Best Practice Plan Design Strategies for Controlling Health Care Costs

# Offer Tiered Health Plan Options

* Provide multiple plan tiers (e.g., bronze/silver/gold) to allow employees to choose based on budget and care needs.
* Include high-deductible health plans (HDHPs) with Health Savings Accounts (HSAs) to lower premiums and promote consumer-driven choices.

# Incentivize Preventive Care

* Cover all preventive services at 100% with no deductible or copay.
* Promote wellness visits, screenings, and immunizations to detect and prevent costly conditions early.

# Implement Cost Sharing with Consumer Tools

* Use co-insurance and tiered copays to encourage cost-conscious provider selection.
* Provide tools to estimate out-of-pocket costs and compare providers by cost and quality.

# Promote Health Savings and Flexible Spending Accounts

* Offer HSAs with employer contributions to support HDHP enrollment.
* Allow FSAs for eligible expenses to give employees tax savings and budgeting support.

# Encourage Telehealth and Virtual Care

* Provide free or low-cost access to virtual urgent care, mental health, and primary care.
* Highlight cost savings compared to emergency room or in-person visits.

# Integrate Care Management Programs

* Work with carriers or TPAs to offer disease management, case management, and chronic condition support.
* Target high-risk members with personalized interventions to avoid expensive complications.

# Narrow or High-Performance Networks

* Use narrow networks with preferred high-quality, cost-effective providers.
* Offer lower premiums and copays for in-network use to encourage participation.

# Incorporate Value-Based Insurance Design (VBID)

* Reduce or eliminate cost-sharing for high-value medications or services (e.g., insulin, diabetes supplies).
* Increase cost-sharing for low-value services to disincentivize overutilization.

# Apply Reference-Based Pricing

* Set maximum allowable costs for certain procedures or services (e.g., imaging, surgery).
* Educate employees on shopping for care and appeal/support processes.

# Use Pharmacy Benefit Management Tools

* Implement formulary controls, step therapy, and generic drug promotion.
* Partner with a transparent PBM to control prescription drug costs and rebates.

# Offer Incentivized Wellness Programs

* Reward healthy behaviors like biometric screenings, smoking cessation, and activity tracking.
* Tie incentives to premium reductions or HSA contributions to drive engagement.

# Conduct Dependent Eligibility Audits

* Regularly audit covered dependents to ensure compliance and reduce unnecessary costs.

# Evaluate Self-Funding or Level-Funding

* Consider partial or full self-insurance for groups with stable demographics and risk pools.
* Use stop-loss insurance to cap catastrophic claims exposure.

# Annual Plan Review and Re-Marketing

* Benchmark and re-market plans annually to ensure competitive pricing.
* Negotiate aggressively on renewals and explore alternate funding mechanisms.