasing price transparency for health care services, which can help with comparison shopping. For example, new rules require hospitals to post pricing online for various services and procedures. Starting next year, health insurers must share their negotiated prices with the public. However, as health care pricing gets more transparent, employees may need help interpreting it, which is where employers can come in.

Provide Transparency Tools

Employers can direct employees to user-friendly tools that break down pricing. These may be available through a third-party benefits administrator or a health plan partner. Employers should connect with their benefits partners to understand what resources and transparency tools are already available for employees. State-sponsored resources may also offer tools to help consumers compare hospitals, health care facilities and other providers in their state.

To increase the utilization of such tools, employers will likely need to explain the value of comparison shopping for health care and how it can impact the employee and the organization's financial health. It's essential to explain that if high health care costs are left unchecked, employees may experience reduced benefits or increased employee cost sharing. Of course, savings can help the organization, but it's important to highlight how employees individually benefit.

Incentivize Behaviors

Aside from education, another way to help make health care shopping top of mind for employees is to create rewards for certain consumer behaviors—in this case, comparison shopping. Incentives may also be rewarded for using

employer-provided price transparency tools to comparison shop for services and procedures.

Some employers may offer cash incentives, while others offer wellness program points. For example, wellness points could be redeemed for health savings account contributions or reduced cost sharing. It'll come down to the organization's needs and what is most engaging or motivating to their workforce. As with any organizational initiative, employers should consider making it fun. Gamification (e.g., point scoring and social connection) can help facilitate friendly competition and increase employee engagement and motivation.

Summary

Health care costs are undeniably going to continue rising. Employers will need to take proactive approaches to reduce these costs. They have an opportunity to make employees feel empowered to take charge of their health and actively comparison shop for quality health care at the best price. A mix of education, provision of tools and incentivization may be the magic combination to help change employees' health care shopping behaviors.

Contact Sullivan Benefits for additional resources about mitigating health care costs.