



2021 CONSUMER REPORT:

All Eyes on Health Care – But Not Enough on Health Care Literacy Initiatives

Why Consumers Need More Education Around How To Shop For Coverage And Care

KEY FINDINGS

1

While most Americans receive their health insurance through their employers, only about a third (**37%**) make use of employer resources to learn how to select and use their health plans.



Many respondents say they learned about health insurance terms and concepts from family (**24%**) and friends (**14%**) or self-conducted research (**34%**), versus only **37%** who report learning from their employer.

2

When consumers do take advantage of the educational resources available from their employer, they are increasingly accepting of digital channels for learning about their benefits plans options—though utilization rates remain low.



While few respondents reported their employers used texts to communicate about health benefits this past year (**7%**), a sizable **49%** of those who received them found texts extremely helpful, up from **25%** in 2020.

Likewise, of the **8%** whose employers used social media, **49%** found it extremely helpful.

3

Health care literacy remains low, with many consumers still not managing their plans as effectively as they could.

57%

only check if a provider is in network when they plan to visit new provider or facility, and **25%** only do so when their health plan changes.

55%

of respondents don't know that they can compare treatment or services costs before choosing where to get their care.

Of the **31%** of respondents who are aware of receiving an inaccurate medical bill within the past three years, **7%** did nothing about it. That's because **43%** didn't believe the amount of error was worth the effort to fix, while **52%** simply didn't know how to correct it.

INTRODUCTION

For almost two years, the COVID-19 outbreak has pushed health—and health care—to the center of our worlds. And yet, many consumers still lack the knowledge they need to make informed choices about their health coverage—both when they’re selecting their plans and when they put those plans to use. As a result, many make uninformed decisions, costing themselves—and their employers—more for care.

To understand the state of health care literacy, DirectPath surveyed more than 1,000 individuals with employer-sponsored insurance who do not work in the insurance industry. While we found that many respondents report confidence in knowing how their coverage works, the results show a direct link between a lack of formal health care benefits education and poor health care decisions—decisions that can lead to lower quality care at a higher cost.

THE STATE OF HEALTH CARE LITERACY

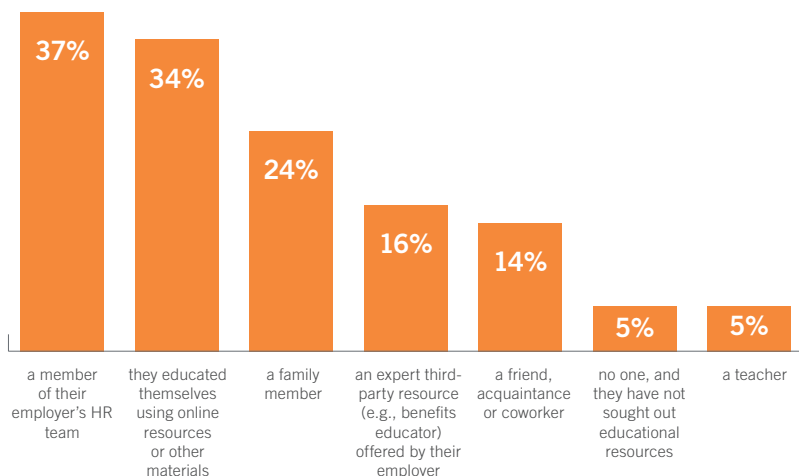
Despite the spotlight on health this past year, health care benefits literacy remains alarmingly low.

While the majority of respondents say they understand core terms and how they relate to their coverage—e.g., 86% say they understand “copay,” 84% understand “deductible,” and 84% understand “in-network”—certainty drops when it comes to less basic terms, such as “coinsurance” and “allowed amount.”

Forty-one percent and 45%, respectively, don’t understand how these terms apply to their coverage or don’t know what they are at all—reflecting only marginal improvements in understanding made from last year (44% of 2020 respondents either didn’t know the term “coinsurance” or understand how it applied to their coverage, and 46% for “allowed amount”).

