

An Rx Health for Rising Care Costs



Wellness programs that help employees stay healthy are an effective way to manage expenses while improving productivity.

A MID WORRIES over a sluggish economy, an unemployment rate of more than 9%, and a still-ailing housing market, news that health insurance costs jumped 9% in 2011 after four years of 5%-or-less growth came as another shocker. Premiums for the average family policy now cost employers more than \$15,000 a year, an increase of 113% since a decade ago.

These findings come from the 2011 Employer Health Benefits Survey conducted by the Kaiser Family Foundation and the Health Research & Educational Trust. Since the survey was launched in 1999, worker contributions to premiums (\$4,129 for a family this year) have increased a staggering 168%; wages, by contrast, have risen 50%, inflation 38%. Says

Drew Altman, president and CEO of the Kaiser Family Foundation: "The big increase in the context of a struggling recovery and a weak economy is what makes the increase painful." And the pain is likely to continue. A recent

survey of 350 large U.S. corporations by Aon Hewitt indicates that employees are likely to experience a 10.6% increase in the amount they kick in for their health care coverage in 2012.

Yet another layer of angst is expected from the Patient Protection and Affordable Care Act—the so-called Obamacare—that takes effect in 2014. Surveys already indicate a dramatic decline in employer-provided health insurance because of certain provisions in the law. One requires employers with more than 50 employees to offer health benefits to every full-time worker, or pay a penalty of \$2,000 per worker.

Until now, many companies have dealt with rising health insurance premiums by shifting a percentage of the increase to workers. As most experts see it, that approach doesn't get to the heart of the problem. "There's a big difference between cost shifting and cost sharing," says Sean Sullivan, CEO of the Institute for Health and Productivity Management, a nonprofit headquartered in Scottsdale. "Asking employees to continually pay more is not a long-term solution. A better approach is to ask them to share the cost while providing workplace programs and tools to actually keep them healthy in the first place."

Getting the Best ROI

A growing number of companies are doing just that. By addressing conditions such as obesity, diabetes, and cardiovascular disease, they are enabling workers to improve their health and productivity. In the process, they are protecting their own bottom line. "The true cost of health issues for a





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company isn't just what it pays out for doctors and prescription medications," says Sullivan. "It's that, plus absenteeism and the cost of all those conditions that prevent employees from working to their full potential—called 'presenteeism.' If workers who are depressed or often suffering from migraines have to deal each day with customers, that's not the ideal scenario for a business."

Companies that take a proactive approach to employee health "aren't willing to wait around for reform" to provide solutions to their health care cost issues, says Peter Hotz, group vice president for health and wellness at Walgreens, the nation's largest retail pharmacy chain. Through its Take Care Health Employer Solutions business, Walgreens operates onsite fitness facilities, health centers, and pharmacy services for Cisco, Disney, Toyota, and other leading companies.

"Our clients look at this as a long-term investment in their employees, not just a one-time cost savings," says Hotz, who notes that for every \$1 investment its clients make in employee health and wellness, there is a \$2 to \$4 cost savings over five years. "They've seen that cutting expenses is only going to get them so far and really over time doesn't work."

Virtual Visits

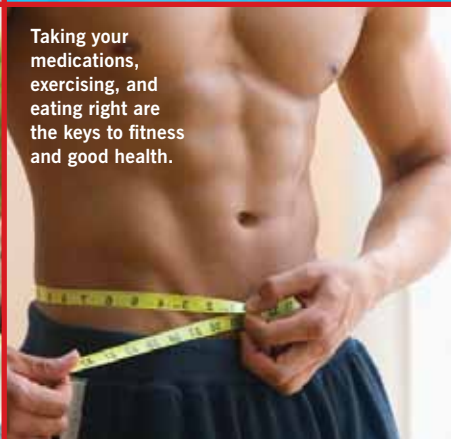
What does work is getting employees invested in their own health and well-being, Hotz says. Walgreens' client Cisco does it by making the most of its business know-how through technology known as "HealthPresence." Employees in Cisco's Research Triangle Park location in North Carolina can participate in a virtual doctor's visit with medical staff at the San Jose LifeConnections Health Center operated by Walgreens. Through Cisco HealthPresence's high-quality,

immersive video experience, doctors in California perform on-screen exams and check blood pressure, pulse, and other vital functions for employees located in North Carolina, similar to what most experience when they visit their doctor or health specialist in person.

"Surveys have shown that face-to-face engagement with medical staff is the most effective method of getting people to make improvements to their lifestyles," says Hotz. "Telemedicine accomplishes that in a much more cost-effective way and enables Cisco to leverage its technological know-how."

In addition to wellness programs, more companies are giving employees access to supplemental insurance as a way to round out their medical coverage. Many are turning to Aflac, an insurance provider that sells health and life policies to companies looking to supplement the primary plan benefits they provide employees. Employers offer Aflac's policies, but individual policyholders pay for the plans, often through payroll deductions, says Joseph Bohling, senior vice president of human resources at the Columbus, Ga., company. Benefits—which can be used for uncovered medical expenses or even household bills—are paid directly to the employee.

"It's no secret that companies have been shifting more of the financial burden to employees, and that's not solving the problem," Bohling says. "That's forcing some companies to eliminate health benefits in part or completely. Aflac provides employers a way to take care of workers that is cost-effective and gives employees peace of mind." There's ample evidence that employee loyalty is tied to the kind of benefits they are offered. "The ability to maintain health benefits for workers is seen as a competitive advantage," Bohling concludes. "One that companies don't want to give up."
—Susan Caminiti



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