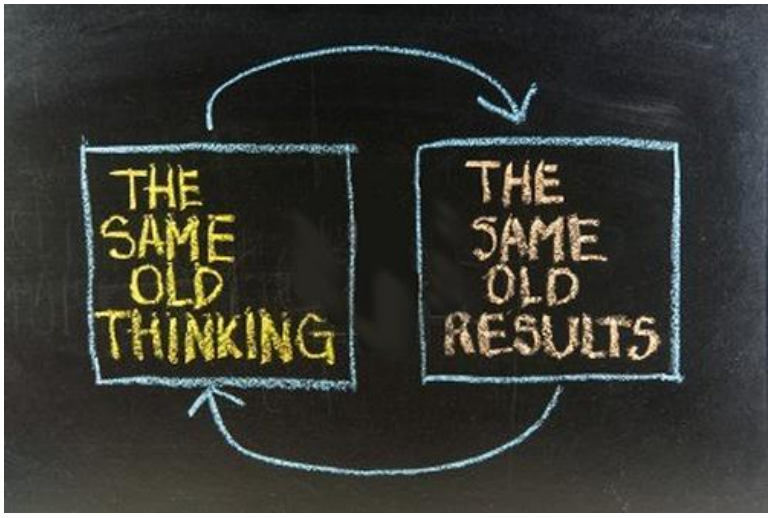

Why The "Same Old, Same Old" Doesn't Work in Curbing Employer Health Care Expense

By David Chojnacki, Chief Revenue Officer at Verifi1

Albert Einstein was famously quoted as stating *"we cannot solve our problems with the same thinking we used to create them."* That is certainly a sound and practical statement, but are the precepts expressed therein, largely being ignored within the administration of employer funded health care benefit plans?

According to the *National Business Group on Health* survey of large employers, on-the-job health care benefits in 2018, now surpass $14,000 a year per employee. *CNN Money* summarily reported that "costs would have risen more, but companies will adjust their benefits packages to rein in expenses, as they do every year."

Even with employees now bearing about 30% of that tab (approximately $4,400 annually), *The Wharton School's Public Policy Initiative* research concluded that "employer-sponsored insurance, which covers approximately half of Americans…allows employers to offer generous plans and **encourages high utilization by employees."**

On the one hand, employers believe that by making these annual "adjustments" - most commonly by moving employees toward less expensive higher deductible plans – they are doing their part to at least temper these significant cost increases. However, as the Wharton School report cited directly above determined, the benefits packages are still generous enough, that employees utilize coverage at an alarmingly high rate – and expense.

It's hard to fathom that with all of the in-depth reporting and analysis that now exists relative to the drivers of high health care costs in the U.S. (including some rather esoteric factors like fragmented and uncoordinated care, provider consolidation, and lack of cost consideration from patients), the supposed panacea – from the employer perspective at least – remains to continually modify and adjust benefit coverage levels.

Four years ago, in 2014, the *Center for State and Local Government Excellence (SGLE)*, shared their findings and recommendations through their "strategies to address rising health care costs" report.

The survey concluded that "disease management programs, on-site clinics, dependent eligibility audits, and regular review and rebidding of health care vendor contracts have shown significant cost savings. Asheville, North Carolina, reports it has saved $4 for every $1 invested in chronic disease management. Corpus Christi, Texas, reduced its health insurance costs by more than $1 million in the first year after it conducted a dependent eligibility audit, and the city's wellness clinic helped the city avoid another $740,000 in health care costs."

Public and private sector employers alike, would be well served to take these recommendations to heart.

Dependent Eligibility Verification reviews and Medication Therapy Management programs are two established solutions, whereby employers can appreciably reduce costs, mitigate future insurance risk, and improve outcomes. Moreover, both programs are **proven** cost containment vehicles that deliver extraordinary ROI results.

The flip side of course, is to believe that medical inflation will somehow be miraculously arrested, high deductible/high coinsurance plans will eventually thwart rising employer benefits expenditures, and that employees will suddenly elect to curb high utilization trends by proactively curtailing unhealthy behaviors.

Same old thinking…same old results.

FOR MORE INFORMATION ON COST CONTAINMENT ISSUES, CONTACT DAVID CHOJNACKI, CRO AT VERIFI1