One factor contributing to this low literacy rate is where individuals are receiving their health plan education from. Despite the fact that all survey participants receive their health insurance from their employer, just over a third (37%) named a member of their employer’s HR team as one of the sources from which they learned about health insurance terms and processes. Respondents were just as likely to turn to friends and family (38%) or to self-educating through the Internet or through other materials (34%). Unfortunately, these sources are notoriously unreliable, as web content may not be accurate, and acquaintances (who likely are not benefits experts themselves) will speak from their own experience with their employer’s benefits options or even reshare information they heard secondhand.

WHERE CONSUMERS SAY THEY GET THEIR HEALTH CARE BENEFITS INFORMATION



*Note: respondents could select multiple options

When employees lack the knowledge needed to select the right plans, they not only hurt themselves—by ending up with inadequate coverage and higher-than-necessary out-of-pocket costs—but also their employer.

By not educating employees on their health care benefits offerings, employers could find themselves at increased risk of disgruntled employees who blame them for insurance issues. Alternatively, employers could find themselves paying more for insurance because employees overspend on packages that don't align with their needs. For these reasons, it's critical that employers arm employees with the tools they need to make informed decisions when selecting their health plans.

That said, employers don't need to add the responsibility of insurance education to their HR teams; external organizations specializing in benefits education are available to help. More organizations are taking advantage of these resources: 16% of survey respondents reported learning about health insurance from a third-party resource (e.g., benefits educator) offered by their employer—up 4% from 2020.

EMPLOYER OFFERINGS AND EMPLOYEE BENEFITS ENGAGEMENT

With the pandemic driving a shift to a remote or hybrid workforce, it's no surprise that respondents reported that their employers made more use of online tools and social media to communicate about benefits.

Forty-one percent of employees reported that their employer shared benefits information via email (an increase of 6% from last year), 11% said their employers added social media as part of their mix of available resources (up from 0% of 2020 respondents), and 11% received texts about health benefits information (up from 9%).

While employer use of social media and text messaging to communicate benefits information is still relatively low, employees who did receive content through these channels found them very valuable: 88% of those who received information via social media found it to be very to extremely helpful, and 83% of those who received texts found it very to extremely helpful—up from 67% in 2020.

Many employers still also offered more traditional means of communicating information such as group HR presentations (39%) and printed materials (39%), though usage of both are down from 2020 (33% of 2020 respondents took advantage of group HR presentations, versus 27% in 2021, and 41% took advantage of printed materials, versus 29% in 2021).

That employers offer and continue to offer an omnichannel approach is extremely valuable for engaging diverse workforces, as it helps to ensure all employees have access to information that makes sense to them. Moreover, it gives employees the opportunity to receive a thorough, individualized education on their health care coverage. For instance, digital formats are convenient due to their timeliness and brevity, but it's important employers position these resources as a jumping off point for more in-depth educational materials, as their conciseness is better suited to targeted, specific messages than broader discussion. Conversely, while web and print materials are educational, they cannot cover every possible situation and tend to be less timely than social media. Once consumers prime themselves with these channels, HR members or external experts can offer guidance tailored to individual employees' circumstances so that they make the most informed decisions.

Despite the value of personalized benefits communication, only 28% of employees say their employer offers 1:1 conversations with HR representatives, and 16% offer 1:1 conversations with a benefits educator or an outside expert. These numbers are down from last year—when 36% of employees said their employer offered 1:1 conversations with HR representatives and 23% said their employer offered 1:1 conversations with a benefits expert. This drop could be indicative of time or financial resource constraints due to the pandemic, or challenges connecting with largely remote employee bases.

HOW COVID-19 CHANGED BENEFITS EDUCATION

Of the resources that employers made available to employees, consumers took advantage of digital options more often than physical materials (34% took advantage of online resources, versus 29% for printed materials)—though physical materials were still used more than presentations (27% took advantage of group sessions with HR, 14% took advantage of group sessions with outside experts and 11% took advantage of webinars).

Employees' use of printed materials declined from 48% to 39%, and 1:1 conversations with HR decreased from 36% to 28% (likely due to a remote workforce); employers' use of email communications, however, grew from 35% to 41%.

