

# MANAGED CARE WEEK

## New Great-West Product Aims to Boost Employee Take-Up Rates

A new product launched by Great-West Healthcare is intended to increase the percentage of workers who participate in employer-sponsored health plans by reducing up-front costs. Brokers say the insurer may be successful, since the plan design reduces enrollees' overall out-of-pocket costs.

Great-West Universal Health Care Options combines lower premiums, higher deductibles and full coverage of preventive services in an effort to lure back workers who decline health coverage from their employer, says Rick Rivers, executive vice president of Great-West Healthcare, a subsidiary of Great-West Life & Annuity Insurance Co.

Employers can adjust the final plan design, including contribution levels and coverage limits, to suit their specific requirements. But the basic plan design calls for employers to cover primary care, preventive services and prescription drugs before the deductible takes effect, charging only minimal copayments (see table below). "You can provide those services without a deductible and not bankrupt the plan," Rivers says.

For other services, employees must satisfy a deductible before qualifying for comprehensive coverage. Great-West recommends that employers set the deductible at \$3,500 for an individual, and then provide coverage at 90% for in-network services and 60% for out-of-network care. Boosting the employer's share of medical costs once the deductible is satisfied will help reduce workers' out-of-pocket costs, hopefully enticing more employees to join the plan, Rivers says. Companies can increase participation further by providing voluntary benefits for part-time, hourly and other workers who are not eligible for comprehensive coverage.

The product is intended "to concentrate employee cost sharing on services that are more elective or of a minor medical nature," he says. Such services might include arthroscopic surgery for knee pain, MRIs to confirm a diagnosis or intensive first-line treatment for low back pain.

Great-West intentionally provided pre-deductible coverage for a large list of screening and preventive services. "We're concerned about some of the high-deductible plans where you have

New Great-West Plan Design Seeks to Increase Take-Up Rate		
	Current Plan	Great-West Healthcare Universal Health Care Options
Employer contribution	77% employee/63% dependent	90% employee/75% dependent
Coverage for eligible employees	<b>PPO Plan 90/60</b> Deductible: \$250 individual, \$500 family Maximum out-of-pocket: \$2,000 individual, \$4,000 family Lifetime maximum: \$1 million	<b>Primary care/preventive services</b> Copay: Office \$20, Drugs \$10/\$20/\$40
		<table border="1"> <tr> <td> <b>Deductible</b>            \$3,500 individual,            \$7,000 family         </td> <td> <b>Optional Supplemental</b>            \$500 deductible            90% in-network/            60% out-of-network coinsurance            after deductible is satisfied         </td> </tr> </table>
<b>Deductible</b> \$3,500 individual, \$7,000 family	<b>Optional Supplemental</b> \$500 deductible 90% in-network/ 60% out-of-network coinsurance after deductible is satisfied	
		<b>PPO 90/60</b> Maximum out-of-pocket: \$7,000 individual, \$14,000 family Lifetime maximum: \$1 million
Non-eligible employees	Seasonal, part-time, waiting period	Would qualify for limited-benefit plan
NOTE: The benefit design limits and levels were chosen in order to conduct actuarial modeling and determine savings and costs versus a legacy PPO. The limits and levels may vary and are set at the discretion of the employer. SOURCE: Great-West Healthcare. For more information, call Loren Finkelstein at (303) 737-2065.		

to be out of pocket to such a large extent before you start to get benefits," Rivers explains. "We're starting to hear feedback that people are deferring care."

A \$3,500 deductible may seem fairly steep, he concedes. But Great-West allows employers to give workers a supplemental option under which they can buy up to a lower deductible of, say, \$500. He predicts that most workers who today are declining employer-sponsored coverage will be satisfied with the basic plan, while employees who want more comprehensive coverage can choose to pay more for a lower deductible. Alternatively, employers could choose to defray part of the cost of the supplement for workers with lower salaries, encouraging more to sign up.

Rivers estimates that premiums for the basic health plan would be about 25% to 30% lower than a standard PPO product. Great-West has just begun marketing the product, and is targeting a Jan. 1, 2008, effective date.

Robert O'Byrne, senior vice president of benefits and insurance services at business service provider CBIZ, Inc., predicts that the product will increase participation. Because the product pairs low premiums with a higher employer contribution, "you have both those things reducing employees' going-in costs — which should, on the surface, increase take-up rates for those opting out altogether," O'Byrne says. He notes that since Great-West Universal Health Care Options is so new, "we don't have any practical experience yet."

With enough education, employees should be able to get beyond the high deductible inherent in some benefit designs, says Jennifer Murphy, the health care communication leader at Hewitt Associates LLC, who has not seen the Great-West benefit design. "Our data would tell us that probably most employees still look at the premium contribution as at least their No. 1 factor they're going to look at." She works with employers to help them develop tools or examples to illustrate the true bottom line for an enrollee, including out-of-pocket costs. Employees then might conclude that "even though there's a large deductible, the bottom line is that if my employer is putting some seed money into the plan... I still might come out ahead," Murphy says.

Call Great-West spokesperson Loren Finkelstein at (303) 737-2065, Hewitt spokesperson Maurissa Kanter at (847) 442-7656 or O'Byrne at (913) 234-1000. ✧