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News in Brief

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High-Deductible Plans Could Be 'Next Frontier'

Health insurers are aggressively marketing high-deductible insurance plans that allow patients to reduce their out-of-pocket costs by improving their health. But employers, concerned with legal issues and upsetting employees, have large stayed away.

A prolonged recession could change that, consultants and health insurers say.

"I think a long, deep recession will accelerate" the adoption of these plans, said Tom Beauregard, who leads product development for UnitedHealthcare, which launched its Vital Measures plan last year. "This is the next frontier for how manage costs because you're not going to do it through increased cost sharing."

Adopting these plans will mean employers will have to embrace a notion that consumers, according to internal research UnitedHealth, have been more willing to accept that people who lead unhealthy lifestyles should pay more for their hea care.

"The life insurance industry has done it for years for smokers," said Chris Riedl, a senior manager at Aetna;The same is true with home insurance. If you choose to live close to a fire department, you have lower fire premiums and that make: sense."

Employees would still have access to care and catastrophic coverage. A deductible, however, would decrease if a perso improved or maintained good health.

Until now, most health plans and employers have rewarded employees for participating in wellness programs rather tha achieving good health in four areas: weight, not smoking, cholesterol and blood pressure.

Employers are increasingly recognizing the connection between a person's lifestyle and their health care costs. More ar willing to offer monetary incentives for employees to participate in wellness programs. Few, however, have tied incentives to employees' ability to be healthier.

A typical program is designed to work with a high deductible. If a deductible is $1,500, for example, an employer coulc offer four opportunities for an employee to earn a total of $1,000 off his or her deductible. Doug Short, president of Benicomp, the Fort Wayne, Indiana-based firm that designed the payment system for these plans, said the plan is a cost efficient way to introduce incentives to employees.

"It's not additional money on top of the health plan cost," Short said. "It's managing cost shifting within [a] health program."

As long as the health measures such as cholesterol and blood pressure are used, the plan is considered to be legal by the Internal Revenue Service, which regulates wellness programs. Those measures are considered the result of lifestyle choices unlike health conditions, which are a matter of bad luck, said Susan Relland, an attorney with law firm Miller & Chevalier in Washington. The incentives must add up to less than 20 percent of the plan's total cost. That generally mea a plan that costs $5,000 cannot have more than $1,000 worth of incentives.

So far, only a few companies have implemented health care and employment policies based on a person's health.

"I do think there is some hesitancy to go down the path of health outcomes," Riedl said. "It's a controversial topic."

Clarion Health in Indianapolis halted its wellness program after a plan to tie insurance costs to health outcomes angered employees.

Employers should spend time educating employees about the relationship between health care costs and lifestyle choice Riedl said.

"You have to be mindful of how your employee population will react," Riedl said. "It's important to design a program t aligns with a company's corporate culture."

—Jeremy Sme

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