


# 10 steps to fixing your company's healthcare



**Healthcare costs represent one of the largest unchecked expenses for U.S. companies today.** Healthcare reform may be on its way, but there are no guarantees that it will lead to the healthcare cost savings that employers desperately need. In this paper, we provide 10 ways you, the employer, can take an active role in controlling healthcare costs for your organization, while improving the quality of your overall healthcare program. 

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## **1. Develop a multi-year strategy for controlling costs.**



Do you know of any successful businesses that don't have a well-designed business strategy and financial plan? Since health benefits represent one of the largest expense items in your budget, why would you not have a healthcare-spending plan? You can and you should!

It's important to know where your organization stands now in relation to employee healthcare spending and benefits, and determine where you want to be in the next three to five years.

## **2. Obtain and analyze your utilization data.**

You can begin to quantify the problems in your current health insurance program by obtaining healthcare cost and utilization data (i.e., medical claims data) from your insurance carrier. If your organization is too small to obtain this type of data, ask your insurance carrier for data from comparably sized organizations. Without the right data, you're searching in the dark for a solution to the problems with your healthcare program.

## **3. Change the financial incentives.**

The purpose of health insurance is to protect your employees from the costs of serious illness and injury. Now is the time to make a change in the health insurance paradigm at your company. In other words, develop a plan that helps reduce wasteful spending by aligning financial incentives around employee good health and productivity.

## **4. Change your plan design.**

Develop plan options for your employees around the desired financial incentives. For example, consider establishing a high deductible plan with a Health Savings Account (HSA) as your "base" plan. Then help fund your employees' HSAs by using a portion of the healthcare program savings you attained by switching to the high deductible plan. If your employees choose the option of "buying up" to a higher cost, "Cadillac" health insurance plan, they can do so at their own expense.

### **5. Manage pharmacy costs.**

Pharmacy benefits and costs should be managed to help identify and avoid costly errors. In addition, significant savings can be achieved by setting up a prescription drug purchasing program that rewards employees who seek out generic, over-the-counter (OTC), and mail-order alternatives, rather than choosing expensive brand name drugs.

### **6. Implement disease management protocol.**


Employees and their dependents with chronic illnesses, such as diabetes, asthma, or heart disease, should be directed to practitioners who will help them better manage their conditions. By steering these patients toward the best-proven drugs and treatments, they can potentially live healthier lives and spend less on overall healthcare costs.

### **7. Promote medical information transparency.**

Employers should empower their employees with medical information that can help them better manage their personal health, as well as make more knowledgeable decisions about their care. When providing information, be sure it's user friendly, readily available, and easy to access.

### **8. Provide health education and wellness.**



Decisions that your employees make about their lifestyle, such as smoking, eating habits, and exercise, will have the greatest impact on their future health and productivity. Commit your organization to promoting good health habits and rewarding employees who adopt healthy lifestyles. 

**9. Engage in pay for performance healthcare programs.**

Consider working with insurance carriers and providers who want to shift away from the current system of receiving a fee for service for treating patients in favor of rewarding good results. Also known as value-based purchasing, the Pay For Performance (P4P) model rewards physicians, medical groups, hospitals and other healthcare providers for meeting pre-established performance measures for efficiency and quality in delivery of healthcare services.

**10. Get involved in public policy.**

In addition to fixing healthcare from the bottom up at your place of employment, encourage government officials to take the appropriate steps to fix healthcare from the top down. For more information about how you can get involved in changing government healthcare policy, [read our article](#) on fixing healthcare in America.

**The process of fixing healthcare for your company will take time, but starting now is essential.** Do you think

change is possible at your workplace? Believe it, and you will see it. Start reaping the rewards of better and more efficient purchasing of healthcare services, leading to a healthier and more productive workforce.



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