

Employee Health Care Literacy Key to Containing Costs



FOR MANY U.S. workers, health insurance remains confusing, intimidating and underutilized. Despite the billions employers spend on benefits each year, a large share of employees does not fully understand how their coverage works or how to use it effectively.

According to a report by Aflac, only 38% of employees said they understand their benefits, suggesting that most workers need more guidance on how their coverage works. When employees lack health care literacy — the ability to find, understand and use health information and services — they are more likely to delay care, make poor medical decisions and incur unnecessary costs.

For employers, that translates into higher claims costs, lower productivity and frustration with benefit programs.

The Centers for Disease Control and Prevention has estimated that better health literacy could prevent nearly 1 million hospital visits annually and save more than \$25 billion in health care costs.

The cost of confusion

Employees who do not understand their benefits often:

- Use out-of-network providers unnecessarily, which often means that insurance won't cover the visit or pay very little.
- Choose higher-cost care settings, like emergency rooms for non-emergencies.
- Skip preventive care that could head off more serious conditions later (see story on page 1).
- Misinterpret bills or fail to challenge incorrect charges.

Open enrollment is not enough

Many employers concentrate their communication efforts during open enrollment. While important, that once-a-year push is not enough to build true understanding.

Employees make health care decisions year-round, like when they schedule a test, fill a prescription or choose where to seek care. Without ongoing education, even well-designed benefit plans can go underutilized and employees may make costly choices.

Employers that take a continuous approach to education are more likely to see employees engage with their benefits and make smarter decisions.

How to educate staff on benefits

Use plain language. Rewrite benefit materials to eliminate jargon and explain key terms like deductibles, copays and coinsurance in simple terms. Aim for a sixth- to eighth-grade reading level.

Educate year-round. Provide monthly or quarterly communications that focus on one topic at a time, such as preventive care, telemedicine or how to read an explanation of benefits.

Show real-world examples. Compare costs for common scenarios like urgent care vs. emergency room visits so employees see the financial impact of their choices.

Promote in-network savings. Use visuals or tools that highlight how much employees can save by staying within network providers.

Leverage multiple channels. Combine e-mail newsletters, intranet content, webinars and short videos to meet employees where they are.

Offer decision support. Provide access to benefits counselors, either in person or virtually, to help employees choose plans and understand coverage.

Encourage preventive care. Regular reminders about screenings, vaccinations and annual checkups can reinforce healthy behaviors and reduce long-term costs.

Use data to guide efforts. Review claims trends and employee questions to identify where confusion is highest, then tailor education accordingly.

Build trust and engagement

Employers that invest in health care literacy often become a trusted source of information for their workforce. That trust can increase participation in wellness programs, improve satisfaction with benefits and strengthen retention.

It also aligns with a broader shift in how employees view their benefits. Workers increasingly expect guidance and want help navigating a complex system. Fortunately, employers are well positioned to provide it.