

Controlling Health Insurance Costs “Carrot and Stick Wellness”



Imagine that you and your fellow employees have been called into a meeting to learn about your company's new health insurance program. The company's consultant/broker begins ...

“Over the past seven years, your 40 employee company's health insurance premium has increased by \$134,000 per year. That means your employer's 75% share of the premium has increased by \$100,000. If you total the incremental increases for each of those seven years, you'll find your employer has paid out about \$200,000 in additional costs ... AND ... has received ZERO increased production ... AND ... a ZERO increase in sales. In fact, the sales situation has become ever increasingly more competitive.”

“If this trend continues, one day your employer will wake up and say ... that's it ... no more. He or she will close the doors, sell the real estate, buy a yacht, and spend forever cruising the Caribbean ... AND ... everyone in here will no longer have a job.”

“So, we're making some changes for the next year. First, we're putting in a new plan with a \$2,000 deductible. Now, before the grumbling starts, we'll show you how to escape at least \$1,500 of that deductible. Here's how it works ...”

“The first \$500 is YOUR responsibility for when and if it ever occurs. Since that higher \$2,000 deductible has a lower premium, the savings you realize on your share of the premium will offset some of that deductible (again, when and if it occurs). How you may escape the remaining \$1,500 of that deductible DEPENDS UPON what you are willing to do to improve your health.”

“For example, if you (and your spouse) take an online Health Risk Assessment your employer will pick up \$250 of the \$1,500. If you have regular wellness visits to your primary care physician, another \$250. If you're a non-smoker, another \$250. Since about 4 out of every 5 healthcare dollars are spent on chronic health conditions (high blood pressure, high cholesterol, diabetes, etc.) ... AND ... it is well known that these conditions can be managed by medication, your employer will pick up another \$250 provided you are managing the condition.”

“Are you beginning to see where we're going with this? Think about it. If you were the employer and you wanted to help your employees with these expenses, wouldn't you be more inclined to do something for them provided they were willing to do something for themselves?”

“You'll be receiving more information and new enrollment forms shortly.”

Next: How does the employer make this thing work?