

# Consumer Driven Health Plan (CDHP)

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## What is a Consumer Driven Health Plan (CDHP)?

A CDHP is a type of health coverage that encourages members to be informed and thoughtful consumers of health care services, much like they would be informed and thoughtful when purchasing other goods and services. The CDHP plan structure motivates participants to take a more active role in selecting health care providers, managing their health expenses, and improving their overall health through good nutrition, exercise, proactive management of any existing or chronic health issues, and other factors they can help to control.

CDHPs generally include accounts that cover out-of-pocket expenses, including medical deductibles, up to the amount in the account. This account could be a Health Savings Account (HSA) or a Health Reimbursement Arrangement (HRA). While the COVA HDHP is HSA compatible, participants must fund their HSA themselves and arrange for the account through their financial institution. The Commonwealth of Virginia does not fund an HSA. The funds in an HSA belong to the participant, and the amounts are portable if a participant changes or otherwise leaves employment.

The State Health Benefits Program does offer a CDHP, COVA HealthAware, that provides an HRA. The HRA is funded annually and through other incentive programs by the Commonwealth of Virginia, which owns the funds. The HRA balance can accrue over multiple plan years but is not portable. More details regarding the HRA feature of the COVA HealthAware Plan are included in the ***Health Reimbursement Arrangement (HRA)*** section of this manual and in the COVA HealthAware Member Handbook.

In general, CDHP participants have greater control over their own health budgets based on access to tools that make costs more transparent and help them to make more informed decisions regarding services. They can take into consideration balances in their HSA or HRA as they make those decisions. CDHP participants are more likely to choose less-expensive treatment options, and those with chronic illnesses are more likely to follow treatment regimens. In addition to potentially higher out-of-pocket expense levels, more attention to costs of services generally results in lower premium costs for CDHPs.