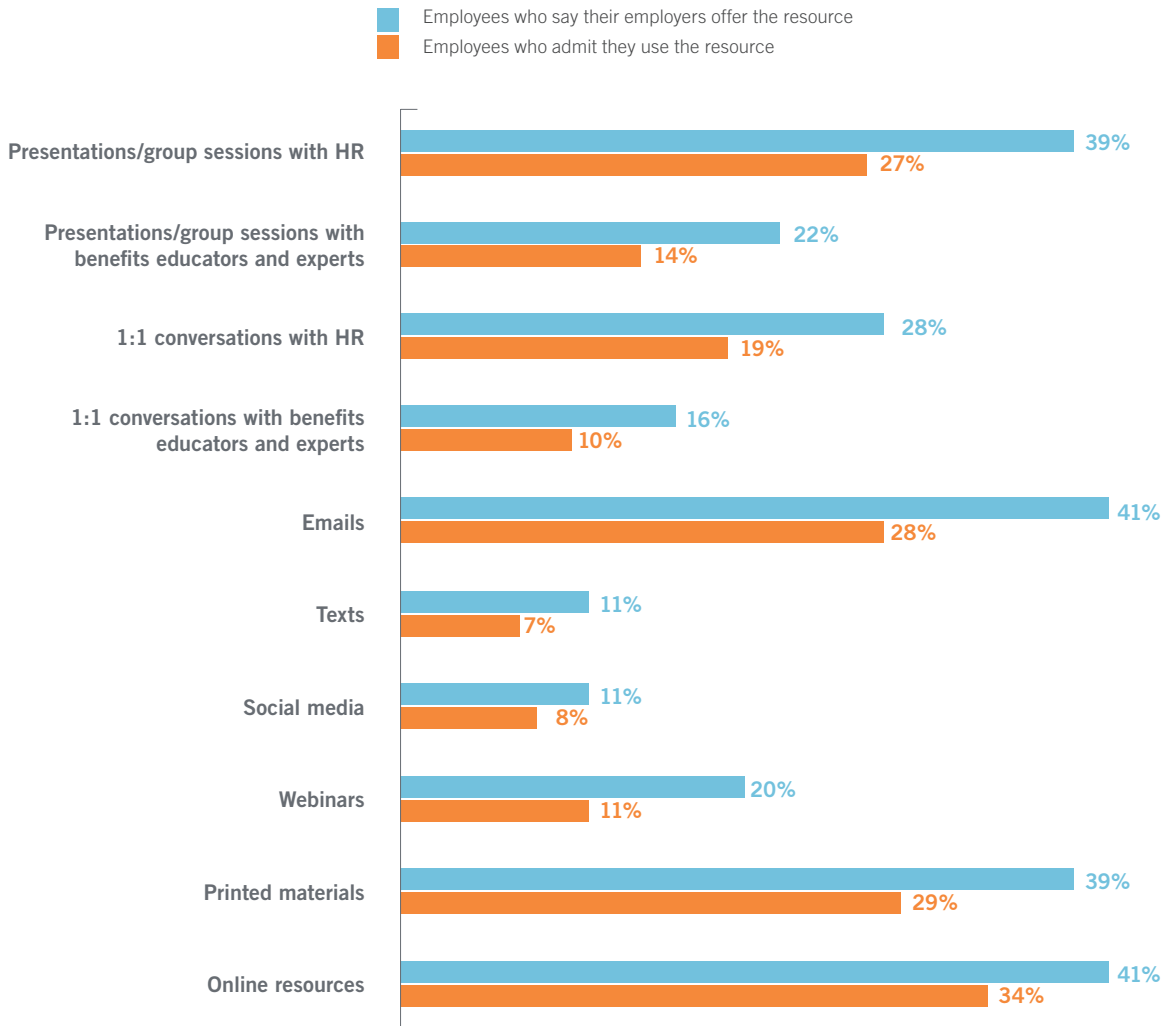
Even when employees say their employer does offer 1:1 conversations about health benefits, few take advantage of them; only 19% report holding benefits conversations with an HR representative and 10% report meeting with benefits educators. While the reasoning behind this low utilization rate may be that employees don't view these meetings as convenient and/or comfortable, it's also possible that employers haven't effectively advertised them, and employees therefore aren't aware of how helpful they can be.

