

Health care – how employers are leading the cost-cutting charge

If you're an employer who isn't scrambling to curb rising health care costs while keeping current workers happy and attracting new ones, raise your hand. Anyone?

It's this struggle that has led employers to join the leading edge of innovation in stemming the tide of costs. Later, we'll take a look at how they're doing it. But first, let's acknowledge what we all know – health insurance increases have been significantly outpacing worker earnings for years.

Knowing this, it may surprise you to learn that growth in the average per-employee cost of health benefits was held to just 3.9 percent last year.¹ And while the ACA has offered alternatives, employer-based insurance continues to provide the strongest foundation for our health. Over 90 percent of employers with 50 or more workers continue to provide their employees with health insurance.

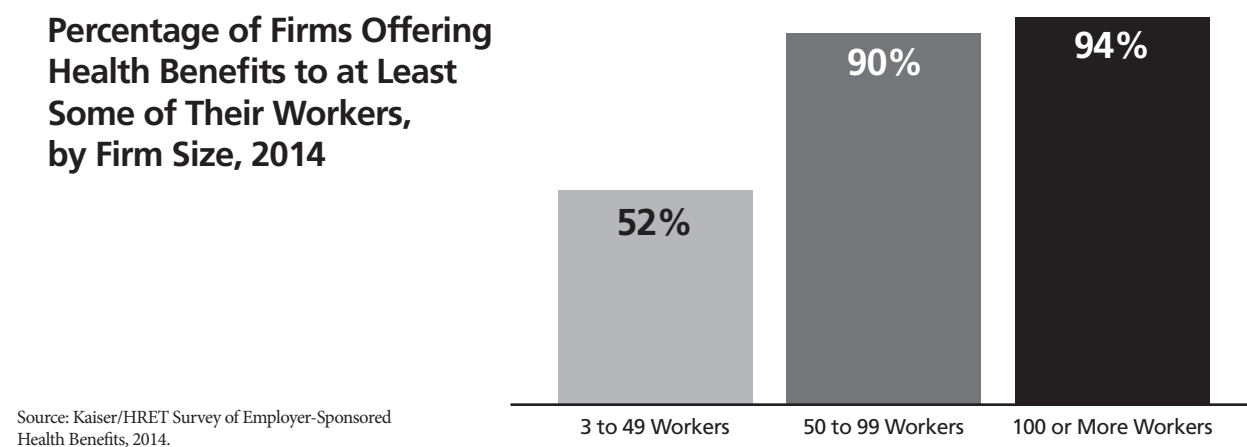
The rise of the employer-insurer partnership

Instead of cutting benefits, employers have been working with insurers to create new strategies to drive costs down while improving quality. This has created a fundamental shift in how employers shop for plans. Yesterday's businesses had an "off-the-shelf" mentality, content to choose from the few options insurers served up. Today's decision makers demand much more diversification among plans to meet employee needs as well as their own bottom lines. It's a much more hands-on approach.

Consumers take control

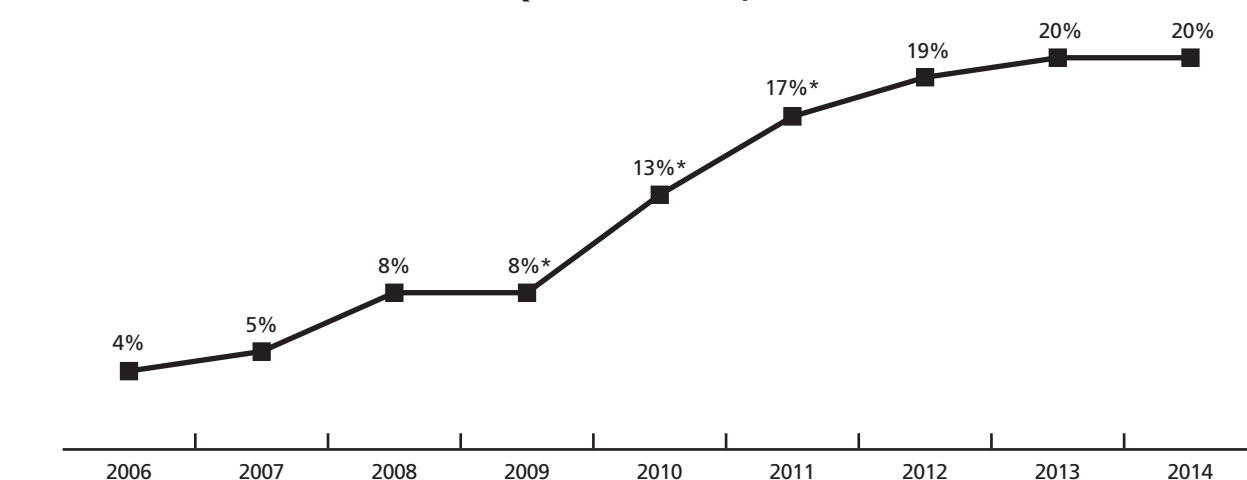
Climbing costs have employers moving away from traditional, defined-benefit plans toward consumer-driven plans that keep premiums low with a deductible approach that can be combined with tax-advantaged health savings accounts (HSAs). Putting control in the hands of consumers and giving them a better line of sight into the cost implications of their decisions has been one of the main drivers behind holding costs down. In fact, the average cost of coverage in a consumer-driven plan paired with an HSA is 18 percent less than in a PPO and 20 percent less than in an HMO.¹ And as more employers add consumer-driven plans like these to their offerings, they help redefine what health insurance means in the United States. Almost a quarter of all covered employees and more than half of large employers now offer some type of deductible plan.¹

