

As Healthcare Costs Soar, Wellness Programs Are Focus

By TERESA M. McALEAVY - STAFF WRITER

Human resources professionals can expect to spend plenty of time in 2007 working on ways to save their companies on health care costs.

Just as they did in 2006, and every year since 2000, when double-digit cost increases began to take a toll on the bottom line.

And even with health care industry increases in recent years being more moderate, dipping to somewhere in the 7 percent to 8 percent range, employer health care costs for 2007 still will have doubled since the start of the decade.

"The result is that companies are not only asking employees to pay more, with cost-shifting, but they're also asking employees to be healthier," says Michael Dermer, CEO of IncentOne a Lyndhurst-based company that helps employers develop incentive programs for employees.



With the Kaiser Family Foundation's annual survey of employer plans putting the average cost of a family health insurance plan at \$11,480 for 2007, employers are trying to rein in expenses.

In some cases, workers are being asked to contribute more, or even foot the entire bill for health coverage. More companies are turning to Health Savings Accounts, which can be employer or employee funded, or both, and then can be used for covering the low-fee, high-deductible health premiums attached. Anything left over is owned by the employee and can be invested or rolled over each year into a nest egg,

something like a (401)k.

Another wrinkle in trying to save on health care premiums has some organizations offering employees perks to stay or get healthy. Dermer says a big chunk of his business involves helping companies woo their workers into using the gym and wellness programs that employers shelled out for years ago.

Take the free smoking cessation class, a cholesterol test or a regular trip on the treadmill and you'll accrue points toward a company-funded shopping spree. Or maybe even a trip.

"Companies had put in all these great tools to get employees healthier and found that not too many people used them," says Dermer. "That's why we exist, to help change that behavior, because more and more, the road to wellness is starting at the office."

And considering that McKinsey has forecast that by 2008, major U.S. companies will spend as much on health care on average as they make in profits, it isn't an issue that's likely to take a back seat for human resources professionals anytime soon.

"Health care is an awful issue," says Dorothy J. Stubblebine, a member of the state chapter of the national Society for Human Resource Management. "Some businesses are saying it's their No. 1 concern."

Stubblebine says a lot of companies are offering employee incentives similar to those Dermer describes.

"They thought their job was done after they put in programs to stay healthy or get healthier," Stubblebine says. "Their job was not done. They found they really had to make it a partnership with employees, include them in part of the decision process to get them to use the services."

And considering the cost of treating illnesses, she and Dermer say it's not surprising that larger organizations are willing to offer employees freebies to stay healthy.

The U.S. Centers for Disease Con-

trol and Prevention, for example, estimates that companies spend \$3,856 per smoker each year in direct medical costs and lost productivity.

The Journal of Occupational and Environmental Medicine tallies the annual per employee cost of hypertension to be \$392; heart disease, \$368; depression, \$348; and arthritis, \$327.

"Costs have really been out of control, and employers are really trying to use all kinds of innovative things to help employees stay healthy," Stubblebine says. "But whether it's gift cards or a trip to the toy store for an employee with children, you really have to include the employees. You have to ask them what they want."

One of the most innovative and suc-

Sick at Work

- ▶ Every employee who gets a flu shot saves a company \$60 each year. (*The New England Journal of Medicine*)
- ▶ Wellness programs have a median return on investment of more than \$3 for each \$1 spent. (*U.S. Department of Health and Human Services*)
- ▶ A survey of CEOs from 150 large U.S. companies found that 80 percent think incentives are the most important tool for reducing health care costs. (*PriceWaterhouseCoopers*)
- ▶ Companies spend \$3,856 per smoker each year in direct medical costs and lost productivity. (*U.S. Centers for Disease Control and Prevention*)
- ▶ Obesity-related disabilities cost employers an average of \$8,720 per claimant per year for wage indemnity. (*UnumProvident*)

cessful programs aimed at keeping a healthier workforce that she ever heard of was one in which workers were asked to report health care billing errors to the human resources department.

"If employees found a mistake on a bill, the company split the difference with them," she says. "It was a wonderful idea." ■

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