When respondents did take advantage of 1:1 conversations, over 80% of them found them to be very or extremely helpful. Given the positive employee response, employers looking to increase utilization of these resources should be sure to “market” them year-round and consider leveraging employee ambassadors who can share their experiences.

Encouragingly, more consumers are turning to experts—either members of their employers' HR teams or third-party educators—and fewer are educating themselves than they were in 2020.

(33% learned from a member of their employers' HR team, 12% from an expert third-party resource, and 40% educated themselves in 2020)

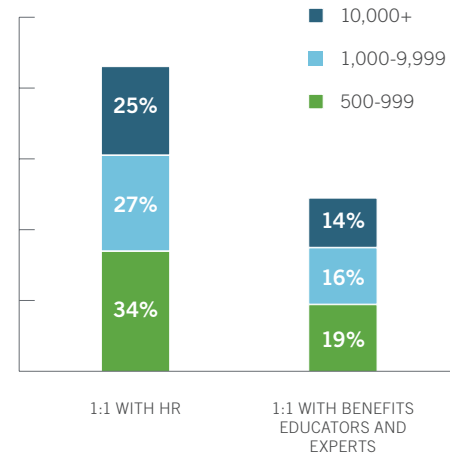
BENEFITS EDUCATION AND UTILIZATION



Benefits education isn't one-size-fits-all. Employers must determine how to deliver personalized resources to employees to cover their myriad of needs and concerns.

However, the availability of 1:1 support appears to wane as company size increases.

1:1 BENEFITS EDUCATION
AND COMPANY SIZE



CONSUMER BEHAVIORS: SELECTING HEALTH PLANS

Most employees appear to be pleased with the benefits plans available to them.

Thirty-three percent are extremely satisfied (up from 28% in 2020), 37% are very satisfied and 22% are somewhat satisfied.

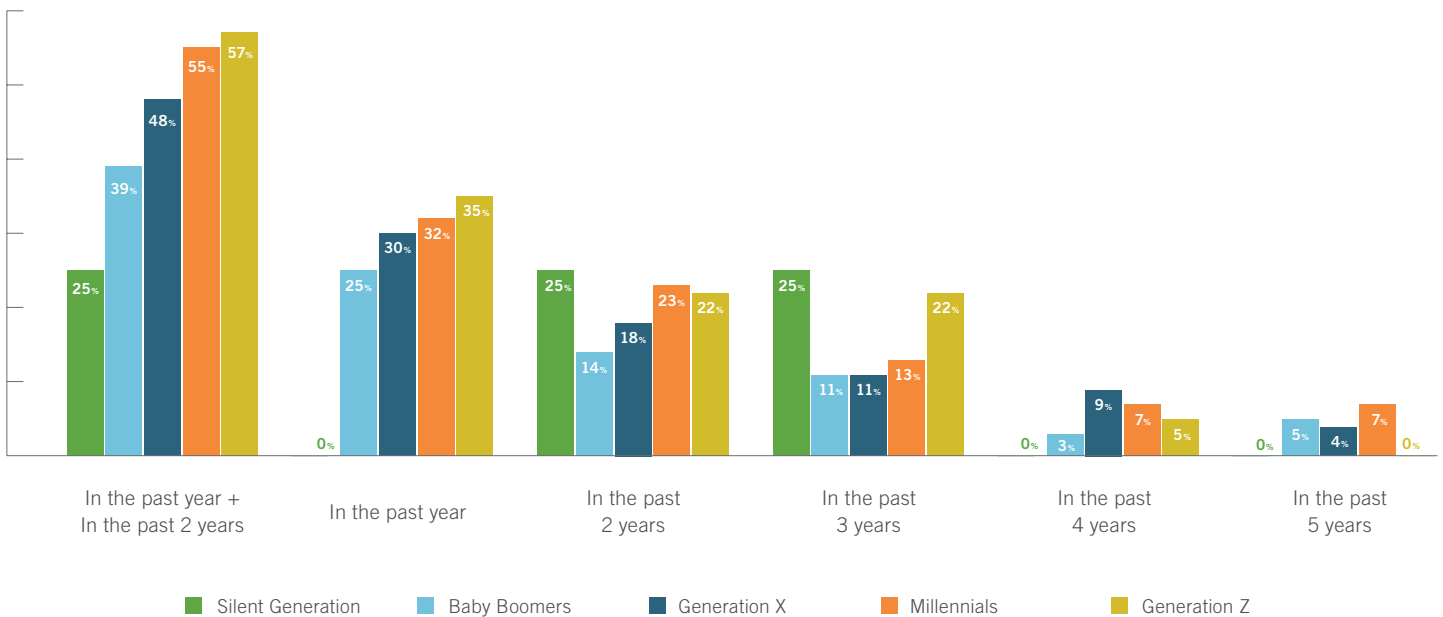
Even so, the majority of respondents (62%) have made changes to their health coverage within the past three years, with half of those in the past year (31%). Of those making changes in the past year, 84% cited changes in their health needs or financial situation (28% and 22%, respectively) or improved offerings from their employer (34%) as the reason for the change. Another 30% made changes due to a new job or adding a child. No respondents changed their election as a result of changes to the terms of the plans themselves (e.g., premium or cost-sharing changes).

