

Health Plan Design May Be Impacting Financial Well-Being Program Success

Employers are taking steps to improve the financial well-being of their workforce. Yet, evidence from the 2017 EBRI/Greenwald & Associates Health and Workplace Benefits Survey (WBS) shows that some of their efforts—such as changing health plan designs—may be backfiring and actually creating *more* financial stress for workers.

According to a 2016 survey of large and mid-sized employers, 84 percent offer some type of financial wellness program, up from 76 percent in 2015.¹ Employers offer financial wellness programs for a number of reasons, including to:

- Give themselves a competitive edge in recruiting and retaining talented workers
- Address concerns that financial stress may be reducing employee productivity and engagement
- Reduce overall use of health care services and spending due to financial stress² and therefore prevent impact to the employer's bottom line

One way that employers may potentially be contributing to financial stress, however, is by making changes to their health plans. Specifically, the move toward CDHP's and high-deductible health plans (HDHPs) may be causing financial stress for the same workers that employers are targeting with financial wellness programs.

To examine the association between health care costs and workers' financial well-being, researchers at the Employee Benefit Research Institute (EBRI) examined data from the WBS, which reports on a broad spectrum of health care issues, including workers' satisfaction with health care today, their confidence in the future of the health care system and the Medicare program, and their attitudes toward benefits in the workplace.³

According to the 2017 WBS, approximately one-half of workers (48 percent) report having experienced an increase in health care costs in the past year. While this is down from 2013 (61 percent), it is about the same as in 2015 and 2016 (Figure 1).

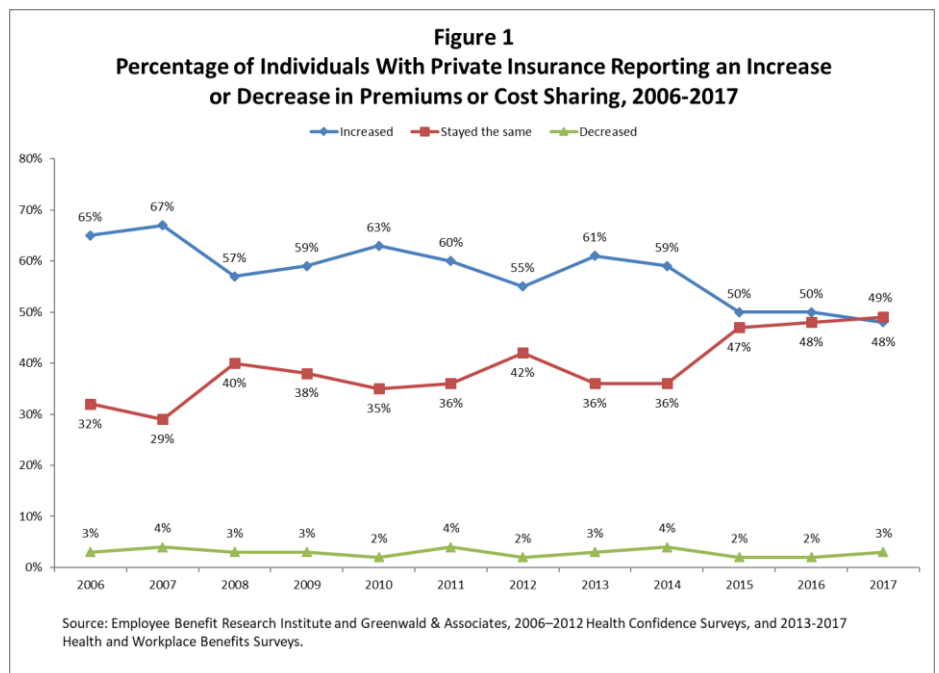
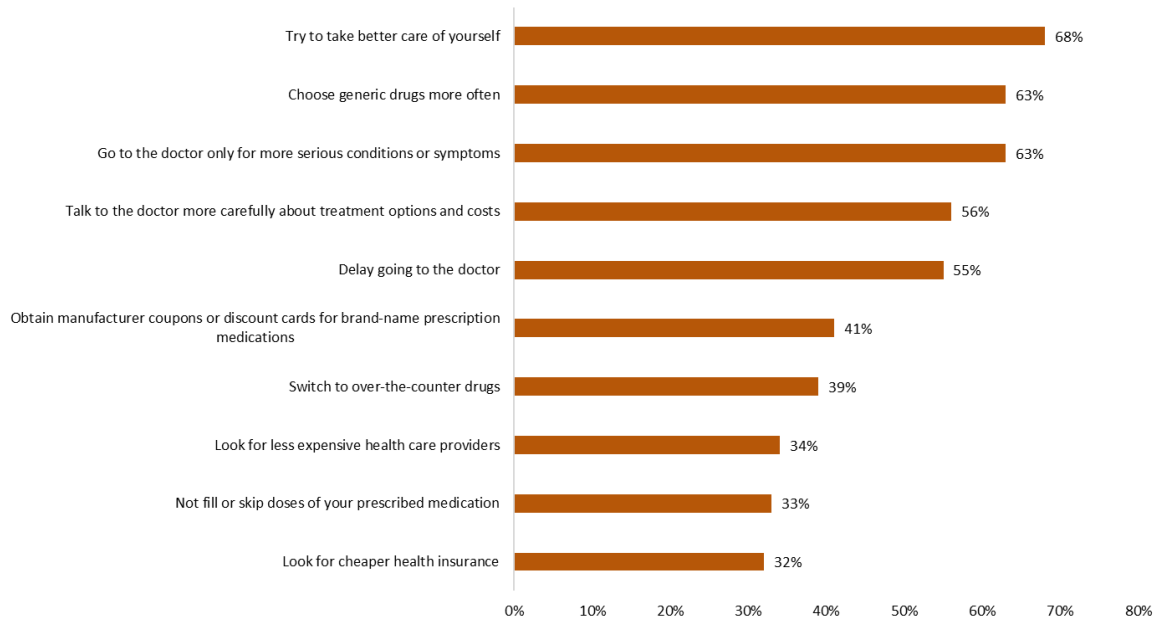
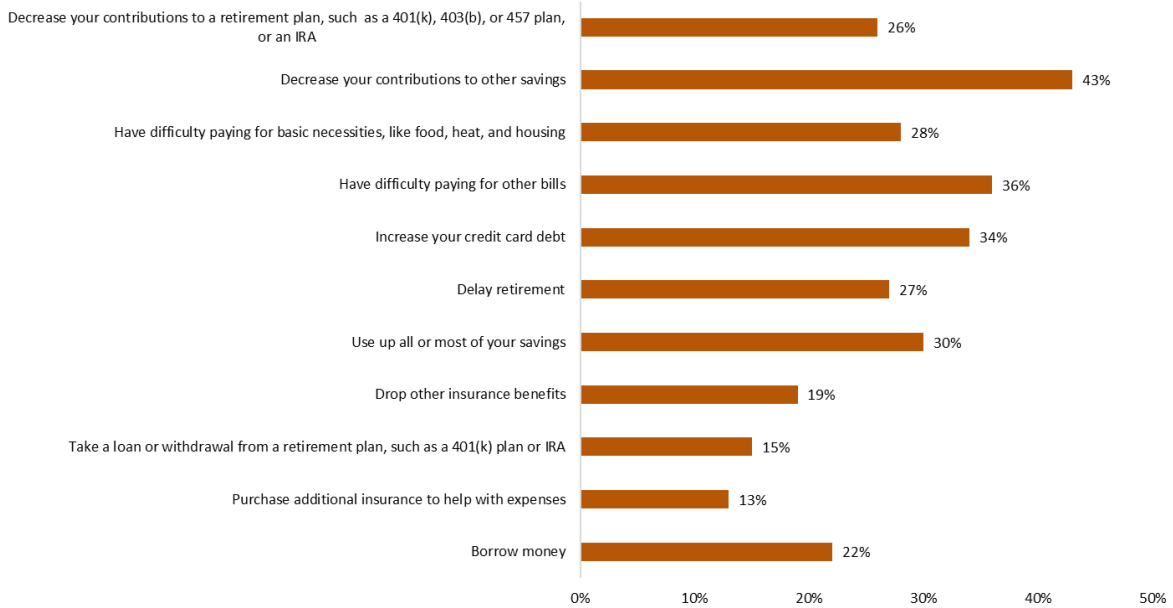


