



TOOLS &
SUPPORT

Health Care Navigation Support The Michaels Companies, Inc.

When an employer phases out a health plan option, employees can feel lost at sea. Learn from The Michaels Companies, Inc., an employer that started offering navigation support for employees in anticipation of big changes to its health plan offerings. In addition to helping employees through a transformation in benefits, it helped stabilize health care spend, improve plan participants' quality of care, and made the retailer's benefit options more attractive to potential hires.



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Case Study

Health Care Navigation Support



A Fortune 500® Company, [The Michaels Companies, Inc.](#) is North America's largest specialty provider of arts, crafts, framing, floral, wall decor, and seasonal merchandise. As of July 2017, the Company owns and operates 1,366 stores in 49 states and Canada.

To support this footprint, Michaels employs 12,000 full-time team members (e.g., employees), primarily staffed at retail locations, along with manufacturing and distribution centers and a corporate "support center."

Catalyst for Payment Reform (CPR) interviewed Yvonne Freeman, Human Resources Executive at Michaels, to learn about the company's benefits strategy and why they decided to offer a health care navigation solution through Compass Professional Health Services (Compass). To understand the full story, CPR also interviewed Eric Bricker, MD, Chief Medical Officer and Peter Hegi, Chief Marketing Officer, from Compass and Linda Miller, Vice President from Holmes Murphy & Associates, Inc.

Michaels At-A-Glance

Company overview:

- 1,366 retail stores in 49 states and Canada
- ~12,000 full-time team members
- Brands include Michaels, Aaron Brothers, Pat Catan's, Artistree, and Darice

Team member demographics:

- Average age is mid-40s, high proportion of women and Spanish speakers
- Retail salary ranges from \$9-\$15/hour
- Limited computer access

Benefits snapshot:

- ~7,500 enrolled (~63% of eligible team members)
- >90% enrolled in one of two health reimbursement account plans
- <10% enrolled in a high-deductible health plan with a health savings account

The Problem & Background

At a crossroads after passage of the Affordable Care Act

After the passage of the Affordable Care Act (ACA) in 2010, many speculated that the launch of both state-based and Federal exchanges might impact the role employers play in buying benefits. Employers were faced with a new decision: should they continue to offer health care coverage directly or instead give employees a fixed amount to shop on the new health insurance exchanges? Michaels was at a crossroads. The company took a step back to assess which route would best help them address the challenges they faced. At that time, the

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organization's health care costs were rising with an increased prevalence of expensive and life-threatening clinical conditions in its population, such as musculoskeletal conditions, cancer, diabetes, and heart conditions. Additionally, Michaels team members demonstrated very low engagement with their health care benefits. Like many employers, Michaels ultimately decided to continue offering health insurance coverage to attract and retain talent, but knew it would need to make changes.

Designing the Strategy

Using a phased approach to transform its benefits

Freeman observed that plan participants had little incentive to engage when enrolled in the traditional plans because they were largely shielded from costs. To address this and control spending, the company decided to shift to high-deductible health plans (HDHPs). Instead of making this change overnight, it outlined a multi-year approach to prepare team members incrementally to be conscious health care consumers.

PHASE 1: Keep the traditional PPO plan, but introduce account-based plans and navigation support

Michaels offered its traditional preferred provider organization (PPO) plan for the first few years alongside two new HDHPs with health reimbursement accounts (HRA). One HDHP provided a richer plan design – a lower deductible and higher employer HRA contribution, while the other HDHP with a higher deductible and lower employer HRA contribution took a smaller proportion from team member paychecks. For both new plans, plan participants still paid a co-pay for prescription drugs.

Equally important was helping team members better understand their benefits options. To do this, Michaels wanted to invest in a health care navigation solution. Instead of defaulting to their previous plan, Freeman wanted every team member to make an informed decision. “Gone are the days where you give them an insurance card and move on,” she decided. She knew that team member education and engagement could make or break the strategy.

PHASE 2: Phase out the traditional plans and shift to full replacement HDHPs

After a few years of offering a choice of plans paired with navigation support, Michaels intended to phase out the traditional PPO plan and pursue full replacement HDHPs. By this time, Michaels hoped the bulk of team members would be ready to embrace the new designs.

Staying true to its overarching benefits strategy

Despite the shift in its approach to plan offerings, Michaels made it a priority to stay true to its benefits strategy, which is governed by four C's:

Compete: To attract and retain talent, the organization must offer a competitive salary and benefits package to prospective and current team members.

