

Our Take: New Study Highlights the Importance of Benefits Literacy

Corporate Synergies
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The rise in [apps and benefits technology platforms](#) offer consumers more access to data, increased price transparency and presumably more control. Patients shopping around and comparing prices for appropriate care is often heralded as healthcare consumerism and can help contain costs for both plan participants and sponsors. While this holds much promise, the market transformation has yet to fully appear. A new study may shed some light on why, while highlighting the importance of benefits literacy.

Researchers in the Northeast wanted to explore the impact of New Hampshire's healthcare cost comparison site [NH HealthCost](#) and help determine why it wasn't being better utilized. They launched an ad campaign that increased site visits by 600% over six months; however, they found that this did not lead to increased use of lower-price providers. From these data, they concluded that a lack of access to pricing information wasn't the problem. Rather, consumers had trouble applying that price information to their choices.¹

Most relevant to employers, the researchers cited two possible barriers for consumers:

1. "not knowing the details of their benefits package to determine their out-of-pocket costs," and
2. "a lack of incentive to choose lower-price care, even among consumers with high-deductible health plans."²

Fortunately, employers can actively address both barriers by emphasizing the importance of benefits literacy.

Through benefits literacy-focused [employee education & communications](#) campaigns and [health & wellness](#) programs, employers can empower employees to make cost-effective decisions and reduce spending.

Copays present a good example of both knowledge and incentive. An ER visit will have a higher copay than a primary care or urgent care visit. This incentivizes ER visits for true emergencies only, but the employee needs to know the copay details of their plan and how to access lower-cost options for this to have an impact. This understanding starts with robust employee education & communication campaigns around open enrollment—to ensure employees are choosing the plan that best fits their needs—and should continue throughout the year.

Industry surveys continue to support this need for additional employer support and employee education at open enrollment and throughout the year.

Importance of Benefits
Literacy: < 1/2 of
respondents in a 2020 survey
rated their open enrollment
experience as positive.

¹ [Health Affairs](#), "Online Advertising Increased New Hampshire Residents' Use Of Provider Price Tool But Not Use Of Lower-Price Providers"

² [BenefitsPRO](#), "Online Ads Increased Consumer Awareness of Price Transparency, but Little Action"

This was largely attributed to a lack of support in making enrollment decisions: 48% said that their employer did not provide sufficient benefits education resources, leaving only 40% feeling prepared to choose a health plan.³

This information presents more evidence for the importance of benefits literacy and ways employers can improve in their education campaigns. While consumers may have access to more data than ever, employers should emphasize benefits literacy to ensure participants know how to use and interpret that information to make smart choices. ■

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³ [Alegeus](#), “Alegeus Reveals That Consumers Want More From Open Enrollment Experiences, Still Struggle to Understand Healthcare Costs”