



benefitNEWS

## Consumer-Directed Plans Can Drive Savings

According to a recent study by the nonpartisan Employee Benefits Research Institute (“EBRI”), Consumer-Directed High Deductible Health Plans (CDHP) paired with Health Savings Accounts (HSA) can generate significant savings for employers. EBRI analyzed detailed claims data over a five-year period from a large Midwestern employer that adopted a high-deductible health plan with a health savings account for all employees in place of its traditional healthcare offering. According to their analysis, total healthcare spending for the employer fell by 25% the first year or \$527 per person in the aggregate.



According to the EBRI report, the results show that spending was reduced significantly in the inaugural years of the HSA plan in medical, pharmacy and total claims categories. Results also showed the cost savings continued over the succeeding three years – albeit at a slower pace. With the exception of spending on inpatient hospital stays, each category of health spending experienced statistically significant reductions in the first year of the HSA plan. Spending on laboratory services and prescription drugs had the largest statistically significant declines at 36% and 32% respectively. Plus, reductions in pharmacy and laboratory spending were sustained over the four years after the HSA was adopted.

Consumer Directed High Deductible Health Plans – and their associated HSAs – have been gaining traction over the last decade. In 2012, 22% of smaller employers, 36% of larger employers, and 59% of jumbo employers offered some form of CDHP, and nearly one in five workers were enrolled in one, according to EBRI.

Should you have questions about consumer-directed plans, please contact your Conner Strong & Buckelew account representative.

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