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Control Costs: Controlling cost for both team members and the organization is imperative for Michaels to continue to offer health care benefits and deliver on its promise to customers and shareholders.

Communicate: Historically, benefits communication primarily took place around annual enrollment. Looking forward, Michaels wanted to offer resources to help team members and their families make the right health care decisions throughout the year -- an important step in the transition to consumerism.

Comply: Michaels wanted to ensure continued compliance of its health benefits program with the ACA's various regulations for employers.

A high-touch approach to reach its team member population

Given its team member demographics, the company's priority in selecting a navigation vendor was its ability to provide high-touch, person-to-person support via phone or email. This was one of Compass' major differentiators. Michaels preferred this model to the high-tech solutions relying on mobile or software applications, which didn't seem like they would be as effective at reaching team members at retail and manufacturing locations. In consulting another large retailer who had gone with the high-touch approach, Michaels confirmed that Compass' high-touch model would more likely resonate with its plan participants.

Supporting the population at Michaels with a breadth of services

Michaels decided to offer Compass' health care navigation service to enrolled team members and their dependents. This included a dedicated Compass Health Pro, who would provide email or telephonic support to help team members with the following services:

- **Annual enrollment support:** Assistance with plan options and selection during annual enrollment, which takes place in May for a plan year effective July 1.
- **Benefits education:** Answers to questions about benefits coverage.
- **Health care bill support:** Answers to questions about medical bills. Compass audits and helps resolve billing issues, and deals directly with the provider if there's a billing error.
- **Provider finder and re-direction support:** Guidance for selecting high quality, low cost providers and services in Aetna's Aexcel network. Compass helps with appointment setup and pre-certification.

High-touch vs. high-tech

"The key is the quality of the individuals serving our population. Health care is not easy. They needed to be able to handle difficult patients, communicating to users of all levels."

- Yvonne Freeman

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- **Procedure cost comparisons:** Information about the full cost of an episode of care beforehand so medical, dental and vision costs are not left to guesswork. Compass also identifies high quality, low cost providers and facility options in the process.
- **Prescription drug support:** Transition of prescription drugs to lower cost alternatives, such as generics, therapeutic alternatives and/or mail order.
- **Coordination with other benefits:** Education about other Michaels benefits and warm transfers to other benefits service providers when individuals need them.
- **Ongoing communications:** Monthly health email, regular benefits reminder postcards to team members' homes, and presentations at on-site benefits fairs.
- **Preventive health screenings:** Tracking and providing outreach to improve compliance with preventive and biometric screenings.

While Compass also made a mobile application available, Michaels prioritized its initial communication around Compass Health Pro's concierge services instead.

Rolling out the model

Implementing and introducing Compass

Michaels rolled out the Compass benefit in May 2011 to coincide with annual enrollment in advance of the 2011-2012 plan year.

Freeman reported a positive experience implementing the Compass program, which took only four months. Major tasks included determining eligibility and establishing census feeds, setting up the claims data feeds from medical and pharmacy administrators, loading the benefits plans and contacts into the Compass platform, and training the Compass Health Pro about the company culture and benefits.

Ultimately, the bulk of the work required for a smooth launch involved marketing the new plan designs and Compass benefit.

Creating an effective benefits marketing campaign

The major challenge when launching any new employee-facing program is adoption. To drive usage of Compass, "we knew we needed to talk about it constantly," Freeman recalled.

Michaels created a multi-year benefits communications strategy with its communications partner, PartnerComm. In executing the strategy, Michaels:

- Created engaging, easy-to-understand brochures that walked individuals through their health care options and share of costs
- Invested in creative marketing collateral (e.g., key fobs, magnets, home mailings, and posters)

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- Offered incentives to team members to make the first call, including gift cards
- Created a cartoon benefits mascot named Maya, who spoke in plain language
- Used simple, timely, and relevant communications
- Launched an easy-to-use benefits website

Planning for annual enrollment

The Compass health care navigation solution has gone hand in hand with annual enrollment since 2011, supporting team members during this critical period as benefit options transform.

The roll-out of Compass during annual enrollment was pivotal to helping team members make educated decisions in the face of change, especially as Michaels employed an active enrollment strategy, meaning team members were required to choose a plan in order to be covered. Freeman truly wanted every team member to call Compass when making their decision.

