

Special Advertising Section

HEALTHCARE SAVINGS TIPS

Eight strategies for companies and employees

If only stock prices had increased this quickly: Nationwide, healthcare premiums for organizations jumped 14.7% in 2004, according to industry researcher Compdata Surveys. That followed a 16% increase in 2003, and a 17% increase in 2002. Another double-digit increase is expected in 2005.

With the cost of an average family's annual healthcare coverage now exceeding a year's earnings at minimum wage, companies and employees are looking for strategies that offer relief. Here are eight tips that can save money for both.

BREAK A SWEAT. Rarely will an employer see a more favorable cost-benefit analysis than that for company fitness plan. Many insurers provide discounted membership to participating gyms at no added cost to employers. This encourages employees to lace up and hop on a treadmill. And the benefits for companies are profound. Not only does exercise help control expensive diseases like high blood pressure and diabetes, but it also leads to higher energy levels and increased effectiveness on the job.

GET FLEXIBLE. More than 4.5 million employees now participate in flexible spending account plans. These allow workers to contribute pre-tax money from their paychecks to cover out-of-pocket healthcare expenses for things like deductibles, copays and non-covered items such as eyeglasses. That saves them money; the tax savings on \$1,000 of expenses paid through a flexible spending account can total \$200 or \$300, depending on the employee's tax rate.

LET THE CONSUMER DRIVE. Consumer-driven health plans let companies offer comprehensive health coverage while providing an incentive to their employees to keep costs down. In a typical plan the employer funds a healthcare spending account with \$500 or so for an individual, and perhaps double that for a family. Participants use this money as they see fit for medical costs. If their costs exceed this amount, they're responsible for a bridge amount, called a deductible, of anywhere

from \$500 to \$3,500, after which a traditional healthcare plan kicks in.

Such plans have proved popular. Aetna HealthFund, for example, has attracted more than 370,000 members since its launch in September 2001. "Employers enjoy self-direction and features like 100% coverage for preventive care and a wealth of web-based tools and information that encourage informed decision-making," says Mary Claire Bonner, vice president and head of Select and Key Accounts at Aetna.

STAY IN-NETWORK. Many health plans offer lower co-payments or coinsurance for patients who stay within a network of care providers, and charge higher fees when patients seek care outside of this network. The cost difference can be dramatic. That's because plan providers negotiate ahead of time with network doctors to reduce fees, and pass along those reductions to plan participants.

IF YOU CAN'T STAY IN-NETWORK, NEGOTIATE. Those who choose to have a medical procedure performed out-of-network shouldn't be afraid to negotiate with their doctor on price. Some doctors are surprisingly amenable to the discussion. It helps if you know what the going rate is for the procedure in question. Plans like Aetna offer online tools to help you estimate the cost of care for specific tests and procedures, and provide comparisons for in-network vs. out-of-network rates. Look at the reimbursement rates for in-network doctors performing the same procedure, and present this information to your out-of-network doctor. Providers might match the price, meet you part way or laugh at the entire idea, but it's free to ask.

FOCUS ON PREVENTION. "Preventive care, from regular physicals to well-woman exams, can really reduce plan costs over time, while protecting participants," says



Aetna's Bonner. Employers, says Bonner, should look for a plan that provides health risk assessments and targeted online wellness programs to help members manage their health.

CUT YOUR DRUG BILL. Prescription drugs are often the largest out-of-pocket healthcare expense for employees. But there are plenty of ways to save. The most obvious, perhaps, is by using generic medications. A typical health plan might charge a \$35 co-payment for branded medications, but just a \$10 co-payment for generic ones. Even if a generic equivalent isn't available, patients should check their health plan's list of preferred medications with the help of their doctor. One brand-name medication may be just as good as another, and available at substantial savings. Also, those receiving ongoing drug treatment for diseases like diabetes and high blood pressure should look into buying in bulk. Health plans often have mail-order drug plans that offer substantial savings when participants buy 90-day supplies of their medications.

GIVE SPECIAL CONDITIONS SPECIAL TREATMENT. Heart disease, diabetes and asthma — these are among the most expensive maladies for healthcare plans. A good plan provider should have special programs that coordinate education and treatment. With chronic diseases like these, lifestyle changes can reduce the need for future medical care and provide meaningful health improvements today.

For information on BusinessWeek Special Advertising Sections contact Stacy Sass-McAnulty at 212-512-6296 or stacy_sass-mcanulty@businessweek.com.

WEB DIRECTORY
www.Aetna.com