

SIMPLIFYING THE BENEFITS MENU

Pitney Bowes' redesign narrows the number of choices to 16 from 250 as the company seeks to focus its plan on preventative measures

By *Jennifer Paterson*

While flexible benefits plans are a clear trend among Canadian employers, the range of choices can be daunting for employees. So how much choice is too much?

That was a question Pitney Bowes Inc. considered when it redesigned its benefits plan in 2015. As part of the changes, the company trimmed its menu of mix-and-match options down to 16 from 250 and implemented a number of measures to mitigate rising drug costs.

While the changes may look like a benefits reduction at first glance, John Law, the company's global director of benefits and director of total rewards for the Americas, says the aim was to ensure employees were making correct and meaningful decisions about their health.

"Effectively, we went from a traditional flex plan to one where we significantly reduced the number of options and choices," says Law. "I'm not suggesting it was a buffet, but the way you could mix and match the different options and levels of options was pretty significant. Based on our utilization and what we felt was important people maintain as a minimum coverage, parsing out those unnecessary, underutilized or even unused components made perfect sense."

The redesign began with a thorough analysis of six years of Pitney Bowes'

benefits data. One significant finding was that many employees were opting for the basic level of coverage.

"A hundred per cent of the people that came back to us saying they had run out of money in their plan were from that category," says Law. "One of the most common themes that we had heard was, 'I didn't make the right selection. I let the default kick in.'"

The sheer number of options was daunting to most employees, says John Herbert, director of strategy, product development and clinical services at Express Scripts Canada. "Most people aren't aware of the choices that are available to them in terms of consuming drugs within the benefit, so it's really . . . taking advantage of tightly managed plans to help steer people towards making the right decisions."

In the past, the company offered multiple choices for short- and long-term disability. "Based on what we saw people had been selecting, we chose to eliminate the options altogether and simply provide the same levels of protection benefit for everyone. So effectively, choice was

taken away from those benefits altogether," says Law.

There was little cost to the company from the redesign, since it increased co-insurance levels and reduced the number of choices. On average, most employees saw their premiums drop, although Law notes a small percentage of staff members did see increases.

From reactive to proactive

At its core, the aim of the redesign was to change the plan from something employees used reactively to instead focus on being proactive about their health. "That was the new paradigm we chose to focus on: maintain good health or get yourself back to good health and well-being before it gets to a point where we actually have to spend more money to get you back to where you need to go," says Law.

As an example of the changes, the dental plan had previously involved a copayment, with the company covering between 50 and 90 per cent of the cost. Under the new plan, the employer pays 100 per cent of the cost for preventative services, such as cleaning, scaling and extractions. The aim was to remove the financial barrier to maintaining good oral health, says Law. "It was a bit of a game changer for people. They started to understand this was a good thing for them and they were going to use it appropriately."

Many employers have been focusing on the theme of prevention, says Grace Tso, health and benefits partner at Mercer. "Given our chronic illness, our poor health, our rising health-care costs and, specifically, the high costs of specialty drugs . . . the way to address that is really looking at helping the employee population be healthier," she says.

Confronting high-cost drugs

A large area of focus for Pitney Bowes' redesign was the rising costs of specialty drugs. The organization introduced several cost-cutting measures, including mandatory generic substitution, step therapy and ensuring employees were buying drugs in bulk. "By buying in a 90-day cycle, as opposed to a standard 30-day cycle, you wind up reducing things like dispensing fees," says Law.

Those types of strategies ensure the most effective drug treatment at a lower cost, according to Tso. "A triage and a really thoughtful process of what works best and what's the best cost, I think, is a prudent drug management strategy."

Also included in the changes was the use of Express Scripts' pharmacy management program, which aims to help employees make better decisions around generic substitution and step therapy, according to Michael Biskey, president of Express Scripts Canada. Under the program, the pharmacy reaches out to an employee's doctor to

ensure the prescribed medication is the most clinically and cost-effective treatment. "Patients really need help implementing better decisions, as opposed to just trying to figure it out on their own," says Biskey.

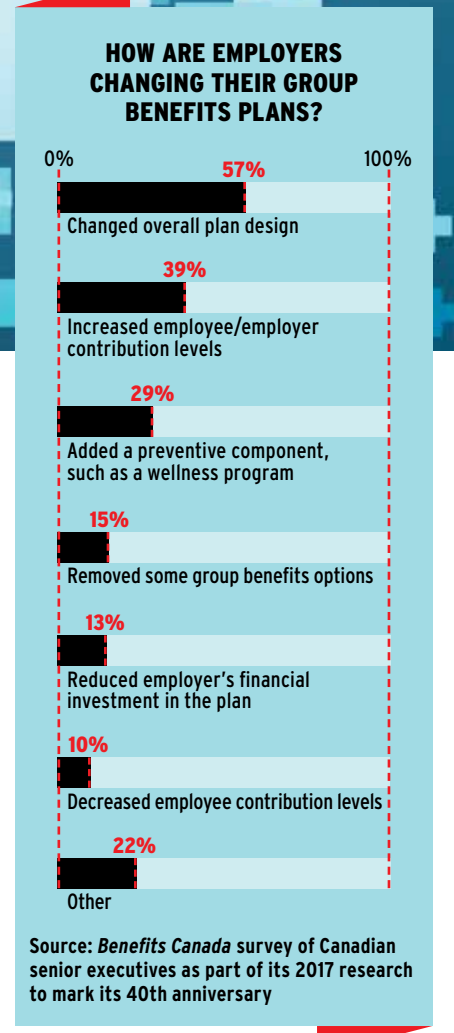
Robust education and communication

Pitney Bowes introduced the redesign through a robust education and communications exercise, including informational videos and access to the plan via smartphones. "Given the multiple communication channels we used to convey the plan changes, employee feedback tells us that the post re-enrolment choices were well understood and aligned with employee . . . needs," says Law.

"There is improved understanding of the plan, and we are currently monitoring the utilization and tracking direct disability-related costs in hopes that we can clearly see a positive correlation through our experience."

And if the communications piece is successful, it translates to a better understanding and appreciation of the benefits plan and that, in turn, leads to improved adherence by plan members. "One of the things we're trying to get people to understand is how important it is to listen to their clinicians and follow their treatment plans," says Law.

"Too many people, effectively, failed to do that. And when they stop doing



their treatment plans, their conditions, more likely than not, tend to worsen. And when they worsen, that means subsequent followups are going to have to lead to more invasive, intensive, expensive options. That's something we try to avoid by getting people to try to pay attention to what they need to be doing earlier in the process." ■

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