Given the high turnover in the retail industry and ongoing difficulties navigating benefits, Michaels knew it needed to communicate about Compass year-round, not just during annual enrollment. For example, Michaels wanted team members who selected HDHPs to call Compass if they needed help understanding which services fell outside of the deductible (e.g., prescription drugs) and which providers were the best value. To ensure the service remained top-of-mind throughout the year, Michaels provided frequent reminders about the benefit, including in total rewards statements, emails, postcards, posters, and verbal reminders at team meetings.

Results

A successful glide path to full replacement HDHP

To assess if its phased approach worked, Michaels tracked how many team members voluntarily enrolled in new HRA and HSA plans during transition years. Ultimately, Michaels needed team members to be engaged and educated about how these types of plans work to feel comfortable removing the traditional PPO. This was one of the major objectives of investing in Compass. Michaels observed that with each year, an increasing proportion of team members elected to enroll in these plans. By 2014, the first year they removed the traditional PPO plan entirely, 45% of team members had already enrolled in the HDHP voluntarily in previous years. This helped make the final transition relatively seamless for its team member population.

Engaged team members make smarter health care choices

One of the other major goals was to encourage team members to be more conscious consumers of health care, especially as they took on a greater share of the costs. With the support of Compass, patients were more likely to select high quality, low cost providers, avoid

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unnecessary surgery, move prescriptions to generics, therapeutic alternatives or mail order, and follow-up on errors in medical billing.

Michaels has also felt its team members using the Compass benefit are more productive – another driver of positive ROI.

\$840 in estimated savings per team member using Compass

Michaels saved an estimated \$840 for every team member that used its service. These savings came from selecting less expensive care or avoiding unnecessary care, as validated by using surveys of team members about their decisions and outcomes.

These behavior changes have translated into cost savings for Michaels. Compass reported estimated 2016 average savings of \$840 per team member using the service. Compass calculates savings for every member interaction where a Compass Health Pro makes a recommendation for care or medication. Compass also sends a survey to understand the decisions they would have made without Compass guidance and compares it to their ultimate choice. The data Compass shares with consumers helps them to understand that their choices do matter.

According to national data and data from its benefit consultant, Michaels is outperforming other organizations and keeping its premium costs manageable, with minimal increases for team members over the last several years.

Solving the hardest benefit challenge - program adoption

Michaels successfully drove strong utilization of Compass' services by plan participants. The 2016 results show that two-thirds of eligible team members have used Compass health care navigation services since Michaels launched the program. In 2016, 23% of Michaels team members used Compass services and on average, team members used Compass 2.3 times. Team members are highly satisfied with the services and have provided positive feedback, leading to a Net Promoter Score at Michaels of 85.

According to one team member, "Every time I've used Compass services, I've saved hours of frustration (and) waiting on the phone and struggling to get the issue resolved. I can't say enough good things about Compass. This is the best perk our company offers!"

Lessons learned

You only get one opportunity to transition

Upfront planning for a transition is valuable, whether offering a new benefits plan, revamping or eliminating an existing benefits offering, or implementing a new concierge-type care navigation

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solution. In the case of Michaels, and for many employers, some of these changes needed to occur concurrently. Freeman feels it would have been tremendously risky to offer a HDHP without supplemental communications or navigation support. Michaels successfully guided its team members through big changes by taking a phased approach, one step at a time.

Testimonials prove invaluable

Perhaps expected, one of the most effective ways of promoting the Compass benefit was word of mouth. As individuals test drive the benefit and give positive reviews of their experience with the Compass Health Pro, they share examples with their colleagues about the help Compass provided. As a result, more and more team members have become familiar with this resource.



What's Next?

For the 2017-2018 plan year, Michaels is focusing on team member wellness and health. In the past, team members had to complete their biometric screening to avoid a surcharge. Now, Michaels requires both biometric screening and completion of a wellness exam by the team member's primary care physician. Compass is providing outreach to team members' households to improve compliance rates. The company hopes that the biometric screening combined with the physician interaction will lead to earlier detection of potential health issues and lower health care costs.

What began as a strategy to support plan participants during a transformation of its health benefits offerings is now a long-term approach that Michaels highlights in its recruitment materials. The strategy aligns with Michaels core values of spending smart, keeping it simple, and doing the right thing. The focus continues to be making team members happy and healthy, since that is the key to happy customers.

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