Still others said they made changes tied to their spouse: 13% enrolled in a spouse's plan because their employer imposed a spousal surcharge and 12% did so because their spouse's plan was less costly or had better benefits.

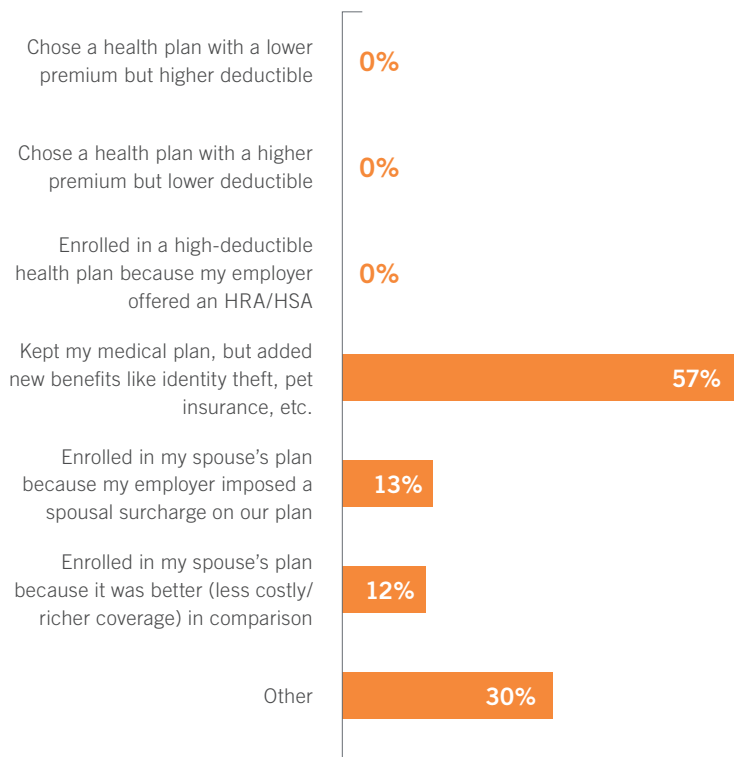
Fifty-seven percent of those who made changes within the past year kept their health plan but added supplemental coverage such as identity theft protection or pet insurance.

On the whole, younger employees appeared to be more likely to have made recent changes to their coverage. This may reflect the fact that their lives are more likely to be in flux (moving off a parent's plan, getting married or having children, developing new health conditions).

WHEN DID YOU LAST CHANGE YOUR HEALTH PLAN?



WHAT PROMPTED THIS CHANGE?



