

# If You Want Your Employees to Help Control Health Plan Costs, You Need to Say So and Act Like It

*Until employees understand that they are not spending some insurance company's money, don't expect employees to help control health costs.*

Some Thoughts on Health Care Communication

By Dennis Ackley

**W**hat if you simply replaced "electricity" with "our company's health plan?"

## **Memo from the boss:**

Our company's cost for *electricity* is out of control – skyrocketing five times faster than any other business expense! Every dollar we spend for *electricity* that is unnecessary or inefficient is a dollar we do not have for other business expenses such as production, marketing, or salaries. These are dollars that we must add to the prices our customers pay ... and that is making us less competitive and hurting our sales. We need all employees to become more involved in holding down our cost for *electricity*.

If this memo went out, most employees would start shutting off unneeded lights, adjusting thermostats, and looking for other things ways to use electricity wisely.

**Why don't employees act with that same fervor when they hear *health plan costs* are skyrocketing?**

Here's one reason. Employees don't think of health plan costs as a business expense. Why? Because

***If you say soaring health plan expenses are threatening the organization's financial health, then act like it matters.***

most organizations have not told them the business reality of health plans. And too many organizations do not act like it matters.

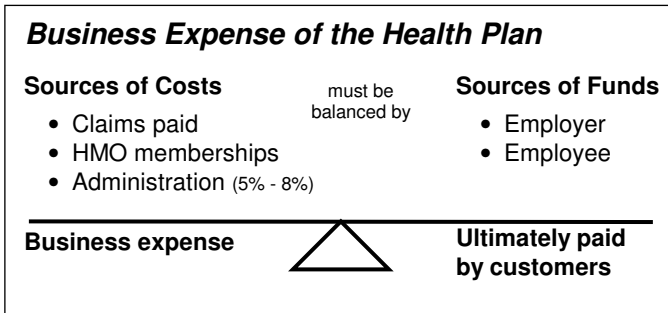
Employees know health care costs are rising. What they don't understand – or prefer to ignore – is that the money that pays those costs comes from the employer and employees. It's not some benevolent insurance company's money. But many employers unintentionally reinforce that notion. Look at your organization's communication: "Your medical insurance pays" ... "Send your bills to the XYZ Insurance Company" ... "Use your insurance I.D. card...." Doesn't that sound like "insurance" is paying the bills?

A recent Medco Health Solutions survey found that 78% of the employees surveyed did not believe their employer's drug plan had limited

funds. They believe "insurance companies," not plan sponsors, pay their prescription benefit costs. Worse yet, they think that by using lower cost drugs, such as generics, they are boosting the insurance companies' profits. Ask some of your employees whose money they think they're spending when they use company's health plan.

Organizations must shatter the "someone else's money" illusion. Drop the insurance jargon. Remove the insurance

company's name from the plan. Start telling employees that the business expense of the plan equals how much is paid out in claims – in self-funded or insured plans – plus a small amount to run the plan.



Employees know the company pays its electricity bills. They should have an equally clear understanding of whose money is paying their medical bills.

### ***Act Like It Matters***

The Centers for Disease Control and Prevention says half of all health problems are related to poor behaviors – including tobacco use, improper diet, and sedentary lifestyle. So it seems odd that some employers spend money for wellness programs while also supporting unhealthy activities. What about your company's cafeteria and worksite vending machines? Are you offering unhealthy, high-fat food and candy? Isn't that like management talking about soaring electricity prices and then leaving unneeded lights on in the buildings all weekend?

If you say soaring health plan business expenses are threatening the organization's financial health, then act like it matters. (The "say one thing and do another" syndrome kills credibility.) If you allow smoking areas, post a sign there that says "Last year, the company spent \$XXXX through the Health Plan to pay for smoking-related illnesses." In the company cafeteria, start posting impossible-to-miss signs showing the fat content of the food. If you have vending machines, don't offer candy at a discount if at all, and certainly don't sell cigarettes. If you say unhealthy things contribute to the business expense of the health plan (a key reason you offer a wellness program),

should unhealthy things be available at your worksite?

