

6 Tips for Controlling Rising Healthcare Costs

**A Guide to Promoting
Wellness and
Reducing Premiums**



Strategic.
Transparent.
Refreshing.




A typical family of four insured by the most common health plans offered by employers averages approximately

\$28,000 per year.¹

Those costs continue to rise, eating away at company profits and putting an added strain on family budgets. Take control of escalating insurance premiums and claims costs with these six strategies.

1. Create a Sense of Ownership




It's everyone's responsibility to help keep healthcare affordable. When employees embrace that it's not just their employer's job to keep costs in check and that every decision they make when consuming healthcare impacts the next year's renewal, it can reduce the severity of claims and help keep future premiums at bay. Here are some practical ways to take control:

- Be transparent, and educate employees about what factors impact renewals
- Encourage employees to scrutinize medical bills and question healthcare providers when something doesn't look right
- Only use the emergency room for true emergencies
- Use alternative services such as a nurse hotline, telemedicine and convenience care clinics for non-urgent conditions, including ear aches, strep throat, colds, sinus infections, upper respiratory infections, skin rashes, urinary tract infections, etc.

*More than **\$18 billion** could be saved each year if patients whose medical problems are "non-urgent" used alternative healthcare rather than going to the emergency room.²*

2. Establish a Wellness Program



An effective wellness program will motivate and empower employees to get to a better state of health and wellbeing through lifestyle changes. When employees and their families are healthier – both physically and emotionally – the price of healthcare inevitably comes down over time. Consider providing the following:

- Resources to help people stop smoking and reduce alcohol consumption
- Risk assessments and biometric screenings with targeted strategies for improvements
- Incentives that focus on changing behaviors
- Walking trails, fitness classes and nutrition classes to help employees manage weight loss
- Healthy snack options in the breakroom and vending machines
- Paying entry fees for employees to participate in a local 5K or fitness challenge
- Creating a culture that encourages wellness

*For every dollar spent on a wellness program, a company saves an average of **\$3.27** because of reduced healthcare costs.³*

3. Consider Restructuring Plans

Many employers consider switching carriers or look at becoming self-funded. Some alternatives may have negative implications, however. Make sure you work with a broker that seeks to understand your business goals and culture to better determine your risk tolerance and help you understand your options and potential drawbacks, including:



Changing health plans — Will a switch require employees to change networks and physicians? If so, it may not sit well with them.

Self-funded health insurance — Do you have an already healthy employee population? Self-funding may be an ideal solution, but puts more risk on the employer to cover the cost of potentially severe claims.

Level-funded health insurance — Are you concerned with leveling out monthly costs? This pre-packed form of self-funding looks and feels like you are fully insured, but limits your exposure in the event of excessive claims.

Increased deductibles — Are you able to offer other financial benefits that encourage cost-effective healthcare decisions? If so, employees may be open to higher deductibles, but it could shift more of an undue financial burden to employees with health issues.

Spousal surcharges — Have you exhausted other options? An additional fee or premium that an employee is required to pay if his or her spouse has an alternative source for employer-sponsored healthcare coverage should be a last resort.

Other options — Uncertain about alternative ways to lower premiums? Work with a broker who will thoroughly assess your situation, your employee population and provide tailored recommendations.

*Out-of-pocket costs for employees, including deductibles, copays and coinsurance grew **66%** in the 10 years spanning 2005 - 2015, more than twice the rate of wage growth during that same period.⁴*

4. Build Relationships with Primary Care Physicians

A key component to promoting your employees' health is discussing the importance of a trusted primary care physician. Ultimately, a primary doctor's goal is to guide patients to a better state of health throughout the years. Here are things employees should consider when looking for primary care physicians:



- Is it easy to get ahold of them to discuss medical concerns?
- Is care typically available on short notice to help avoid ER visits?
- Do they pay close attention to chronic conditions that may worsen over time and provide a proactive plan to address them?
- Do they evaluate ways to minimize prescription drug use, or are they quick to issue refills without question?
- How do they keep up with the latest medical advances, research and treatments?
- Do they ask questions and dig deeper to discover underlying issues that may affect health, such as emotional wellbeing, substance abuse, eating disorders, etc.
- Do they specialize in certain areas such as nutrition, men's or women's health, or any specific conditions that are important to patients?
- What do other patients have to say in online reviews?

"The doctor of the future will give no medicine, but will instruct his patients in care of the human frame, in diet and in the cause and prevention of disease."

— Thomas Edison



5. Control the Amount Spent on Prescriptions

Of course, prescription medications are necessary to treat some conditions, but controlling the amount paid in claims to cover costly drugs plays a major role in managing overall healthcare costs. Educate your employees to:



- Ask for generic versions of drugs to be prescribed when possible
- Inquire if improved health could be achieved through nutritional or behavioral changes
- Secure prescriptions from pharmacies that are generally lower in cost
- Avoid specialty medications when possible and inquire about other options
- Not be influenced by television commercials promoting new drugs — these often cost thousands of dollars each month and escalate claims
- Understand the pros and cons of specialty medications and their potential side effects
- Be cautious of pharmaceuticals that offer coupons or credits — these may reduce deductible payments, but shift the full costs to the rest of the group on the health plan

*The number of patients with **\$1 million** claims rose **87%** from 2014 - 2017, and a big part of that increase is a result of specialty medications.⁵*

6. Shop Around for Care

The costs for various care, specialists and procedures can vary widely among providers, and lower cost does not necessarily mean lower quality results. Here are some tips for further reducing claims.



- Encourage employees to explore their options before deciding on which healthcare provider will perform a procedure
- When applicable, ensure that a provider is within the proper network or preferred provider organization (PPO)
- For self-funded health plans, leverage direct contracts to offer bundled pricing rather than separately billed procedures from multiple agencies
- Educate employees about the importance of knowing how much a procedure will cost in advance to mitigate potential overages and to identify opportunities for cost savings

“The good physician treats the disease; a great physician treats the patient who has the disease”

— William Osler



It Takes a Strategy

There is no silver bullet for lowering healthcare costs and associated insurance premiums. It takes each employee doing their part to reduce the number and severity of claims over time.

A strategic risk advisor can assess your unique situation, provide resources to educate employees and explore plan options that will provide the best possible coverage within your budget while still offering value to your employees

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