



Twelve things you can do to reduce health care costs that don't get in employee's pockets under self-insured plans.

If you have more than 250 employees consider some level of self-funding, with stop loss for those under 6,000.

1. Rebid the health care contract, especially if this hasn't been done in a number of years. Reward vendors who can produce the best provider discounts. Hold them accountable to those discounts through performance standards.
2. Reduce the number of plans if you are offering multiple plans—thereby using volume to get better prices.
3. Use a narrower or high performance doctor or hospital network if there is not too much disruption for the members.
4. Analyze data on top ten disease states, look by number of people with them and the total dollar spend by disease state. Then add disease management programs for the top 3 or 4. This will take time to save money, but is a long range approach that works.
5. Perform a preventive coverage check. If employees have to pay too much for preventive care, they won't get it. This is especially true for lower income employees. So the following items should be covered at no or very minimal dollar cost to employees: Annual exams to include Mammography's, pap testing, PSA testing, colonoscopies, well child care, pre-natal visits (no co-pay after initial visit), all vaccines (including flu, pneumonia and meningococcal vaccines), all diabetic supplies and testing equipment and Hemoglobin A1c testing every 90 days.
6. Don't fall into the trap of increasing the generic drug co-pay every time drug co-pays go up. This co-pay should be set at \$3 or \$5 dollars as the average generic drug only costs around \$18. Keeping the employee's co-pay low will further encourage generic drug use.
7. Add a member pay the difference for when they insist on brand name drugs for which generics are available. Since generic drugs are the same exact drug as the brand name except for the filler and food coloring, there is no medical reason for people to need a brand name drug over a generic. Those who insist on the brand name should pay the difference in price.

8. Make sure the employer is getting 100% of its drug rebates and has a transparent arrangement on drug pricing. This can only happen if the drug benefit is carved out. If the drugs are offered under a health plan (UHC,MMO, Anthem etc.) the employer is likely paying too much. PBMs like Medco etc, used to get 72% of their income from rebates. Who is getting the drug rebates for your members?
9. Don't fall into the trap of increasing ER co-pays as a way to reduce costs. First find out why people are going to the ER. The use may be for true emergencies. If so increasing the co-pay is only going to force low income folks to avoid an ER when they really need it. Consider adding a higher co-pay for non-emergencies (e.g. person goes in for a sinus infection). Health plans can administer this fairly easily. Also avoid the trap of tying the co-pay to whether or not the person is admitted. Someone with in insulin shock or a severe asthma attack may die if not taken to the ER, but will not likely be admitted. Same for someone with a broken arm, they need treatment now, but will not be admitted.
10. Make sure employees are paying their share of the premium through a 125 plan. This allows employees to pay their share of the premium with pre-tax dollars and saves them about 20% of the premium cost. It also saves the employer the 1.45% Medicare match.
11. Get rid of brokers. Anyone who is making money from the vendors, who they are supposed be negotiating rates with for the employer, cannot have the employer's interest at heart. Instead spend money on a health care consultant who can help you add programs like disease management, wellness and will help you hold your vendors accountable. Pay this person an hourly fee for his/her services instead of them getting a percentage of you what you pay the health insurance company.
12. Add wellness programs. Consider adding a confidential health risk appraisal that will allow employees to get coaching on how to improve their life style. This will help them get the preventive care they need, give them guidance on how to lose weight, or stop smoking or improve their diet. Often these programs are offered with an incentive like \$50 or a reduction in the employee's share of the premium. Employees get the incentive for filling out the confidential HRA and then continue to get it each year they attend educational classes or talk to a confidential health coach. These programs are well established and the employer never gets information on individual employees or their dependents. They can save money, but often take a year or more to do so.