

Keeping the Costs Down

Panel Points to Culture, Communication

By Charlee Beasor

Ask anyone – industry experts, economists, employers – about controlling health care costs and the reality is that more questions than answers will arise. At issue: Federal reform remains under challenge in the courts, looming somewhere in the dark abyss of uncertainty. Meanwhile, insurance premium costs to consumers and employers continually climb with no clear solution on the horizon. While this ambiguity is concerning for all involved, a recent *BizVoice*® roundtable discussion attempted to tackle some of these difficult issues and identify what employers and providers can do to encourage health care cost savings.

Our Participants:

- **Mindy Anderson**, president of Employee Benefit Solutions of Indiana
- **Dr. Kerry Anne McGeary**, Phyllis A. Miller Professor of Health Economics at Ball State University and director of The Global Health Institute
- **Jim Mills**, vice president of human resources at Oerlikon Fairfield
- **Bridget Scott**, executive director of marketing and product development at FirstPerson Benefit Advisors
- **Ron Stiver**, senior vice president of engagement and public affairs at IU Health

Fickle federal fix

One of the most worrisome pieces for the panelists is the breadth and fluidity of federal health care reform, namely the Patient Protection and Affordable Care Act (PPACA).

“We’re perpetually having to contact our legal counsel and benefit consultants to say, ‘Now what? How do we respond to this?’ It’s a never-ending stream of money just to understand what the latest (federal update) means,” Mills objects.

For Anderson, the Small Business Health Care Tax Credit for Small Employers is an unknown that harkens back to when COBRA (officially the Consolidated Omnibus Budget Reconciliation Act) was established.

“There’s been a lot of interest in (the small business tax credit). I don’t think it’s as impressive as maybe it was intended to be. I think with a lot of folks, I’m telling them ... it’s going to take years just to figure it out. How long did it take for all the ‘regs’ to come down on COBRA? It feels like we just stopped dealing with that. I don’t know how long ago it was, but I think we’ll be answering questions for a long time,” she comments.

“I kind of tell everybody ‘let’s wait and see what happens, and don’t get too awfully excited about anything except what’s required of us in the immediate near future.’”

Scott notes that small business owners are the ones most troubled about federal regulations.

“We’re unfortunately in a more reactive mode than we probably would like to be. But we learn, as everyone does, at kind of the same time,” she mentions. “So, for the small business side, I think we have a lot of customers that are interested in some pooling arrangements (multiple companies putting their employees into a large group plan).

“I think the larger employers have taken the stance that they’ll continue to offer benefits and they’ll figure it out as they go, but small employers are worried that it could potentially threaten the livelihood of their company at some point,” Scott stresses. “That’s where we’re feeling the most pain – employers that have under a hundred employees.”

From the provider side, Stiver sees a “feet in two boats” situation.

“We have one, a traditional fee-for-service model; and the other, which is where we’re going regardless of health care reform, which is the accountable care,” he says. “At some point, we need to pull that one foot out and put both squarely in the other,” he affirms.

The suspense of how it will all play out is most concerning to McGeary.

INFORMATION LINK

Resources: Mindy Anderson, Employee Benefit Solutions of Indiana, at ebsofindiana.com

Dr. Kerry Anne McGeary, Ball State University, at cms.bsu.edu

Jim Mills, Oerlikon Fairfield, at www.fairfieldmfg.com

Bridget Scott, FirstPerson Benefit Advisors, at www.firstpersonadvisors.com

Ron Stiver, IU Health, at www.iuhealth.org

"This is a huge reform bill with lots of moving parts. There's so many issues that we have to deal with. We do know that one of the main goals of the whole reform bill was to improve access to care, but how we're improving access to care is a little unknown still," she recognizes. "So, it's very difficult for us to know what will be going on in the future."

Prevention can help

No matter what portion, if any, of the PPACA ends up being enacted, employers and consumers are desperate to find solutions to rising health care costs.

Options for employers include everything from not providing health care coverage at all to giving a lump sum to employees for them to attain their own insurance coverage. Others are pushing high deductible Health Savings Account (HSA) plans, while some employers are stopping coverage of spouses or dependents altogether.

Mills points to on-site health clinics and a culture of wellness throughout the company as a supporting alternative.

"It gives you an opportunity to control costs, and it also provides a little more of a convenience factor for your employees. Hopefully long term, some of your outlier cases you catch before they become an outlier case and all of a sudden you've got a \$300,000 cancer bill on your hands," he explains.

Incentives, prevention and employee engagement are also being pursued by employers, acknowledges Scott.

