Neighborhood Health Plan™

Unlocking the greatest value from your health plan, at a reasonable cost

In a competitive environment, businesses that balance the best benefits for their employees at the most favorable price point have the advantage.

BALANCING COST AND UTILITY

Choosing the right health plan option for your employees can be a daunting task. There are many factors to take into consideration, including how to get the most value from the plan while working within your budget. Cost is important for businesses of any size, whether it's one with 50 or 500 employees. Ensuring that your workforce is well-covered and that the quality of the plan isn't sacrificed are equally important.

A healthy workforce with proper coverage and health care decision support is good for employees—and studies have shown it's good for their employer's bottom line as well.[1] After paid vacation time, health insurance is the most important benefit an employer can offer, which is essential to know when developing and maintaining a high-performing workforce.[2] However, in a world where your competitiveness can be eaten away by rising health care costs, it's critical to ensure that your company is not paying for "unnecessary bells and whistles" or overhead that provide little added value to you or your employees. Finding the appropriate balance is the key to unlocking value.

[1] *Poor Health Costs U.S. Economy* (Infographic). Integrated Benefits Institute (2015).
[2] "How to Choose a Health Insurance Plan for Your Company," *Houston Chronicle.*

SETTING UP THE VALUE EQUATION

A sound health plan delivers quality care at a reasonable cost, but there are many components that determine quality and value for a business and its employees. Plans that assist members in seeking the appropriate care at the right time can avert more severe, complex problems through preventive care, which can cut the costs and risks that accompany unnecessary medical tests and treatment.[3]

For employers, value means ensuring that an employee population is well looked after (and kept healthy) at a reasonable price point. It also means that an insurer will work with the employer and its employees to limit the amount of resources needed on the employer's end, and to ensure effective employee engagement during the rollout, as well as at any point of their membership.

Increasingly, employers are placing value on tools and support available to employees to help them manage their health care costs and needs. This includes client service portals and, in some cases, tools such as a health and wellness assessment as a way to guide investment in wellness.[4] This allows employees to see for themselves a calculated health-risk status, track their wellness progress and, when appropriate, receive assistance from health coaches employed by the health insurer to achieve their health-related goals—such as losing weight, lowering cholesterol, and managing stress.

Is the national brand all it's cracked up to be?

National and multi-state insurers, though seen as leaders in the health care space due to their size and clout, can often be challenged with higher administrative costs related to overhead, infrastructure, and complying with various regulations when operating in multiple states. Administrative costs, which typically include sales and marketing, provider contracting, technology, and IT investments, can be higher with these carriers compared to one focused on a single state or region. When choosing an insurance provider, it's important to understand what you are paying for, and if it is "inefficiently high." Start by asking whether you're paying for an insurer to

SOME GUIDING QUESTIONS

To assess the value of the health plan options before you, it's useful to ask a few important questions, such as:

1. What benefits and features are most important to your business and workforce?
2. Does your plan make an effort to get to know you and to understand your goals and objectives?
3. Is your plan easy to use—for the benefits team and employees—from enrollment and service, to technology/tools, treatment, and claims administration?
4. Do you have the access to high quality hospital and doctor networks for your employees?
5. Is your insurance carrier working with you to find ways to address your organization's increasing health costs?
6. Are you paying for things you don't need, such as administrative costs for a plan with a multi-state or national footprint, or other costs associated with maintaining a big-brand name?
7. What are you getting for your dollar?

[3] "Health insurance plans that help hold down costs," *Consumer Reports (2014).*
[4] "What's the Hard Return on Employee Wellness Programs?" *Harvard Business Review (2010).*

administer plans in a state where your company doesn't operate. One way to reduce administrative costs is by partnering with an insurance carrier that is smaller and can better manage and adjust administrative costs, but still offers comprehensive coverage.

COST CONSIDERATIONS

For an employer, one of the most significant considerations that goes in to choosing an insurer and health plan options is cost—not only because of its impact on a company's balance sheet and competitiveness, but because of the impact it can have on an employee's wallet. An important factor in an employee's well-being is reducing financial stress, which can hamper productivity if not managed effectively.[5] And while cost is important, it shouldn't be the only deciding factor.

> It is important that an insurance plan is designed to best meet the needs of employees—not just a price point—to be truly effective.

As health care costs rise, employers need to understand their options

Due to many factors, including rising prices for prescription drugs, the implementation of the Affordable Care Act, an aging population, and increases in the costs of delivering care, employers and employees continue to see increases in their health insurance premiums. As employers continue to operate in an increasingly competitive marketplace, any increased costs can negatively affect the health of their organizations and their employees. As such, it's in an employer's best interest to evaluate how the costs of health care have an impact on their organization and their workforce, and investigate new coverage options.