Percentage of Firms Offering Health Benefits to at Least Some of Their Workers, by Firm Size, 2014



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

Percentage of Covered Workers Enrolled in Either an HDHP/HRA or HSA-Qualified HDHP, 2006-2014



* Estimate is statistically different from estimate for the previous year shown (p<.05)
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2014.

Smarter Rx management

There are many cost drivers employers can't control, like the aging of our population as a whole and higher utilization of health care to treat chronic illness. But one factor — prescription drug costs — can be influenced through smarter management. As the introduction of new specialty drugs, price increases in brand name drugs, and increases in the use of compound medicines have driven costs up, employers have responded by streamlining delivery channels and educating employees about generics.

1. National Survey of Employer-Sponsored Health Plans, Mercer, 2014.

Always be in the know

Learn more about how the new wave of diversified health plans is better suited to meet your company's unique needs.

Visit WhyChooseExcellus.com

TOP STRATEGIES TO HELP CURB HEALTH CARE SPENDING

CONSIDER DEDUCTIBLE PLANS

WHAT ARE DEDUCTIBLE PLANS?

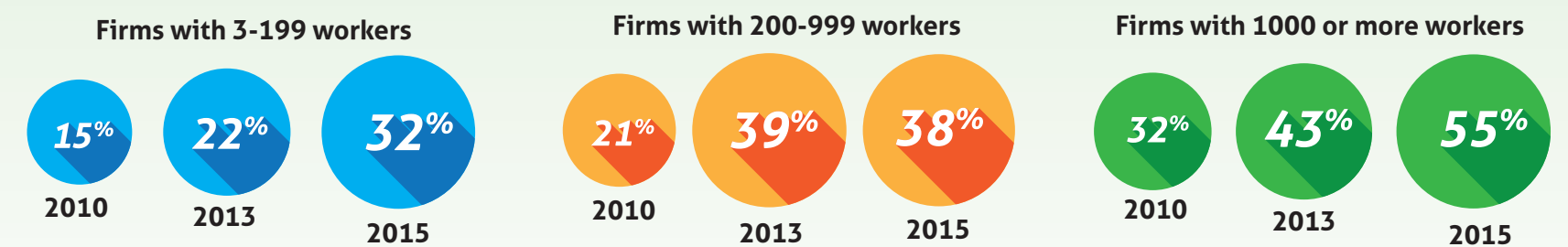
Health plans that offer lower premiums, with the individual paying fixed out-of-pocket costs as specified by the plan

HIGHER DEDUCTIBLE

LOWER MONTHLY PREMIUM

CONSUMER-DRIVEN DEDUCTIBLE PLANS ARE GAINING GROUND

AMONG FIRMS OFFERING HEALTH BENEFITS, PERCENT THAT OFFER DEDUCTIBLE PLANS AND SAVINGS OPTIONS



DEDUCTIBLE PLANS: EMPLOYEES GAIN MORE CONTROL OF THEIR HEALTH PLANS

Pairing deductible plans with health savings accounts (HSAs) gives employees line of sight to manage and lower health care costs with pre-tax dollars

PREVENTIVE SERVICES ARE FREE AND INCLUDED



SAVINGS ACCOUNT OPTIONS

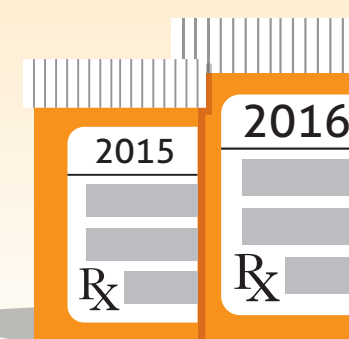


TAX-DEDUCTIBLE • TAX-FREE • TAX-DEFERRED
HSA MONEY IS THEIRS TO KEEP

ASK YOUR INSURANCE PROVIDER ABOUT OFFERING DISCOUNTS ON EVERYDAY, HEALTH-RELATED ITEMS



CURB RX COSTS



COSTS for prescription drug coverage are projected to increase by 11.3% in 2016 from 8.6% in 2015.

TIPS TO LOWER PRESCRIPTION DRUG COSTS



Home Delivery



Specialty Pharmacy



Generics

Learn more at WhyChooseExcellus.com

Excellus

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