"We've got several customers that are doing some kind of what I would call semi-value-based design, so incenting employees to behave certain ways and that changes your deductible amount on your Health Savings Account contribution," she outlines. "By going to a doctor for an annual physical, or participating in an on-site screening or things like that, you can earn more money, which I call kind of 'design your own deductible.' So, a lot of people are moving toward employee empowerment to kind of help control the costs."

Stiver looks to both employers and providers for assistance going forward.

"But you have the other components ... are you building a culture of health? We're working on that as an employer ourselves. Our vending machines to cafeteria offerings to access to fitness centers to 'Biggest Loser' contests, anything and everything in between," he comments.

Prevention, says McGeary, is great – if you can reach the employees that truly need to be involved in on-site wellness programs.

"We're only touching the people that would have done this anyway ... we're not changing the behavior of those who we really want to change. If we do change the behavior of the

people, if we do touch them in any way, we do not keep them engaged in the program over the long term," she laments.

Mills explains that his company opened its on-site clinic and presented employees with the opportunity to participate by mandating a few specific tasks that employees must take before they would be able to use the clinic – such as having a blood panel done and a yearly physical.

"(Health care) is the only thing we buy where we send our employee into the doctor's office with a blank checkbook and say, 'Will you please fill out any amount you want and then tell us after it's already been spent,'" he asserts.



"Well, you're asking them (employees as health care consumers) to make decisions too, in the most emotional times in their lives. That's really difficult. When someone's sick, when something's going on with a family member, it's the last thing you think about doing."

*Mindy Anderson
Employee Benefit Solutions of Indiana*

Communicating to consumers

Smart health care consumption is of the utmost importance for quelling high costs. Communication to employees, in trying to help them understand the complexities, is one way to accomplish that goal.

"I've been involved hard core from an employer perspective for the last 10 years in health care. And I'm supposed to be somewhat knowledgeable of the system, and it still flummoxes me on occasion," Mills remarks. "And for people who don't deal with this every

day, whose job it is to balance a book or cut a gear – whatever it is that they do – they have no idea how this stuff works."

Adds Anderson, "Well, you're asking them (employees as health care consumers) to make decisions too, in the most emotional times in their lives. That's really difficult. When someone's sick, when something's going on with a family member, it's the last thing you think about doing."

A lack of cost transparency also clouds the issue – it's often difficult for consumers to learn the true expense of medical procedures, not just how much they will pay out of pocket.

"I think we all realize – and certainly from a provider perspective – that we need to engage consumers and patients more, and part of that is empowering information,"



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*Jim Mills
Oerlikon Fairfield*

Stiver explains. “We’re working through that approach right now and trying to figure that out because you have third parties coming out now that are trying to aggregate this information. We’re committed to have transparency, but there are a lot of complexities involved.”



“It’s great if an employer offers a wellness program and has these wonderful incentives, but if the employees are working 15-hour days six or seven days a week, that doesn’t really send the same message.”

*Bridget Scott
FirstPerson Benefit Advisors*

Before Stiver arrived at IU Health, he notes, the organization had posted a pricing web site. However, it was based on sticker price and across a variety of plans, so the ranges were wide and utility to the consumer wasn’t as great as the company hoped it would be, he says.

“That’s why we’re going back and thinking through it again. And you want to think through the utilization. You want to think through all the pieces as well as somehow you have all the information together to help the consumer or the employer make an informed decision.”

Mills offers that better data on the quality of health care procedures and providers would also help.

“It’s been awfully hard just to get to the point that we have some basic quality metrics that exist out there, and everyone’s been very reluctant to go too much further. If we provide actionable data to employees they think has value, that would help. And, right now, they think most of it is garbage,” he says.

Scott’s background leads her to believe that focusing on communication to consumers could be successfully tackled from a marketing standpoint.

“You have to communicate it multiple times and in multiple different ways. It has to be fun and it has to meet the audience,” she describes. “I think it’s just putting a marketing hat on and trying to sell what you’re offering and incentivizing, and making it affordable for the audience so that it captures their attention.”

Anderson and Scott agree that working with a benefits adviser that an employer can trust is also extremely important.

“It’s an adviser’s responsibility to educate not just the employer, but the end user. Obviously, everybody wins from that. Our job is to help keep the cost down and find ways to maintain that, and getting at the end user is the only way to do that,” Scott offers.

Overconsumption causing problems

A society of entitlement is one major issue standing in the way.

