

Most Brokers Now Offer CDH Option to Clients, Study Finds

A growing percentage of health insurance agents and brokers say they are quoting account-based options to their clients, according to a study released this month by ChapterHouse LLC and the National Association of Health Underwriters (NAHU).

Nearly 30% of respondents say they quote CDH plans to at least 76% of their clients (see chart, this page), and virtually all of them (94%) quote CDH plans to at least some of their clients. The study is based on an e-mail survey to which 1,500 brokers, general agents and carrier representatives from 48 states responded. The survey was conducted in June.

Denny Ebersole, president of Ebersole & Associates in New Orleans, tells ICDC that he has been recommending CDH options to his clients for the past several years as a way to encourage employees to be more engaged in the way they spend health care dollars. He says he typically introduces a CDH plan at renewal, rather than wait for the client to ask about it. Most of his clients have fewer than 25 employees.

"I consider being able to communicate consumer-driven concepts to my clients my edge over competitors," he says. "I don't see this solution as viable for all employers, but I am increasingly offering HSA plans as an alternate plan for employees to choose."

Wayne Sakamoto, president of Naples, Fla.-based Health Insurance Interactive, Inc., says he offers CDH plans as part of a "triple option" plan. Under this structure, an HSA-qualified plan is the low-premium base plan and is offered alongside two more traditional managed care plans. For example, one plan might have a low deductible and require copayments for primary care physicians but not for specialists. The other option would be more expensive, but would include visits to specialists and primary care doctors.

Although few of his clients have requested a CDH option, Sakamoto says most of them are familiar with the concept. "I'd be foolish at this point not to offer [HSA-based] coverage," he says. "But CDH isn't for everyone, so having multiple options might be the best way to go."

Wellness Strategy Is Key, Brokers Say

The ChapterHouse study also found that more brokers are working with clients to develop multi-year programs to reduce future coverage costs. "Many [agents and brokers] ChapterHouse has encountered are deploying multi-year benefit strategies with their employer clients... signaling a shift and alignment with the CDH plans and health and wellness programs," says Michael Main, managing partner with ChapterHouse and sponsor of the study.

More than 80% of survey respondents said that customized wellness programs were critical in helping their clients keep future health coverage costs in check. About 70% of respondents cited health risk appraisals as an important strategy, and 73% said results of those appraisals should be used to create personalized communication strategies.

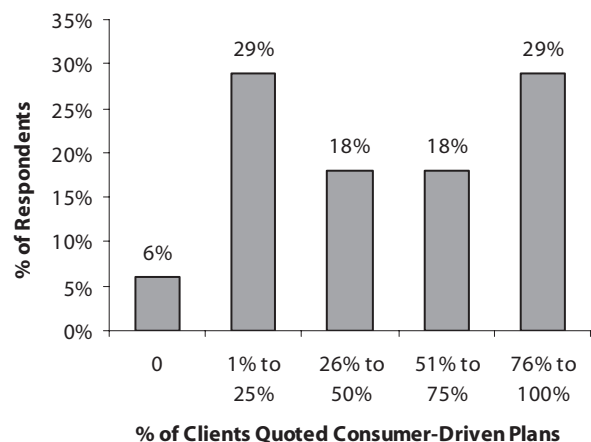
Here's a look at other key findings from the study:

- ◆ Most brokers predict the insurance market will shift to a flat-fee commission structure. That would be good news for brokers who sell low-premium CDH plans. Commissions historically have been based on the pre-

More Brokers Suggest CDH Plans to Clients

Nearly half (47%) of health insurance brokers who responded to a recent ChapterHouse survey said they quote account-based health plans to more than half of their clients.

To what percentage of your clients do you quote CDH plans?



SOURCE AND METHODOLOGY: ChapterHouse LLC and National Association of Health Underwriters, based on a survey of 1,500 insurance brokers, carrier representatives and agents in 48 states, September 2007.

mium, which can make CDH plans less profitable than other products. Ebersole says many of the carriers he works with have already moved to a per-head commission structure, which makes the premium “less significant when considering commission.”

◆ Nearly half of brokers have been selling HSA-based plans since 2004: Nearly half of survey respondents (46%) said they sold their first CDH plan before 2004. Just 4% of brokers said they didn’t sell their first CDH plan until this year, and 11% said they have yet to sell an account-based plan.

◆ Respondents expect more government involvement: Nearly 70% of respondents predict the U.S. government will mandate that employers provide health care coverage through existing health plans. About 20% of respondents expect the U.S. will eventually move to a nationalized health care system in which the government will function as a single payer.

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