Why the Nation’s Largest Generation Isn’t Hip About Health Insurance . . .
and What We Can Do About It

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Here’s what we know: Baby boomers are retiring at alarming rates—a whopping 10,000 a day until 2030, according to the Pew Research Center.

As boomers exit the workforce, the largest generation in the country, 76.6 million to be exact, is waiting in the wings.

Millennials (those born between 1980 and 1996) have $1.68 trillion in purchasing power, are highly educated, and can tweet faster than you can say “Bugs Bunny.”

But unfortunately, many millennials don’t seem to “get it” when it comes to health insurance.

A recent GuideSpark survey shows that more than 50 percent of millennial employees don’t understand their employee benefits options, and 56 percent wish their employers would communicate better about benefits. More than half of those employees surveyed want to leverage their benefits but also want to spend as little time as possible learning about them.

In fact, 45 percent of millennials would rather clean out their email than research their health benefits, and 26 percent would prefer to clean their toilets, according to a survey by Aflac.

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—Aflac
WHY THE RESISTANCE? A FEW POSSIBILITIES COME TO MIND:

Many millennials are first-time buyers.

Under the Affordable Care Act (ACA), young adults are allowed to stay on their parents’ health insurance plans until they turn 26. And they seem to be taking advantage of the opportunity.

Less than half of all eligible employees under age 26 enrolled in their employer-provided health plan in 2015 according to a new report from the ADP Research Institute. Most often, Mom and Dad picked up the bill instead.

And, for those millennials signing up for insurance for the first time, the entire process can be confusing, overwhelming, and downright daunting.

According to a study in the *Journal of Adolescent Health*, young adults ages 19 to 30 struggled when it came to enrolling in health insurance on HealthCare.gov. In the study, college-educated young adults from Philadelphia signed up for health insurance, but half couldn’t define “deductible,” and three quarters couldn’t explain “coinsurance.”

Plus, most of the young adults in the study were unaware of subsidies for insurance, and they didn’t have an idea of how much insurance plans generally cost. Most thought an affordable plan cost less than $100 a month.
Think again. Young adults actually end up in the emergency more than any age group other than the elderly, says Young Invincibles, a nonprofit that works to give young adults a stronger voice on economic issues like healthcare.

This statistic rings true for Lockton clients. According to Lockton’s proprietary InfoLock® data, between July 1, 2014, and June 30, 2015, millennials visited the ER 9 percent more than their older colleagues and had 5 percent more hospital admissions. What’s more, 10.6 percent of those ER visits were documented as potentially nonemergent, meaning a doctor visit may have sufficed.

Despite these figures, millennials don’t seem to grasp the need for preventive care. A recent survey conducted by the National Business Group on Health and The Futures Company found only 39 percent of millennials believe preventive care is important to staying healthy.

In another survey, ZocDoc found millennials are the most likely to forego checkups, wellness visits, and screenings. According to a study by The Children’s Hospital of Philadelphia, as many as 40 percent of millennials do not have a primary care doctor. This lack of a relationship creates a fragmented approach, further leading to lower quality care and increased costs.
Millennials learn and communicate differently.

As the first generation to be true “digital natives,” millennials have grown up with cell phones, tablets, social media, and video.

It’s no wonder the Pew Research Center reports 15 percent of young adults ages 18 to 29 are “smartphone dependent,” meaning they don’t have home Internet service.

If we’re still relying on printed enrollment guides alone to communicate employee benefits, we may very well be missing the mark.

Millennials also face more economic hardships.

One final reason millennials may not be so keen on health insurance: they can’t afford it.

According to the Pew Research Center, millennials are the first in the modern era to have higher levels of student loan debt, poverty, and unemployment and lower levels of wealth and personal income than their two immediate preceding generations had at the same stage of their life cycles.

Two-thirds of recent bachelor’s degree recipients have outstanding student loans, with an average debt of about $27,000, according to the Urban Institute and the National Center for Education Statistics. Two decades ago, only half of recent graduates had college debt, and the average was $15,000.

Besides student loan debt, millennials are also still reeling from the Great Recession (2007–2009) and, in part, the longer-term effects of globalization and rapid technological change on the American workforce, the Pew Research Center reports.
WITH SO MANY OBSTACLES, HOW DO WE HELP MILLENNIALS?

Step 1: Get back to the basics.

Start with ditching the acronyms (HDHP, HSA, etc.) and defining basic insurance terms like:

- Deductible.
- Coinsurance.
- Premium.
- Out-of-network.
- High-deductible health plan.
- Health savings account.
- Health maintenance organization.

And make sure your definitions themselves are clear, concise, and jargon-free. For example, what if:

- “Ancillary provider” became “dentist,” “lab,” or “pharmacy.”
- “Formulary” became “prescription drug list.”
- “Member liability” became “the amount you will pay.”
- “Telephonically” became “by phone.”
- “Utilize” became “use.”

And remember: While choice is nice, too many choices may be overwhelming. A 2015 study by the National Bureau of Economic Research shows too many health plan options result in less rational choices by consumers. In fact, the study found that 85 percent of employees would be better off if their employer only offered one plan.
Step 2: Embrace technology.

Clearly, employers and HR professionals need to embrace technology and meet millennials where they are—online, on their phones, all the time.

That means sending open enrollment and benefits information via text, hosting video chat information sessions, utilizing interactive decision-support tools, posting to social media channels, and more.

Young Invincibles is even using Twitter chats and its own app to help guide people through the enrollment process.

And many HR technology vendors have developed apps allowing employees to access their benefits summaries and insurance cards, enroll in benefits, view paychecks, etc.—right from their phone or tablet.

Technology also provides a unique ability to offer higher-quality care at lower costs. Telemedicine and e-visit solutions simplify making appointments and coordination of care. Additionally, these new options reduce ER visits and costs, with visits as low as $40. Increased preventive and coordinated care directly factor into an employer’s population health, which helps to save the employer, employee, and the healthcare delivery model time and money.

Yet, despite its many benefits (and all the bells and whistles), technology isn’t a stand-alone solution.

Millennials ❤️ technology

54% of millennials email, text, and check social media before getting out of bed

42% would rather give up their sense of smell than Internet access

Source: The 2014 Cisco Connected World Technology Report

Step 3: Make it personal.

While millennials may send upward of 100 texts a day, they still value face-to-face communications, especially when making important decisions.

Employers would be wise to offer in-person meetings for millennials (and others too) who need more information about their benefits and help selecting the right plans.

When it’s not possible to meet in person, a phone call or video chat is your next-best bet.

Employers may also want to consider who delivers the message. Who better to educate millennials about health insurance than their peers or at least someone to whom they can relate?
Step 4: Keep the conversation going . . .

Educating millennials and other employees about their benefits isn’t a one-and-done effort. To truly engage this generation, communicate year-round, in several different ways, and make benefit information easy to access, all the time.

Also, ask millennials for their feedback; they’ll be happy to give it. Short surveys throughout the year are a great way to solicit feedback and show employees of all ages you value their opinions (as long as you do and are open to change). Remember the rule: Don’t ask if you don’t want to know and aren’t prepared to do something about it.

Step 5: Remember to have some fun.

Millennials give those of us in employee benefits, human resources, and communications a chance to be playful in our messaging, test new technologies, and truly reinvent the way we talk about health insurance. Enjoy the opportunity! Youth definitely has its perks.

Learn more

Interested in learning more about how you can better strategize and educate millennials about their benefits? Contact your Lockton Account Team today.