

IN THE INSTITUTE OF MANAGEMENT and Administration's (IOMA) 2002 Report on Managing Benefit Plans, Hewitt Associates surveyed 700 companies, and 43 percent of companies are looking at increasing employee premium contributions, while 37 percent are considering increasing employee cost sharing. A whopping 61 percent of employers agreed that employees should become more involved in making health care decisions. The Hewitt survey also revealed that only 30 percent of companies said they could manage a 10 percent annual increase in added health care costs.

A 2002 report by Mercer showed an 11 percent climb in the cost of health care benefits in 2001. The Mercer report goes on to state that many small employers decided to share cost increases with employees by raising PPO in-network deductibles in 2001, while 40 percent of large employers promised to reach the same goal in 2002 by raising deductibles, co-pays, and out-of-pocket maximums. In an effort to further reduce costs, employers are dropping retiree medical plans, raising employee co-payment amounts for prescription drugs, and shifting to a three-tier pricing structure forcing employees to pay an amount proportional to drug prices.

Based on this review of the literature, how does your organization stack up? Will your organization be passing along increases in managed care to employees? How will you go about tactfully communicating this information given the fact that many employers have campaigned for employees to start saving for retirement—only to see their 401(k)s dwindle?

In a slowing economy, employers will be looking to cut back on benefits offered and increase downsizing measures to reduce costs. It is likely that following a downsizing, more individuals will be left uninsured due to the high price of continued coverage. Moreover, we know the effect that has on the managed care system.



BENEFIT COMMUNICATION: MEASURING VALUE AND IMPACT

by Jeannette Swist, MSMOB, CMC, SPHR

WHAT IS AN HR PROFESSIONAL TO DO?

Given the increases experienced to date in managed care, human resources professionals need to recognize a more comprehensive and integrated system of metrics and to develop methods to measure impact. Organizations cannot continue to absorb increases and employees cannot be expected to sit by idly. Some changes must come about. According to the Midwest Business Group on Health, www.mbgh.org there are several things purchasers can begin to measure:

1. Analyze health care data—determine which health problems are keeping employees from coming to work

(short-term illnesses, long-term disability, chronic condition).

2. Identify the magnitude of these problems (costs, absenteeism, overtime, temporary help).
3. Determine the level of organizational concern over quality of care provided.
4. Compare efficiency, costs—catching medical conditions before they become serious. How much is spent correcting medical errors? Has any harm come to an employee or dependent due to medical error?
5. Determine the criteria and the weighting used in selecting health care providers. Measure the performance of your plans and providers, engaging them in continuous improvement.

6. Educate and share performance information with your employees, beneficiaries, and the public.

In addition, consider the following activities that impact the system:

- Consider participating in legislative grassroots efforts toward attacking higher health care premiums and runaway prescription drug costs *www.shrm.org/government/*
- Learn more about a nonprofit watchdog organization, National Committee for Quality Assurance (NCQA) *www.ncqa.com* is widely recognized as the leader in the effort to assess, measure and report on the quality of care provided by the nation's managed care organizations (Article: The State of Managed Care Quality, Industry Trends and Analysis *www.healthchoices.org/About/SOMCReport2001.pdf*)
- Educate employees and providers of service regarding consumer-directed advertising, pharmaceutical marketing efforts toward physicians, and escalating consumer prescription drug costs.
- Educate employees on advocacy groups and consumer tips: *www.pbs.org/criticalcondition/helping/outreachPartners.html*
- If your organization is offering wellness-type benefit programs, is there a noticeable reduction in the incidence of serious medical conditions? Are employees physically benefiting from the usage of wellness programs? Can a comparison be made to savings versus estimating claims payment due to the growing number of deaths due to obesity and its link to such chronic conditions as hypertension, diabetes, and heart disease?
- Identify what percentage of plan members get regular preventive health care screenings. Consider the value and impact on educating employees on preventive strategies in an effort to offset future major medical issues.

- Begin to consider the mechanics in involving employees in the health care purchasing decisions. An example of involving employees in health care plans is taken from the February 2001 issue of *HRMagazine*. Glen Brandow, a spokesperson for IBM Corp., based in Armonk, N.Y., notes that more than 80 percent of employees enrolled via the intranet system in an interactive question-and-answer tool on the company's intranet. Employees logged on to the system's "Plan Finder" to weigh the merits of different health plans offered by the company, used data and choices supplied by the employee and then returned a view of preferred plans, ranked and graphed. Glen is quoted as saying: "It allows employees to personally model the information that's most important to them in order to make better benefits selections." □

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