“I think that it still comes back to the fact that right now my incentive as a consumer is ‘consume all health care that makes me feel better because it doesn’t cost me anything,’” Mills contends. “Man, that doesn’t send a real strong message to anybody to think about what the cost is to them.”

McGeary doesn’t necessarily see an answer through reform.

“It doesn’t matter what we do to the system. It’s always going to be there. Because, if you don’t overconsume, just consume when you need the service, you’re going to take on too much risk and get yourself into a situation where you need the service. So it doesn’t go away by reform,” she explains.

Stiver points out that obesity is a major issue. “Some data recently came out that showed 25% of adolescents, and I think 60% of adults, are either overweight or obese.”

Other health issues plaguing the state don’t have a clear solution, as McGeary also notes a study from The Global Health Institute at Ball State that found an increase in asthma in Indiana, including non-smoking-related asthma.

Complicating the issue is that today’s culture is one of instant gratification and a work/life mix that is too often out of balance.

“It’s great if an employer offers a wellness program and has these wonderful incentives, but if the employees are working 15-hour days six or seven days a week, that doesn’t really send the same message,” Scott concedes.

Adds Anderson, “I think we have to get tougher. That takes a lot of courage, and I don’t think that’s always an easy thing to do, especially as an employer.”

Scott has witnessed employers beginning to get tough on employees that aren’t being proactive about their health.



“I think one of the things that we have to remember about our health care system overall in this country is that people come from all over the world to access services here. ... Part of the reason why we have more expensive things is because we have higher quality, and we don’t want to lose that.”

*Dr. Kerry Anne McGeary
Ball State University*

“This year we’ve had several groups that have said, ‘Do this or you’re not getting the benefits, period. We’re done. We’re done playing nice, giving you all these carrots and still not having anyone participate. Either you want the health care coverage or you don’t. And if you do, this is what you have to do,’” she indicates.

Automobile insurance lends a handy analogy to how health insurance impacts the consumer.

“They understand that if I have a bad driving record or rack up tickets and I’m reckless with my behavior, I’m going to pay more. Health care is really no different. So, if you choose to make bad decisions with how you take care of yourself, then you’re going to pay more, and that’s ultimately what employers are saying,” Scott describes.

“I think we all realize – and certainly from a provider perspective – that we need to engage consumers and patients more, and part of that is empowering information.”

preventable, 60% of cancers, and there’s a number between 90% and 100% of all obesity that is preventable,” she observes. But, she also concedes that some of those outcomes are rooted in genetics.

“That’s the thing that worries me a lot. There’s a huge genetic component of health ... just like with this asthma issue in Indiana. There’s something going on there, and it’s not smoking.”



Ron Stiver
IU Health

There are some positives to be celebrated, however.

“I think one of the things that we have to remember about our health care system overall in this country is that people come from all over the world to access services here,” McGeary asserts. “So, when we talk about costs, I always get a little leery as an economist because part of the reason why we have more expensive things is because we have higher quality, and we don’t want to lose that.”

“For instance, my students will say to me, ‘What’s the easiest way to keep your health care costs down?’ I say, ‘Don’t need them. Don’t use them. Keep yourself healthy and take ownership of this system.’ ”

Health care driven by behavior

McGeary points out a shocking statistic – 75% of health care costs are driven by four chronic diseases: cardiovascular disease, cancer, diabetes and obesity.

“And of those, 80% of all cardiovascular disease is

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75%

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Final thoughts

Each of the panelists offers a bit of advice for employers around the state.

“You need to know what is driving your costs just like you know everything else. You have the power to persuade. Employees will listen to you because generally they trust you more than anyone else,” Mills says.

Adds Scott, “Invest in education. It’s great to have all the wellness things, but you have to start with the basics of just communicating well, educating well and really campaigning and building a strategy around that instead of just trying to plug in something that may or may not work.”

Productivity is a main component to look out for, according to McGeary.

“This isn’t all about costs. Productivity goes up when you do these nice things. Productivity goes up when you make a nice workplace environment for your employees and being punitive doesn’t always work and it can backfire. You have to make sure that you provide the proper incentives.”

Anderson also suggests looking to professionals who can assist.

“Align yourself with people that are specialists or experts and that you can trust to help keep you educated,” she remarks. “Find someone you trust or a group of people that you trust, and educate yourself.”

To close, Stiver suggests getting employees on your side in the battle.

“It goes back, I think, to communication and education, but get them to buy in. Get them to be partners in this effort so it pervades the culture, and look beyond the traditional tools of just managing the health plan,” he suggests.