OF THOSE WHO DID NOT MAKE A CHANGE TO THEIR PLAN...

80% say it was because they are **totally satisfied** with their health insurance

7% say they received materials about Open Enrollment, but didn't review them or care enough to make a change

3% say they weren't aware that it was Open Enrollment season

3% say they were too confused by the process and/or choices, so they opted to stick with what they had

1% say they were unhappy with their insurance, but didn't know how to go about making a change

6% say other (e.g., their company made no real changes to its offerings, no better options were available)

RECEIVING CARE: WHERE AND WHEN

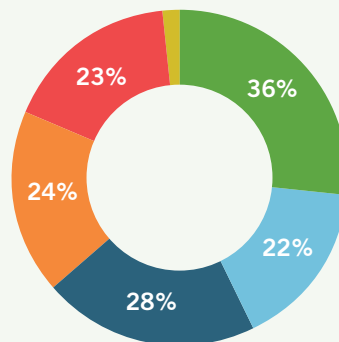
The pandemic also affected consumers' decisions about how, and how often, they receive care.

More than one-half (58%) of respondents reported taking advantage of telemedicine services, while almost a quarter say they cancelled or postponed their health care appointments (24%) or skipped preventive care (23%) entirely.

When respondents did seek in-person care, their preferences largely mirrored those of pre-pandemic times—and reflected a slight shift away from primary care physicians. A third of respondents said they prefer to receive care through urgent care, a retail clinic, or onsite clinic (21%, 9%, and 3%, respectively), with only 62 percent visiting their regular doctor. Fortunately, use of the emergency room for non-emergency care remained low—at 3%—undoubtedly “helped” by the pandemic’s effect on ER resources and consumers’ fear of exposure in the waiting rooms. This reflects a continuing trend—especially among younger generations—to make use of sources of care that offer more flexibility and convenience in terms of location and ability to be seen on a timely basis.

Interestingly, more consumers appear to be checking on the network status of their providers. Fifty percent say they always or often check whether their provider or facility is in-network—up from 36% in our previous study. This may be a reflection of increased awareness of the cost benefits of in-network care or of a need to change provider due to retirements or other physician career moves caused by the pandemic. (Fifty-seven percent only check when they plan to see a new provider or visit a new facility, and 25% only do so when their health plan changes.)

HOW DID COVID-19 CHANGE YOUR USE OF HEALTH CARE?



- I used telemedicine for the first time
- I used telemedicine more often than in the past
- It didn't: I kept all my appointments
- I cancelled or postponed my health care appointments
- I skipped preventive care appointments and only sought care when I was sick
- Other

50% of consumers say they always or often check whether their provider or facility is in-network—up from 36% in 2020.

