

# Bright Lights, Big Options

## Proven Strategies that Reduce Health Care Costs

A Special White Paper Report by Scott Foster, Corporate Wellness Expert



**P**rograms that actively encourage healthier behaviors can help keep health care costs down for employers and their employees.

As health care costs rise dramatically, employers are reeling from double-digit premium increases. Large health plans are trying to soften the blow by providing tools—like behavior-based rates and mandatory employee wellness programs—to help minimize costs.

The problem for employers is how to decide *what* programs to adopt and emphasize. What will motivate employees to change their lifestyles? What will result in real improvements? In short, what works?

Six proven program strategies, when used together, are nearly certain to produce great results.

### **Communicate *actively* with employees**

Inform employees as clearly as possible of the *true cost* of their health benefits. If their premiums and co-pays are going up, tell them. If rising health care costs are hurting the health of your business, tell them.

Once employees realize that they have a personal interest in keeping health care costs as low as possible, they are more likely to become effective health care consumers.

Try to keep employees up to date with monthly information about health and benefits.

### **Connect benefits with operations**

Health care costs are likely to be your company's second greatest expense, right behind wages. Medical costs can consume *up to half* of corporate profits, a trend that is almost certain to worsen without comprehensive intervention. To lessen this impact:

- Align your benefits department with business operations via common operational and profitability measures.
- Link those measures to your employee health plan.
- Determine what operational ratios (like improved medical costs, absenteeism, and productivity) can be used to evaluate success.
- Find an executive champion to advocate a progressive benefit strategy.

### **Partner with your benefit administrator**

Retain a highly qualified benefit administrator to review your plan and discuss your most effective options.

If your benefit administrator is a vested management partner with your organization (the best ones are), her or she will actively help you reduce costs and communicate changes. A good consultant will offer innovative options, with

steps toward progressive program designs like consumer-driven health plans. The benefit administrator will also help you keep up on the legislative intricacies of benefit plans, including IRS designations and HIPAA requirements (Health Insurance Portability and Accountability Act of 1996). Find out what cost-saving benefit changes (other than cost shifting) you can implement. Evaluate your benefit plan with your consultant annually.

### Critically review medical data

Your benefit administrator should be willing and able to provide helpful data. If your plan covers more than 100 employees, you are probably eligible to get specific medical claims and utilization data. If not, you can request medical trend and comparison reports. Review the factors that are influencing your workforce's health and the cost of your healthcare (top avoidable conditions, top prescription drugs, associated costs, and so on). Track your total healthcare payments each year. Use this information to identify avoidable costs, reduce claims, and control future premiums based upon results.

### Supplement your benefits

Make it as easy as possible for your employees to engage in healthy behaviors. First, fund 100% of first-dollar coverage for preventive care. Make periodic physician examinations completely free. Next, reimburse proven behavior change

programs 100% through health reimbursement accounts or IRS-regulated health savings accounts. The most effective programs are health risk appraisals with medical screening, tobacco cessation, and depression management. Consider bringing programs *onsite* for even higher participation.

### Integrate your resources

Successful health cost relief will come from a *partnership* between all of your available resources. Optimize that partnership by integrating it into a single system.

For example, use your health risk appraisal to identify employees with behavioral risks, and refer them into your existing employee assistance program. (You'll know your integration is working when more employees are using the program.) Track participation in your preventive care program, and linked it to employees' health savings account. Your programs, benefits, and communications should present a single, unified front to target avoidable health risks and costs.

Behavior-based rate structures and wellness programs *can* dramatically lower your overall health care costs—once you've discovered which ones work. By using the strategies outlines above to shed light on your options, you're likely to brighten your financial future, as well.

Scott Foster is a Corporate Wellness Expert for Wellco Corporation. Scott has generated millions of dollars in cost savings for his clients. His experience includes frequent consultations and speaking engagements with Fortune 500 companies such as Home Depot, MetLife, SBC, and 3M. He is an active consultant to the Michigan Department of Health, columnist for the Oakland Business Review, facilitator for the superstars of wellness at [wellnessroi.com](http://wellnessroi.com), and an executive committee member of the Oakland County Wellness Coalition. Often featured as a media expert, Scott is certified as a Health Promotion Director by the world-renowned Cooper Clinic in Dallas, and he was awarded a Lipid Clinic Facilitation certificate by Chicago's Midwest Lipid Clinic. Scott has also worked as a cardiology clinician, administrator, and consultant for hospital systems. For more information contact Scott's toll-free number at (866) 636-WELL (9355) or visit [www.wellcocorp.com](http://www.wellcocorp.com).



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