Understanding consumer directed health (CDH)

Given the higher cost environment, the shift to CDH plans continues to grow as a way to increase health consumerism and share costs. These plans typically include a high deductible plan, often paired with a spending account such as a health reimbursement arrangement (HRA), flexible spending account (FSA), or health savings account (HSA). CDH plans are typically offered at lower premiums and cover preventive care in full with no cost-sharing. With HSAs, employees even receive valuable tax advantages. The shift to CDH has become more prevalent in recent years. For many employers and employee populations, CDH plans are a good fit. Employee education, however, is a critical part of the success of such plans. During enrollment, when employees have a choice, it is important that they understand the trade-offs of each of their options. For example, studies have suggested that the deductible may influence their decision more than the premium savings of a CDH plan.

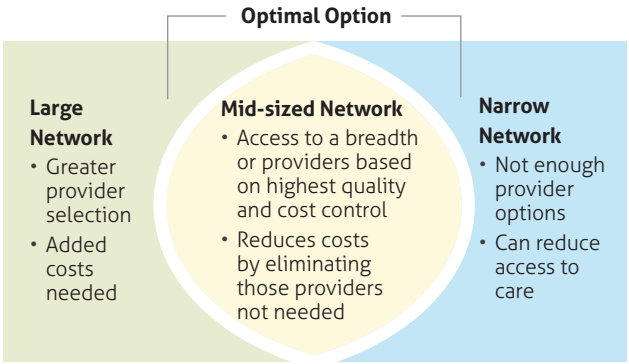
It also is important that an insurance plan is designed to best meet the needs of employees—not just a price point—to be truly effective in the long run. Consulting with your broker or insurance carrier on the best strategy to transition from first-dollar coverage to CDH plans is crucial. Many large employers have transitioned gradually and smoothly to high deductible plans with the right plan design progression and employee education on the various accounts that can work with CDH plans to offset higher cost sharing.

Working with trustworthy advisors, like brokers and a good health plan partner, can provide the right guidance for creating a thoughtful CDH strategy that will be implemented successfully with employers and employees alike. When implemented properly, including clear, concise employee communications, CDH plans can be effective for you and your employees.

NETWORK SIZE— QUALITY VS. QUANTITY

Employers often have the impression that a larger provider and hospital network offers greater options for their employees and therefore is the better option; however, this isn't always the case. What's most important is that the best providers are included in the network—whether small, mid-sized or large—meaning those providers that rank high for quality and cost measures, as well as patient satisfaction.

[5] "Unhealthy, Stressed Employees Are Hurting Your Business," *GALLUP (2010).*



If a mid- to large-sized carrier network includes the same top-ranking providers as an exceptionally large carrier's network, then those accessing the exceptionally large network ultimately may be paying for services and administration costs that aren't needed. This is especially true when an exceptionally large network covers states where your employees don't reside and use services.

Additionally, there's a common misconception that employees will be averse to switching providers. If an employee is gaining access to better quality services and paying less out of pocket, switching doctors may not be as significant an issue as it appears.

The benefit of not including all providers in the network is that it gives health insurers more bargaining power and therefore increases the ability to control costs, which can be passed on to both employers and employees. It is most important to select a plan with a network large enough to meet your specific needs and the majority of your employees.

The optimal network provides depth and breadth where you need it, but doesn't build unnecessary capacity where you don't.

Integration at the heart of health care

Beyond a network that includes high ranking providers, a truly effective network is one that works alongside the insurer in an effort to improve health care for all those involved. This includes taking a partnership approach to integration, innovation, and alternative payment models, which help move the health care spectrum forward to improve health care while reducing costs.

EASE OF USE—ADMINISTRATION AND DECISION SUPPORT

Time is money, a common business idiom that also applies to benefit administration. Education and employee engagement are critical to the success of any benefit program, both to ensure enrollment and that the program is understood and used properly. When done effectively, this limits the amount of work and resources needed on the employer's end, and allows them to focus on managing the people, rather than the health plan.

To boost enrollment successfully, a strong employee communication strategy is required. An effective insurance partner works hand in hand with the employer to understand the particular needs of the employer and employees from a holistic point of view—ensuring that the education and engagement process is one that will work for the employer, its employees, and the company as a whole. This includes providing easy-to-understand educational materials, a well-planned introductory enrollment, and decision support tools and information that make the benefit program easy to navigate and use. Various employee segments will understand the health plan at varying degrees, so it's essential that the health plan understands the employee base and can adapt educational and engagement initiatives to encompass the entire employee population.

VALUE-ADDED BENEFITS

Wellness programs that drive results, not costs

Wellness programs are increasingly being added to employers' health benefits offerings, and for good reason. The addition of an appropriate, comprehensive wellness program can help employers improve productivity and reduce the costs of absenteeism and presenteeism.

Wellness programs should go beyond diet and exercise to include other lifestyle management programs, such as stress managment, smoking cessation, and tools to help with one's social and mental well-being.[6] Equally important, wellness programs must be practical and accessible, integrated into the company's structure, and tied to existing programs, such as employee assistance programs, to truly be comprehensive and effective.

[6] "What's the Hard Return on Employee Wellness Programs?" *Harvard Business Review (2010).*

Healthier employees are also more likely to remain at the company.[7] Not all wellness programs, however, are value-added and work to engage employees. Be sure to explore the specific charges you incur from your insurer for employee wellness programs. It's important to understand what's essential to the health of your employees, and what may simply add extra costs and work for your human resources team.

