

# The right choices

How the economy has impacted health care choices **Interviewed by Meredith McKenzie**

**T**he current economic recession has taken a toll on the health care industry. About 4 million people will lose their employer-based health care due to the tough economy, and many employers are shifting more and more health care costs to employees or limiting coverage offerings. Some are even dropping coverage altogether.

But even with these impacts, health insurance utilization is up. People are afraid of losing their benefits due to layoffs, so they're getting more care now in case they cannot afford it down the road. The recent H1N1 outbreak has also caused an increase in utilization and physician visits.

"As utilization increases, premiums may continue to rise," says Greg Fischer, senior vice president of sales and marketing at AvMed Health Plans. "Employers, working with their health plans, agents, consultants and other partners, need to reduce utilization and ensure the members are receiving care at the best possible place of service."

*Smart Business* spoke with Fischer about the impact of health care cost shifts and how to stretch your health care dollars.

## What trends are happening in the health care industry due to the recession?

Employers are more interested in plan designs that allow them to share costs with employees, such as higher deductible plans. They are increasing co-pays or limiting offerings, such as not covering dependents or increasing the cost share if dependents are covered. Employers are also shifting additional premiums to employees and making the employee contribution higher. This cost shift has caused a drop in membership, as employees who were previously enrolled may not be able to afford the new premiums.

While many smaller companies are dropping coverage altogether, most large groups are trying to provide coverage for as long as possible. It's still a good recruitment and retention tool, but it's becoming more difficult to offer standard benefits with low deductible offerings.

While utilization is up, many people with high deductible plans or large co-pays are postponing preventive care or compliance with drug maintenance programs. For example, someone with diabetes may not take his or her insulin regularly, or someone with high cholesterol or high blood pressure may not take his or her maintenance medication. These scenarios can have a negative impact on future health care services.



**Greg Fischer**

Senior vice president of sales and marketing  
AvMed Health Plans

## What impact does the shifting of health care costs to employees have on health care?

There are fewer plan options for employees, as groups struggle to come up with the plans necessary to run their own businesses. Employees may not be able to afford increased deductibles, and there is also the problem of employees putting off services, or not getting services at the appropriate place of care — for example, the emergency room instead of their primary care physician.

## How can you encourage employees to continue to receive proper health care?

Employers need to consistently look for ways to educate their employees. There is a lot of information available to help consumers understand the different prescription levels, especially regarding generics, which are the same as brand name drugs, but cost less. A lot of times they will see brand name drugs advertised and it's difficult to get them to switch to the generic until they learn that the drugs are equivalent.

## How can you stretch your health care dollars and continue to serve employees?

About five percent of plan members equal about 60 percent of health care costs in an

average group, and about 75 percent of health care dollars are spent on members with chronic conditions. It's best to work with carriers that have chronic condition management programs, to ensure members are educated. Again, education is important because it minimizes their chances of developing chronic conditions, such as diabetes, congestive heart failure and high cholesterol.

If employees do develop a chronic condition, management programs can help identify that condition as early as possible and help manage the disease. There are usually short-term costs associated with this, but long-term gains, such as reduced absenteeism and related costs. This may take several years to flush out, but if you're trying to stretch your dollars for the future, it's a feasible approach.

There are also things to do in the short term, such as looking at generic or mail order drugs and ensuring members have all the necessary services, such as a 24 hour nurse line or member assistance. Members should also work with their physicians to help manage medical services, minimize duplication of services and ensure they're getting care at the appropriate place of service.

## Has the business sector's appetite for better employee engagement improved?

A recent study by the Deloitte Centers for Health Solutions said that seven in 10 employees would participate in wellness programs if some kind of financial incentives were given, such as reduced premiums or monetary rewards. Many companies are moving toward implementing wellness programs that encourage people to take control of their own health care.

The study also pointed out that three in 10 people switched medication in the past year, and 38 percent of them switched to save money. Education on generic drugs and other cost saving measures is occurring, and people are becoming more and more aware. Sixty-five percent of people surveyed were also interested in receiving home monitoring devices to allow them to check their conditions and provide information to physicians and health plans.

Employers are now more likely to look at value based benefits, which use encourage people to choose healthy behaviors, seek high value health services, and select high performance plans and providers. <<

**GREG FISCHER** is the senior vice president of sales and marketing at AvMed Health Plans. Reach him at [greg.fischer@avmed.org](mailto:greg.fischer@avmed.org) or (305) 671-4714.

**Insights Health Care** is brought to you by AvMed