Figure 2
Changes in Health Care Usage Resulting From Cost Increases,
Among Those Experiencing Increase in Costs, 2017



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Health and Workplace Benefits Survey.

Figure 3
Shifts in Resources Resulting From Cost Increases,
Among Those Experiencing Increase in Costs, 2017



Source: Employee Benefit Research Institute and Greenwald & Associates, 2017 Health and Workplace Benefits Survey.

Workers who report health care cost increases note that they are changing the way they use the health care system—some for the better, and some potentially for the worse. Nearly 7-in-10 (68 percent) say increased costs have led them to try to take better care of themselves, while nearly two-thirds (63 percent) indicate they chose generic drugs more often (Figure 2). About 2-in-3 also say they go to the doctor only for more serious conditions or symptoms (63 percent), and 55 percent delay going to the doctor.

When it comes to financial well-being, there is evidence that higher health care costs cause many workers to report signs of financial struggles. Of the workers reporting cost increases in their health care plans in the past year, 26 percent state that they have decreased their contributions to retirement plans; and 43 percent have decreased their contributions to other savings (Figure 3). More than one-quarter (28 percent) report that they have had difficulty paying for basic necessities such as food, heat, and housing; and 36 percent say they have had difficulty paying other bills. Nearly one-third (30 percent) say they have used up all or most of their savings or have increased their credit card debt (34 percent), 22 percent report that they have borrowed money, 27 percent have delayed retirement, 19 percent have dropped other insurance benefits, 15 percent have taken a loan or withdrawal from a retirement plan, and 13 percent have purchased additional insurance to help with expenses.

In short, employers' movement toward CDHPs and HDHPs as part of a larger goal of increasing consumer engagement through health care plan design might be making it more difficult for financial wellness programs to succeed.

The EBRI report, “Workers Rank Health Care as the Most Critical Issue in the United States” is published as the January 2018 *EBRI Notes*, and is available online [here](#).

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¹ See: <https://www.fidelity.com/about-fidelity/employer-services/Companies-Expand-Well-Being-Programs-and-Increase-Financial-Incentives>

² See: http://files.consumerfinance.gov/f/201501_cfpb_report_financial-well-being.pdf

³ More information about the survey can be found at: <https://www.ebri.org/pdf/notespdf/EBRINotes%20v39no13.pdf>

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