

# Reduce Health Insurance Premiums

**T**he escalating cost of health insurance continues to present considerable challenges to employers and their employees. With the nationwide average cost of a family health insurance plan exceeding \$18,000 (many paying much more), employers are desperate to find solutions that will have a meaningful impact on health plan premiums.

Considering that 80% to 85% of health plan costs paid by employers are a direct result of “health care costs,” the greatest opportunity to reduce the long term costs of health insurance are strategies that will reduce health plan utilization.

Although there are numerous strategies to impact health care costs, the following are a few that present the greatest opportunity.

**Independent Facilities:** Regardless of the location of a health care service, each strives to exceed quality standards. Consumers need to understand that having a diagnostic test at an independent facility, most often, will reduce health care costs by hundreds (or even thousands).

For example, a health plan member living within 15 miles of Windham, NH can choose to have a bone density test at Derry Imaging Center at a 76% lower cost than the most expensive facility within the same radius.

Most importantly, this cost savings can be realized without giving up any measure of quality, technology or service.

**Prescription Costs:** With prescription costs making up 15% to 25% of employer health care claims, employers must deploy creative solutions that will reduce these costs. At the same time, employers are also discovering that a larger percentage of prescriptions are in

excess of \$200,000 per year for an individual health plan member.

In a recent review of prescription costs for an employer, one prescription was \$122,988 over a 12 month period; however, access to the same prescription through an alternative source reduced the cost by almost \$85,000 per year, resulting in a significant savings to plan expenses and limited future rate increases.

**Transparency:** With health care costs varying by more than 500%, employers must provide tools to employees to allow access to the cost of health care services that will reduce out of pocket costs, utilization, and spending from health care savings accounts.

A NH-based company, MyMedicalShopper, provides online access and an APP for employers to distribute to their employees. From Xrays, laboratory services, advanced diagnostic imaging, physical therapy, and hundreds of other services – this tool allows your health plan members to shop for health care services and drive down the utilization of the plan and impact health plan renewals.

**Wellness:** In recent years, employers have embraced the concept of reducing health care costs by improving the health, wellness, and well-being of their employees; however, employers need to deploy more comprehensive solutions to have a substantial impact. The next generation of wellness programs must result in increased participation and include incentives for participation (to include payroll deduction discounts), open the program to dependents, and have metrics to show progress.

To witness the degree of success that will impact utilization, employers should consider hiring an accomplished wellness consultant,



**THOMAS HARTE** is the president of Landmark Benefits, Inc. – a prominent employee benefits company delivering solutions to hundreds of employers throughout New England. For more information, please visit [www.LandmarkBenefits.com](http://www.LandmarkBenefits.com) or call 603-437-4570.

building wellness teams, securing senior management support and engagement, building a program that fosters competition and hosting a strategic planning session on wellness.

**Referenced Based Pricing (RBP):** This solution works with self-funded employers to lower health care costs by using Medicare and annual cost reports submitted by providers to the Center for Medicare & Medicaid Services (CMS) as the basis for health care reimbursement. The end result is often a significant reduction in the employers’ health care costs. Although most providers in New England have been reluctant to adopt this payment strategy, employers are considering alternative payment methods to reduce health plan utilization.

In conclusion, employers that recognize that health plan premiums are among the greatest expenses to the company must engage in meaningful solutions that will improve the profitability of the company, while delivering an exceptional benefits for employee retention and development.



Landmark Benefits, Inc.  
183 Rockingham Road, 2 East  
Windham, NH 03087  
603-437-4570  
[www.landmarkbenefits.com](http://www.landmarkbenefits.com)