



## Three Strategies to Trim Corporate Health Care Costs

By Kelly Jackson  
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The debate over universal health care reform is raging on Capitol Hill. While factions disagree on the solution, most are united in believing that change is necessary. The major motivator? The skyrocketing cost of care:

- Health care premiums are projected to reach double digits in next few years.
- The National Coalition on Health Care reports that employee contributions have increased more than 120 percent since 2000. Out-of-pocket expenses rose 115 percent.

Businesses, already crippled by the recession, are focused on finding the best, most cost effective ways to manage health care costs.

Health care has created a clear opportunity for human resource professionals to directly impact their organization's bottom line. What can the HR professional do to reduce a company's health care costs? Focus on three strategies:

- \* Educate
- \* Advocate
- \* Assist

### **Educate**

Communicate openly with your staff members. Let employees know the real price of health care coverage and how it affects profitability. It may be helpful to present your organization's health care coverage costs as a percentage of revenue.

Make sure that employees understand how health care rates are determined and the factors that each staffer can control. Group policy rates are determined by the demographics of the group. For a company, factors like the age, gender, health condition and number of dependents affect the cost of premiums. Putting the cost in perspective for staff members can help foster a sense of partnership between the business and the employee.

Create informed consumers. When your organization makes a change to plans or coverage levels, provide a simple chart that highlights the differences. Compare the premiums, coverage, co-pays, out-of-pocket expenses, deductibles and lifetime or annual caps.

Finally, educate employees on healthy and unhealthy behaviors and their affect on health care costs.

### **Advocate**

Awareness alone won't reduce your organization's health care costs. To shrink the expense over the long term, focus on wellness. Most media coverage centers on insurance premiums, but poor health can undermine your organization's profitability by more than double. The costs of health-related productivity problems are 2.3 times greater than medical and pharmacy costs ("Health and Productivity as a Business Strategy: A Multiemployer Study," *Journal of Occupational and Environmental Medicine*, April 2009).



Promoting wellness can range from the basic (distributing information on the benefits of exercise, nutrition and other health topics) to more sophisticated efforts designed to encourage employees to adopt a healthier lifestyle. The American Cancer Society offers a 10- week Active for Life workplace program that combines individual goals with motivational teams to make healthy practices part of daily life.

### **Assist**

To reduce costs long term, invest in improving the health of your workforce. The payoff is huge: employees who have three or more health risks have health care expenditures that are 38 percent higher and absence-related costs that are 30 percent higher than those for employees who have fewer risks. ("Association of Health Risks With the Cost of Time Away from Work," *Journal of Occupational and Environmental Medicine*, Dec. 2002).

Looking for keys to a healthier workplace? Try a few of these strategies:

- Hold on-site flu clinics. (Visiting Nurse Association of Southeast Michigan is an inexpensive resource.)
- Create walking, running or biking groups.
- Provide fresh fruit and spring water rather than high fat chips and soda at company gatherings.
- Subsidize gym memberships and weight loss program fees.
- Offer tobacco cessation programs.
- Sponsor Biggest Loser contests, with incentives for pounds lost.
- Sponsor a fun Olympics, with awards for healthy behaviors.
- Organize lunchtime brown bag information seminars for your employees. Bring in experts to educate staffers on issues such as health, nutrition, stress and diabetes management.

Programs like these reduce sick day costs. They can also minimize overall health care costs by reducing the most common and costly chronic conditions: heart disease, diabetes, high blood pressure and obesity.

Looking to move beyond behavior modification programs to cut your health care outlay? Consider non-traditional insurance programs. Here are two examples:

Blue Care Network Healthy Blue Living (HBL) program. The HBL program reverses the traditional insurers' focus on illness by rewarding plan members who exhibit healthy behaviors. Members who exhibit health risks and aren't willing to change higher risk behaviors (such as smoking) pay a higher premium rate. This puts the focus on individual accountability.

Health Savings Accounts (HSAs) are also rapidly gaining favor, with three-fold growth expected by 2010. HSAs are accounts to which employees and employers can make contributions, with pre-tax dollars. In turn, employers offer a high-deductible health care plan. The accounts are both interest-bearing and portable. HSAs can create savings for employers and a unique benefit for employees.

As employers and human resource professionals, we can't predict changes the economy or health care reform will have on business, but we can educate, advocate and assist our employees in reducing costs and living healthy, vibrant and productive lives.

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