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An effective Rx program encompasses quality drug access at the right price points

An effective prescription drug program helps limit the out-of-pocket-costs for employees and their families, and ensures that the proper drugs are accessible and affordable. Work with your broker and insurer to determine the appropriate level of cost-sharing, ensuring that employees aren't financially burdened by high drug costs and have appropriate access to the drugs needed for preventive and chronic disease management. A good Rx strategy also encourages consumerism and offers some level of protection against rising drug costs. In addition, you should understand the makeup of your prescription coverage. The drug formulary should make sense for the employee population and should steer employees away from high-priced brand name drugs when possible. The ultimate prescription plan ensures members have access to quality drug therapy, supports drug safety, and achieves proper usage while eliminating waste.

From an employee standpoint, pharmacy benefits should also be accessible, easy to understand, and easy to manage. For example, beyond the typical coverage offered by health plans, some insurers cover certain over-the-counter (OTC) medications, allowing members to save money by paying nothing, or only their plan's lower-tier cost sharing, for many common drugs and products with a prescription at a participating pharmacy. Most insurers also enable members to buy more than a one-month's supply of medication for prescription drugs used on a routine basis, such as medications for asthma, high blood pressure or high cholesterol. Most often, these programs are through mail-order, although some insurers also enable members to get up to a 90-day supply of such maintenance medications at retail pharmacy locations. Check with your insurer about these important details.

YOUR WORKFORCE PROFILE AND CULTURE

When seeking a health plan, beyond cost and comprehensive plan options, there are a number of questions employers need to ask themselves. Ultimately, these questions should be informed by dynamics within the company's employee population. Today's workforce is much different than in the past. Some companies now have four generations of people working together—traditionalists (the silent generation), baby boomers, Gen Xers and millennials—all with diverse preferences and attitudes, at different stages of their lives, and with distinctive health care and financial needs.[8] Some will put emphasis on cost, while others will seek plans with features that include health and wellness offerings and consumer-directed tools and support. Looking ahead, businesses also need to take two facts into account—first, that a significant portion of your workforce will be retiring in the coming years and, second, that over half of the workforce will be comprised of millennials by 2020.[9]

Understanding the various needs and makeup of the organization can help organizations identify the requirements—and their degree of priority—that should be considered when seeking an insurer and health plan options. Beyond this, health plan selection, and the benefits provided, should also take into consideration the future needs of the business, as benefits are often a tool used to attract new, higher quality candidates.[10]

[7] "What's the Hard Return on Employee Wellness Programs?" *Harvard Business Review (2010).*
[8] "How to Manage a Multigenerational Workforce and Not Go Totally Insane," *Huffpost Business (2015).*
[9] *Millennials at work: Reshaping the workplace.* PwC (2011).
[10] "How to Attract—and Retain—Staff When You Can't Pay Big Bucks," *Entrepreneur (2012).*

To truly engage your employee population, the insurance provider selected should put your employees at the center of their offerings. This means customer service professionals must understand your company, speak the language of your employees, and be able to individualize their service. Employees should feel comfortable with their insurance provider, recognize them as part of their community, and know that they can depend on them for their health care needs and questions.

STRIKING A BALANCE

Offering employees a comprehensive plan that both meets their immediate needs, and helps them improve their health over the long run, is essential. However, it must be at a price point that favors you and your employees to truly unlock the greatest value from your health plan.

Neighborhood Health Plan™

- Local knowledge
- Affordable, comprehensive
- Free wellness programs
- Strong provider network that is "just right" in size and efficiency
- Low administrative costs
- Employer and employee decision support tools
- Personalized customer service

You'll want to turn to an insurance provider that works with, and understands, you and your company. Ask your broker to show you all of your options, including smaller plans, which may offer personal service and can drive down costs.

ABOUT NEIGHBORHOOD HEALTH PLAN

Neighborhood Health Plan is one of the fastest growing commercial insurers in Massachusetts. A member of Partners HealthCare, Neighborhood has been serving the Massachusetts health care market exclusively for 30 years. Our members enjoy comprehensive benefits, access to nearly 18,000 primary care providers and specialists and 74 hospital locations, including top hospitals like Beth Israel Deaconess Medical Center, Brigham and Women's Hospital, Dana-Farber Cancer Institute, Lahey Hospital and Medical Center, Massachusetts General Hospital, Newton-Wellesley Hospital, South Shore Hospital, Tufts Medical Center, Beth Israel Deaconess Hospital-Plymouth, UMass Memorial Medical Center, and many more throughout the state.

We work hand in hand with the top hospitals and doctors in the area, without all the overhead of a multi-state or national insurance plan. This means lower administrative costs for you. Our turn-key wellness program is comprehensive and included as a part of your coverage at no extra cost to you and your employees. Since we are smaller and local, our customer service is tailored to you. We will work with you as a true partner to understand your employees' health care needs and to build a plan and a strategy that will engage your employees and help lead to financial and wellness improvements for your organization and your employees.