



A Culture of Health

How to make your employees smarter consumers of health care

When your employees don't understand the true cost of health care, they may make decisions that cost you money. But you can change the way they view health care and your role in providing it to create members who are healthier and wiser consumers of health care, says Randy Ressel, vice president of sales in Missouri for HealthLink.

"Too many employees don't understand the true cost of health care," says Ressel. "They pay a \$4 co-pay for a prescription and think that is the entire cost. Employers need to remove barriers so they understand the cost."

How do you begin to change the culture?

Taking co-pays out of your health plan is the first thing because it allows employees to see the true cost of care. The second thing is to provide an incentive to do something about that cost. An employee may understand that a generic medication will cost them \$4 instead of \$35, but other than that co-pay, it doesn't make any difference to them. That's where health savings accounts come in.

How can health savings accounts make employees more conscious of cost?

With an HSA, if a member conserves funds, that becomes their money. It rolls over every year, and when they leave, that money goes with them. That money can have the same effect as a 401(k). But a 401(k) is tax preferred, and when you take withdrawals, it's taxed. With an HSA, if you use it for approved medical expenses, there are no tax consequences.

HSAs can also provide savings to the member. For example, if you pay \$100 for a medication, you are paying the full \$100 with aftertax money. But if you pay out of your HSA, that is pretax money. If you're in the 40 percent tax bracket, your effective cost is only \$60, which is a dramatic savings.

How can an employer encourage employees to choose this option?

Typically, HSAs are coupled with a highdeductible plan, with a \$2,500 deductible on calendar year basis. The plan then pays 100 percent after that. The biggest objection employees have is that \$2,500 is a lot, but prescriptions and doctors' visits add up quickly.

To encourage employees to choose this option, you can contribute to the employee's HSA. If your cost for a traditional plan is \$500, and the high-deductible HSA is \$300, you can take half of that savings — \$100 — and put it into the HSA. That is very persuasive.

What is the next step?

Once employees have a financial reason to participate and understand the reasons behind it, then you have to address their health, as improved health results in a lower demand for goods and services from doctors, hospitals and pharmacies.

For example, if employees are taking cholesterol medication and lose 10 pounds and exercise, they might be able to go off that medication. If they conclude they can save money and improve their lifestyle, now you're cooking with gas.

The challenge is helping them understand it. That's how you change the culture. You don't change it by beating them over the head, or penalizing them. Instead, show them why it's in their best interest, both financially and for their health. And if employees are healthier, they're happier and they miss less work, which is a good thing for them and a great thing for the employer.

How can an employer encourage healthier behaviors?

It has to start at the top, with the CEO and CFO. You can't just talk the talk, you've got to walk the walk. Your employees aren't stupid. They're going to watch what you do. If your top executives choose traditional plans, your employees are going to follow suit.

You have to lead by example. If you put a wellness program in place, as the CEO, you can't be 100 pounds overweight. It just doesn't work. You can also provide healthier foods in vending machines. One of our companies provides apples, bananas, carrots and broccoli. Those cost 50 cents. You can get Twinkies, as well, but those are \$4. They're not telling employees they can't have Twinkies, but they are providing an incentive to buy the apple.

How can a work exercise program encourage healthy behavior?

You can provide an exercise area, but people don't want to stay after work to exercise. So give them 30 minutes during the workday to exercise. Some might argue that's a demanding cost to the employer. But the average employee makes \$20 to \$30 an hour, so half an hour costs you \$10 to \$15.

If you can take someone who is pre-diabetic and keep them from developing diabetes, you could save half a million dollars over the lifetime that they're on your health plan. It's a very cost-effective strategy.

It also improves employees' attitudes and productivity, and makes you a coveted employer to work for.

What are other inexpensive ways to encourage healthy behaviors?

Take control of employees' screensavers with messages about how to be healthy, eat healthy and cook healthy. If people see these often enough, they start to get it.

Couple that with contests to make them healthier, anything to make it fun for them to do the right thing, and award prizes. Individual contests are good, but team contests are better, because then you've got peer pressure.

It's not a cost shift; it's an effort to enlighten people about the true cost of health care, giving them an incentive to do something about it and then supporting them with the tools to make the right decisions.

The results don't happen immediately, but those companies that do these things are the ones that will experience lower-than-average rate increases on their medical plans over a period of time.

