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Health plans want you to take control

BY CINDY KRISCHER GOODMAN

When Brent Blake thinks about seeing a doctor, he carefully considers which one, and how much it will cost: The entire bill will come right out of his pocket.

It might seem outrageous to have health coverage with a $4,500 deductible for a family, which Blake has. But his employer, Burger King, is on the cutting edge of a trend to reduce its most expensive benefit cost.

Many businesses have determined that to compete in a global economy, they must keep a lid on healthcare costs -- currently rising at twice the rate of inflation. A new Miami Herald/Watson Wyatt survey of employers in South Florida shows that they are doing this by moving employees to highdeductible health plans with lower premiums and by creating wellness programs that include everything from on-site clinics to yoga classes.

"Companies [large and small] want to provide cost-effective healthcare and give people what they need but not break the bank," said Kelli Kolsrud of the International Foundation of Employee Benefits.

As health consumers, employees are being encouraged to visit urgent-care centers instead of emergency rooms, discuss treatment costs with doctors and use generic drugs. A key goal is to prevent illness by inspiring employees to pursue healthier lifestyles, and to scrutinize medical expenses when they are needed.

Savvy companies are demonstrating how they believe that cost-conscious measures can benefit employer and employee. At least a dozen South Florida employers among 31 that completed surveys said they are considering joining Burger King and other pioneers in installing these health plans and wellness programs.

But Santiago Leon, co-chair of the Worksite Wellness Consortium for a Healthier Miami-Dade, worries that high-deductible plans discourage cash-strapped employees from seeking treatment, including preventive care.

"The thinking with these plans is for employees to have skin in the game. I think that's misguided. I think it's risky to give employees incentives to skimp on necessary care," Leon said. ``The information I've seen has found people did cut back on unnecessary care, but they cut back on necessary care, too."

PHARMACY PLAN

Burger King, which employs about 2,000 people in South Florida, launched into healthcare consumerism with salaried workers a few years ago by introducing a pharmacy plan. Each worker is given $400 a year in an account to spend on prescriptions.

"We tell our employees it's up to you, the consumer, to stretch those dollars," said Susan Kunreuther, Burger King's vice president of human resources. "If you make smart decisions, the money will go a long way." Employees' use of generic drugs increased 50 percent, the company found. "We consider that dramatic results," Kunreuther said.

From there, Burger King began to replace HMOs and PPOs for salaried employees and restaurant supervisors with a combination of high-deductible health plans and health savings accounts or reimbursement accounts. Most of Burger King's eligible workers are now in the newer plans.

During 2008 open enrollment, Blake, a director of strategy at Burger King, opted to put his entire family -- himself, his wife and his daughter -- into the high-deductible plan.

He and his employer pay a smaller premium than when he had a PPO, a preferred provider organization. And Blake builds up tax-free savings in a health savings account that he can use to pay for medical expenses or roll over to the next year and accumulate for use in retirement. Blake's plan also pays 100 percent of preventive care, such as vaccinations, mammograms and flu shots.

To buffer the initial impact of a high deductible, Burger King will deposit $500 in Blake's health savings account. Once the Blake family meets its $4,500 deductible, the insurer will pick up 90 percent of medical costs if they stay in network.

"We don't get sick that often, luckily," Blake said. ``I did the math through an online tool and took a long-term view. It wasn't just this year's medical care that I looked at, but I realized I can continue to save going forward."

Nationwide, 43 percent of corporations offer some type of what they call a consumer-driven healthcare option. Another South Florida company on the bandwagon is Fort Lauderdale's AutoNation, which introduced plan options last year, pairing them with health savings accounts.

For workers with higher-deductible plans, AutoNation puts money into their health savings accounts to reward them for getting preventive care such as physical exams or blood-pressure screenings.

"We can't change the infrastructure of healthcare, but we can try to change our own culture by making our employees informed about utilizing healthcare," said Gene Clayton, AutoNation's vice president of benefits. ``We are trying to [offer incentives] to them to be healthier."

Both Burger King and AutoNation have learned that the changes require communication and education. For employees, premiums for high-deductible plans are as much as 25 percent cheaper than those in health maintenance organizations (HMOs). For the employer, the advantage is lower premiums and incentives of as much as 15 percent lower payroll taxes.

But Leon says that even with education, South Florida is a tough market. Many are not well educated in healthcare matters, are linguistically challenged and live paycheck to paycheck.

"Even if they they have zero [financial] exposure because of company reimbursements they might be put off by any up-front costs," he said. A focus on health promotion and pre-disease intervention has the potential to reduce employers' costs more than alternative health plans, he added.

Meanwhile, employers of all sizes are closely watching employee reaction to these plans. Jill Tyson, a Burger King executive, is convinced that they are the way to go: ``When employees have skin in the game, they are better consumers of healthcare."

WELLNESS PROGRAMS

Most employers are also seeking to cut healthcare spending through wellness programs, the survey shows.

Companies are offering nutrition classes, fitness-club memberships and weight-management programs, for starters. More ambitious firms are opening on-site health clinics and having employees participate in health risk assessments and screenings.

Miami Children's Hospital has a program that awards points to workers who get a physical exam or blood test, work out at a gym or take wellness classes. Staffers can redeem their points once a year for bonuses.

FPL Group's wellness program, created in 1991, offers the company's 14,000 workers health education and assessments. Some FPL locations have exercise centers and medical clinics. Employees who complete health assessments pay lower health-insurance premiums.

FPL has also made its cafeteria offerings more nutritious. The company says its healthcare costs are rising more slowly than the national average, and it estimates that for each dollar it invests in wellness, it gets $3 back. It also claims that it has seen less sick time and greater productivity.

Even educational institutions such as Barry University are finding that offering wellness programs not only helps reduce healthcare costs, but also helps with recruiting. Any employee can attend on-campus yoga, pilates or aerobics at no cost.

Jennifer Boyd-Pugh, assistant vice president of human resources for Barry University, says that when wellness programs target at-risk employees and keep medical claims down, everyone benefits: ``Claims affect premiums and premiums affect employees when their cost share goes up. We want to be able to give employees what they want -- a quality affordable medical plan."

Miami Herald business writer John Dorschner contributed to this report.