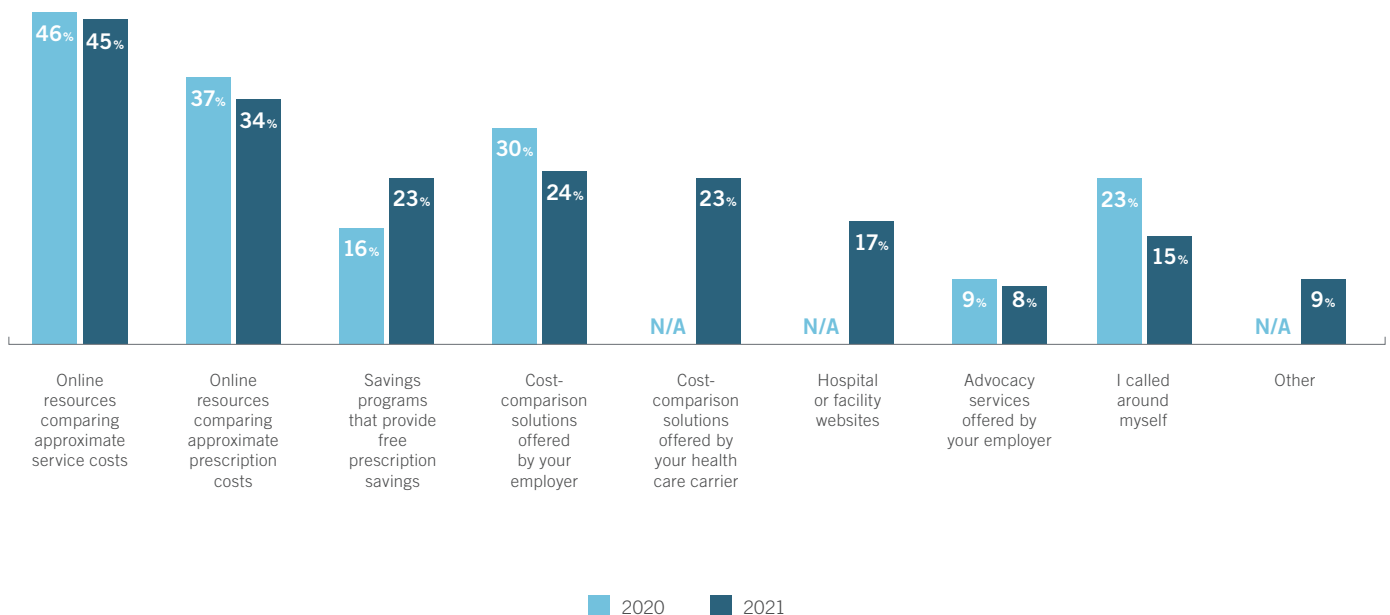
CONSUMER BEHAVIORS: COMPARING COSTS

In general, employees seem to finally be assuming the mantle of health care consumers. While only 45% of respondents were aware they can compare treatment or service costs before receiving care, this is a substantial increase from our last survey (33%).

Gen Z—a generation known to be financially aware and cost-conscious—are the most likely to compare the costs of treatments and services before choosing where to get their care. The generational differences are striking: while 54% of Gen Z always or often compare costs beforehand, only 18% of Baby Boomers do. In fact, 59% of Baby Boomers rarely or never compare. This may be due to the perceived level of effort involved, as most consumers who do check costs do so using online resources, or simply a preference to stick with care by and recommendations from providers they know and trust.

Consumers are becoming more aware of resources offered by health care facilities and carriers and more understanding of savings programs offered by Rx sites.

WHAT RESOURCES HAVE YOU USED TO COMPARE COSTS?