### ***Tell Me What I Can Do to Help***

In many situations, the health plan changes – higher employee enrollment costs, bigger deductibles, lower plan benefits, etc. – are clearly explained to employees. The rationale is "because health plan costs are rising." But too often, employees are not told what they can do about it. So many times they see themselves as victims of something they cannot control – health care costs. And it misses an opportunity to get employees involved in saving money.

Make sure employees know they do have some control over the business expenses of the health plan – for example they can ...

**1. Be healthy and stay safe** ... eat well, wear seatbelts, exercise, don't use tobacco and avoid unsafe activities. The best way to hold down health plan expenses is to avoid accidents and health problems related to unhealthy behavior.

**2. Use lower cost, equally effective services and treatments** ... when you need non-emergency medical care, spend the money carefully. Don't use emergency rooms for non-emergencies. Ask if generic or non-prescription drugs might work as well as a brand name prescription. Take advantage of the price discounts offered by "network" doctors, hospitals and pharmacies ... and show your interest by asking, "How much would this cost if I paid the full price myself?" Knowing the price is a key element of being a smart shopper.

**3. Pay attention to health problems** ... get checkups and attend to health issues quickly before they become more serious and expensive to correct ... if your cholesterol is high, your weight needs to be lower or if you find something suspicious, take action now.

**4. Help your doctor get it right the first time** ... when you receive medical attention, help avoid a misdiagnosis by clearly describing past illnesses, medicines or pills you are taking and current symptoms ... when you're given a new medicine,

ask what foods, liquids or other medicines you should or should not take with it.

**5. Act like a customer** ... learn about your condition – use the Internet or library to find out what other health care professionals have to say about it and what’s being done to correct it ... become your own advocate, but not your own physician ... and if you aren’t satisfied with the service or treatment, tell the health care professional that your expectations are not being met ... in networks, contact the organization’s director of medical services. Be sure the treatment is working and it’s worth the price you and the company are paying.

### ***Follow the Money***

The vast majority of the health plan money is spent by a relatively few participants – roughly 10 percent incur 70 percent of the costs.

If your purchasing department were running the health plan (it is a business expense), wouldn’t there be some aggressive intervention to keep the costs low, find quality, lower-cost, equally effective alternatives, and figure out ways to help avoid further expenses? This might include going beyond most disease management programs to a much more aggressive “personal health coach” for the participants who are “at risk” for spending a sizeable amount of the money.

Other than in the health plan, where in your company can an employee spend thousands of dollars of the company’s money without some intervention or assistance from a professional buyer?

### ***Not a Solution ... Just a Start***

For a variety of historical reasons, employer-sponsored health plans have left employees with the impression that they have an “all you can consume health care buffet paid for with someone else’s money.” Through the use of “copays” (more insurance jargon), employees have willingly become convinced that going to the doctor is cheaper than a haircut. Furthermore, the overall purpose of the health plan is often not

communicated – to help pay the huge expenses of catastrophic health problems.

Health care is the most emotionally sensitive benefit employers offer. All employees would prefer to think their health care “insurance” allows them to purchase all the health care they want with someone else’s money. A quick communication campaign won’t fix that ... but it could be a start.

Isn’t it time to break through to employees? Create an aggressive communication plan. Use the safety communication campaigns that manufacturing companies have developed as a model. And make sure your organization is acting like health plan costs matter.



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Dennis Ackley is a nationally recognized leader in benefit communication and retirement education. His innovative, award-winning communication programs have reached more than three million employees on topics such as retirement planning, investing, health care, benefit choices, pay, and incentive plans. Dennis has created communication campaigns for hundreds of the country’s largest employers. He has written more than four dozen articles for such publications as *HR Magazine*, *Benefits Quarterly*, *Employee Benefits News*, and *Communication World*. He is a featured speaker at scores of conferences including the International Foundation of Employee Benefit Plans, Profit Sharing/401(k) Council, the PBGC, The Conference Board, Pensions & Investments, and Benefits Management Forum and Expo.

For more articles about how to improve employee communication and retirement education, search the Internet for “Dennis Ackley communication.”