

# Consumer-Driven Health Plans Seen As A Boost To STD Sales: Workers With High-Deductible Health Plans May Heed The Need For DI

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"The trend toward consumer-driven health plans creates a critical risk management shift from employer to employee," says Ronald Leopold, MetLife vice president of employer sponsored benefits. "As employees assume more financial responsibility for their health care decisions, other workplace benefits take on an even more critical role for dosing financial protection gaps."

When costly illness or injury occurs, consumer-directed health care plans, with deductibles of \$1,000 or higher, leave employees open to disastrous financial hits.

MetLife's analysis of more than 1.5 million of its own STD claims submitted by customers found over 50% resulted from the five most costly diseases and illnesses in the United States, excluding pregnancy, in terms of medical expenditures: heart conditions, trauma, cancer, mental disorders and pulmonary conditions.

Those five conditions account for an average of 60% of all lost workdays due to STD, MetLife estimates.

STD coverage can help assure the success of a CDHP by providing employees with a financial safety net as employers shift health care costs to individual workers, notes MetLife's Leopold.

"Producers are facing a world where employers are, either slowly or boldly, shifting costs to individual employees because their own costs are increasing," Leopold says. "Costs are becoming prohibitive and dipping into their bottom line. The opportunities for producers to recognize the value of certain benefits in this new climate have never been greater."

The main value proposition for producers selling STD insurance in the workplace is that a worker who develops a significant illness or injury is going to need income replacement, he says.

For employees enrolled in a CDHP who select an HSA, most will be able to save that money for the next year and build a sizable account to meet future expenditures, even into retirement.

But if they do not have adequate STD insurance, they may have to use significant amounts from their health savings accounts or health reimbursement accounts, which cover the medical costs they would incur before they could have access to traditional insurance coverage.

That's cash they could probably use for medical needs later--including after they retire, Leopold notes.

"In the new environment, employees are going to be more accountable for the cost and risk of illness," Leopold says. "The safety net we've been talking about for years is now even more important."

"I am increasingly seeing innovative product offerings such as wellness and prevention programs I would never have heard of five years ago," says Leopold. "There's an opportunity for carriers to develop products to help benefits dollars go further."

There's usually a relationship between medical expenditures and disability absences, and agents and brokers who can show that link can position STD as a way for the employer to ease health care costs, manage absences and reduce employees' concerns as they face increased responsibility for their health care decisions, he notes.

Producers, in addition to offering STD, can help employers to develop workplace programs that encourage a good diet, exercise and a generally healthy lifestyle; promote learning sources to help employees better understand how their good health choices may help ease future out-of-pocket medical costs; and analyze recent medical and disability income insurance claims to decide which health and wellness programs would offer the greatest return on investment for their employee population.

"As employers move to CDHPs, they'll need to offer significant resources to enable employees to make better decisions," Leopold says. "There are a lot of great Web tools for users, and for populations who are less Web savvy, there are nurse hotlines and other telephonic solutions. And there's a host of printed information on diabetes, quitting smoking and so on that can be distributed to a large population."

Agents and brokers can target employees in different life stages to help them get the most out of their employers' benefits, he suggests.

The growth of CDHPs also can create opportunities for sales of critical illness and life insurance, which also offer financial benefits to employees facing a medical crisis, Leopold points out.

"The value of critical illness and life insurance in the new environment is extremely strong, so there is an opportunity for producers with employers looking to save costs to revisit their overall benefits wallet and point out what the value is of these other benefits," he says.

The MetLife analysis of disability causes and lost workdays examined the number of group STD claims filed with the insurer from 2001 to 2005. The average number of lost workdays then was calculated for the five most expensive medical conditions.

5 MOST EXPENSIVE Rates Of Short-Term Disability Conditions

Circulatory	5.51%
Musculo-skeletal	30.38%
Cancer	5.77%
Respiratory	5.82%
Psychiatric	7.39%

Source: MetLife Inc.

Note: Table made from pie chart.

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