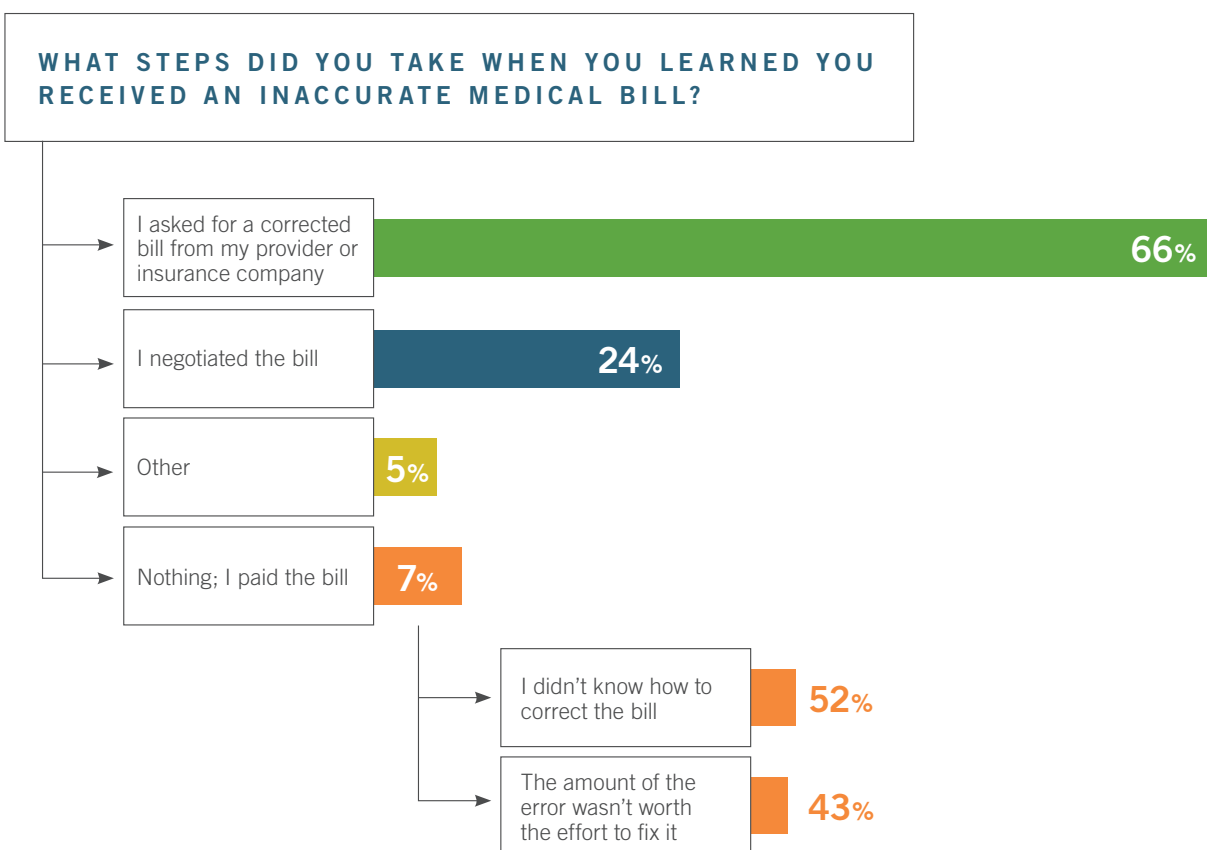


RESPONDING TO SURPRISE MEDICAL BILLS

Health care literacy isn't just important for finding the best care. It's also essential for understanding the accuracy of health care bills—and knowing how to correct them if they're not.

Once again, almost a third (31%) of respondents say they have knowingly received an inaccurate bill within the past three years (though without the ability to identify errors, the actual frequency of inaccurate billing is likely to be far higher). Encouragingly, more consumers are stepping up to the plate: almost a quarter negotiated the bill with their provider (up from 14%), and slightly fewer paid the bill outright (7%, down from 10%). And fewer felt the amount of the error wasn't worth the effort to fix it (down from 55%).

Over half (52%) of respondents say they don't know how to fix an incorrect medical bill, and so they paid the cost. This represents an 11% increase from our past report—which may speak to the complexity of the bills received.



CONCLUSION

Having the right health care coverage has never mattered more for consumers—and yet it's this urgency that's underscored how little most people know about their benefits plans. From understanding key concepts that affect their cost share, to checking whether a provider is in network, to getting care at the most cost-effective price, consumers are still largely in the dark when it comes to understanding and using their health insurance. As the sponsors of most consumers' health insurance, employers have the opportunity to do more to help their employees navigate the specifics of their benefits packages and position them to make smarter, more cost-effective care decisions.

In addition to containing care costs for both individuals and organizations, encouraging health care literacy and providing the resources to achieve it can be an attractive brand differentiator for modern employers. In the competition for talent, showing awareness of employee's financial concerns by offering a robust health insurance education program can be just what employers need to attract and retain employees.

The onus doesn't have to be entirely on in-house HR teams, though. By investing in benefits educators and advocacy services, employers gain the bandwidth and expertise to deliver more personalized health care education to employees, helping them grasp the nuances their medical situations that often aren't covered in a group presentation or email handout. As a result, employers will witness employees' satisfaction and appropriate use of their benefits plans rise, all while keeping costs and confusion down.

DirectPath, a CNO Financial Group Company, guides employees to make better health care decisions with individualized education for selecting the right benefit plan, expert assistance in making informed care choices and rewards for sensible financial decisions. Its customers experience significant ROI on their benefits investments through increased employee participation, management of the evolving regulatory environment and reduced cost through health care cost transparency. For more information, visit the DirectPath website and follow the company on twitter.com.

