

Manage health benefits costs with a multipronged approach



Many companies offer health care benefits to help ensure employee wellness and compete for better job candidates. And the Affordable Care Act has been using both carrots and sticks (depending on employer size) to encourage businesses to offer health coverage.

If you sponsor a health care plan, you know this is no small investment. It may seem next to impossible to control rising plan costs, which are subject to a variety of factors beyond your control. But the truth is, all business owners can control at least a portion of their health care expenses. The trick is taking a multipronged approach — here are some ideas:

Interact with employees to find the best fit. The ideal size and shape of your plan depends on the needs of your workforce. Rather than relying exclusively on vendor-provided materials, actively manage communications with employees regarding health care costs and other topics. Determine which benefits are truly valued and which ones aren't.

Use metrics. Business owners can apply analytics to just about everything these days, including health care coverage. Measure the financial impacts of gaps between benefits offered and those employees actually use. Then appropriately adjust plan design to close these costly gaps.

Engage an outside consultant. Secure independent (that is, non-vendor-generated) return-on-investment analyses of your existing benefits package, as well as prospective initiatives. This will entail some expense, but an expert external perspective could help you save money in the long run.

Audit medical claims payments and pharmacy benefits management services. Mistakes happen — and fraud is always a possibility. By regularly re-evaluating claims and pharmacy services, you can identify whether you're losing money to inaccuracies or even wrongdoing.

Renegotiate pharmacy benefits contracts. As the old saying goes, "Everything is negotiable." The next time your pharmacy benefits contract comes up for renewal, see whether the vendor will do better. In addition, look around the marketplace for other providers and see if one of them can make a more economical offer.

There's no silver bullet for lowering the expense of health care benefits. To manage these costs, you must understand the specifics of your plan as well as the economic factors that drive expenses up and down. Please contact our firm for assistance and additional information.