

Health Care

Employers Seek Remedies To Chill Rise in Health Costs

The costs of employer-provided health-care benefits continue to climb with little relief in sight, so companies must explore strategies that will mitigate the expense, practitioners say.

“Health-care benefits costs are rising and are unlikely to stop going up,” Cecil Hemingway, co-head of health and benefits for Willis Towers Watson, told Bloomberg BNA May 15. But employer-provided health benefits continue to be an important piece of organizations’ recruitment and retention practices in an increasingly competitive labor market, Hemingway said. “There is a tremendous increase in demand globally for quality health care, and that, combined with competition with talent, is going to result in employers spending more and more on these benefits,” he said.

“There had been a hope that health benefits costs were abating, and they aren’t,” Cathy Kenworthy, president and chief executive officer of wellness solutions provider Interactive Health, told Bloomberg BNA May 17. For the first time in decades, the life expectancy of Americans has decreased, she said. Employers now “have a rare chance with health-care benefits to really improve the health of their employee populations,” Kenworthy said.

Medical insurers globally are projecting the cost of health-care benefits to rise 7.8 percent this year, an increase from 7.3 percent in 2016. In the U.S., insurers project a 7.5 percent increase this year, slightly less than they experienced in 2016, according to Willis Towers Watson’s 2017 Global Medical Trends survey.

“Controlling rising medical costs is without question a top priority for insurers and employers around the world,” Hemingway said. “While progress is being made in some regions to stem costs, the vast majority of respondents continue to grapple with how to rein them in.” These efforts are leading employers to implement both traditional and innovative approaches to managing rising costs, he said.

The survey was conducted between October and November 2016 and includes responses from 213 leading medical insurers operating in 79 countries.

Changing Employee Behavior As costs increase, it matters to companies what employees spend on health care, and efforts to control these costs become a much more important part of organization strategy, Hemingway said.

Willis Towers Watson found that employers are increasingly tweaking health benefit plans to enable employees to seek a second opinion. Second medical opinion options are offered by 71 percent of survey respondents, with another 11 percent planning to do so.

Health promotion programs are also gaining traction, Hemingway said. Nearly two in three respondents (65 percent) now offer personal health risk assessments, with another 16 percent planning to do so next year.

Health and wellness initiatives, “at their basic level,” include a health risk assessment, screenings and other educational efforts, Hemingway said. Employers are beginning to include these features to health benefit plans “to encourage employees to act like consumers and to be more informed,” he said.

HR needs to do its homework as well, Hemingway said. Providing health benefits can be “fairly complex” because there are a lot of stakeholders, changing human behaviors and high costs, he said. But health benefits also serve as an important way to attract talent to the organization. “At the end of the day, if you don’t offer a quality health-care program, you’re going to have a tough time competing for labor,” Hemingway said.

The key to reining in the costs of high-quality health benefits is to do the research and homework at the outset, which requires HR to examine insurance carriers and medical providers themselves, he said.

Engaging With Wellness Employers that hope to lower health-care costs by encouraging wellness must first design a program that will actually improve the health of its unique employee population. Luckily for HR, one of the benefits of a good wellness program that gets a broad level of participation is that it provides a lot of data about the health of employee populations, Kenworthy said.

HR should use employee population data to tweak wellness initiatives around the needs of a particular employee population, whether it be for diabetes, hypertension and other chronic health problems common to the U.S. workplace, she said.

To gain widespread engagement in wellness initiatives, HR needs to ensure that these programs are private, secure and compliant with the Health Insurance Portability and Accountability Act, Kenworthy said. HR also needs to communicate that privacy to employees to make them feel safe engaging in the wellness initiatives, she said.

HR also needs to treat wellness programs like any other business initiative with a long-term strategy and a “sense of deliberateness and purpose,” Kenworthy said. One major catalyst for employee engagement in wellness initiatives is providing information that is actually useful to workers and makes them curious about

their health, she said. Programs should educate employees and keep them engaged in a way that they feel a return on investment in the program, Kenworthy said.

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