

One Family, One Plan? Not Anymore.



THE BOTTOM LINE v

SITUATION With health care costs rising for IBM and its workers, the company was searching for ways to make families more involved in the health care decision-making process and more aware of their health care financing.

STRATEGY Allow employees with families to choose different benefits options for themselves, their spouses and their children, thereby encouraging them to invest the time up front in examining their anticipated medical needs for the coming year.

RESULTS More than 18 percent of eligible employees who cover dependents decided to split their families into different health benefits plans, while the others in the pilot program determined that keeping everyone together on the same plan made the most sense. That decision-making process is expected to result in wiser health care decisions, helping reduce costs for the individuals involved and the health care system as a whole.

For decades, IBM's motto "THINK" has been emblazoned on signs in its offices and manufacturing plants throughout the country, symbolizing the innovation expected of the company's engineers and other workers. Today, that motto is at the heart of a new health benefits pilot program designed to encourage employees to give more thought to their families' medical needs and financing.

And the way Martin Sepulveda, M.D., sees it, that engagement starts as soon as employees sit down to select their health coverage.

In recent months, through a pilot program called Member Specific Enrollment (MSE), IBM employees in Arizona have been provided the flexibility to choose different health benefits options for each of their dependents, said Dr. Sepulveda, IBM's vice president of Global Well-Being Services and Health Benefits. An employee who is pregnant, for instance, might select a lower-deductible EPO plan, while her husband, who is relatively healthy, might choose a higher-deductible PPO plan instead. Children, who are treated as a group, can be placed on a different plan altogether, depending on medical conditions, such as asthma or allergies.

"The traditional health benefits enrollment scenario is a 'one-size-fits-all' approach, but we know this does not truly fit a majority of our employees," Dr. Sepulveda said.

Randy MacDonald, IBM's senior vice president of Human Resources, added: "Under the traditional approach, many families often choose higher, more expensive coverage levels based on the needs of a single family member, which sometimes means employees pay more than they need to for everyone else's coverage. With this pilot, employees are able to tailor a mix that's most appropriate and cost-effective for everyone covered by their policies."

IBM's move to Member Specific Enrollment was driven by several goals, including the knowledge that rising health care costs have made coverage decisions more difficult for employees with families, as well as a desire to encourage employees to become more aware of their health care needs and more actively engaged in the health care decision-making process.



Martin Sepulveda, M.D., Vice President of Global Well-Being Services and Health Benefits at IBM.

"By giving employees a framework within which to evaluate the individual needs of their family members – and then choose a coverage level based on each segment (employee/spouse/children) – our employees are making prospective assessments, differentiating needs, and evaluating coverage levels and costs," Dr. Sepulveda said. The idea is that by starting to engage employees early on, they will be more aware of their health care needs and wiser about their health

care choices throughout the year. "The 'coverage election' is an important component of good health care utilization," Dr. Sepulveda added. "Our workforce is quite healthy, but many can't take advantage of that good health to enroll in health plans that, for example, come with a Health Savings Account or a lower premium because one family member needs more health care coverage. The member-specific approach to health care coverage, coupled with our free coverage for recommended preventive services and deductible-free primary care, provides the opportunity for healthy employees and family members to take such plans, while electing a higher coverage option for the family member who really uses it."

By engaging employees more in their health care and encouraging them to make wise medical decisions, MacDonald said, the program has the potential to impact costs not only for the individuals involved, but for the company and the nation as a whole. "This pilot is another example of IBM's commitment to improve health care in this country through innovative approaches that we believe will increase quality and, over time, lower costs for all consumers – employers and employees alike," he said.

Because the program marks a significant departure from traditional benefits enrollment processes, IBM partnered with Uniprise, a division of UnitedHealth Group that focuses on large employers, to operationalize and implement the Member Specific Enrollment pilot.

Additionally, Uniprise assisted IBM in launching an employee communication campaign designed to educate workers on the advantages of investing time up front to determine the optimal benefits plan design for each family member.

“We held face-to-face meetings, which were a bit of a departure from the way we have previously disseminated information, but we felt that this concept needed a more personal approach,” Dr. Sepulveda said. “Health care is such a personal decision because it affects us and our families every day. Because of this, we wanted to provide employees with a forum where they could bring their spouses to the sessions so everyone could understand the concept, and the decision could be shared by the entire family.”

IBM also has continued to provide electronic decision support tools that model employees’ potential costs under different scenarios. For instance, if they submit medical information about each dependent, they can view projected 2006 premiums and out-of-pocket costs if all family members were to enroll in the same benefit option, compared to choosing different options for each individual.

So far, more than 18 percent of the eligible employees in Arizona have chosen different benefits options for different family members, based on the group of employees who cover dependents and really have the opportunity to take advantage of MSE. One of them is Theresa Tripsas, an executive assistant in Phoenix, who enrolled herself in the basic PPO plan at zero monthly cost, while putting her daughter in a PPO Plus plan with richer benefits

I feel better knowing my daughter has extra cushion just in case something happens – last year she had her appendix taken out,” Tripsas said. At the same time, Tripsas doesn’t have to pay a monthly premium for herself. In her specific case, the flexibility in choice of plan options provides her an overall savings of \$20 a month. “I especially like that,” she added.



VITAL Signs

Company: IBM

Headquarters: Armonk, N.Y.

Number of Employees: 329,000

Core Business: Technology Innovation and Business Consulting

Stat of Note: More than 18 percent of eligible Arizona employees who cover dependents decided to split their family members into different health plans in 2006 as part of the Member Specific Enrollment pilot.

“Dr. Sepulveda said while some employees, like Tripsas, will benefit from choosing different plan options for different family members, others will evaluate their choices and decide that keeping their family together on the same benefits plan makes the most sense. He said IBM executives will keep that in mind as they evaluate this year’s results to determine whether to expand the program moving forward.

“We hope that this program will help change the way people THINK about making their health benefits choices,” Dr. Sepulveda said. “As long as they go through the process of evaluating their family members’ individual needs and make a decision based on that, then even if they decide to keep everyone in the same plan, we view that as making progress.” ■