



Employers have no control on their rising Health Insurance Premiums – WRONG!

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Fact: Health Insurance Premiums have increased 59% since 2000 compared with inflation growth of 9.7% and wage growth of 12.3%. The average group health insurance premium in 2004 was \$3,047 per employee or nearly \$1.50 per hour and \$7,944 or nearly \$4.00 per hour for a family according to the Kaiser/HRET Survey of Employee-Sponsored Health Benefits 2004.

If you do not have a long-term strategic plan for moving your employees into a conscience healthy life style and working with those employees who are currently involved with one of the big 4, diabetes, hypertension, hyperlipidemia, or digestive (GERD) *you could be looking at another 59% by 2008 or \$4,844.73 per employee (\$2.33 per hour) and \$12,630 per family or \$6.07 per hour!*

Many companies look to the health insurance companies to be proactive about their employees health and they are. However, the employer, with the help of the group benefit agent is the one that needs to keep the subject front and center.

Think about how the insurance companies look at this subject

If the premium per employee is \$3,047 per year and \$7,944 per family per year, the insurance company does not really have an invested interest in the individual insured until they have exceeded this cost (less administrative fees and broker commission).

There is a statistic that says 70% of Americans spend \$500 or less in healthcare in any given year. There is another statistic that says **obesity** and **smoking** are the two biggest threats to our healthcare. We all know these two conditions do not create health conditions overnight. They slowly eat away at a vital organ or two and eventually drive a big dollar event into the healthcare system.

Our goal as an employer is to educate our employees and avoid a “Big Event”.

We also know that when a “Big Event” occurs, the rates are driven up for the entire company. It is in all our best interest to “drive” a healthy lifestyle within our organizations.

Think about auto insurance – the insurance company looks at the driving record of the person they are about to insure. They factor in age, moving violations and wrecks. Translate these



same factors to the healthcare side of the equation, age, medications, and medical history. This is how group premiums are determined.

If we, as employers, can creatively get our employees to pay attention to their responsibilities to their personal healthcare, to realize they have responsibilities, then we can begin to curb the premium climb. What are these responsibilities?

- An engaged consumer that maintains good health, takes interest in their health record and is responsible for their personal health challenges
- A consumer that pays something towards their healthcare
- A consumer that makes reasonable decisions about cost when relying on others to pay for their careⁱ

This does not have to be a “baseball bat” approach. In one company it simply meant eliminating the chocolate candy and doughnuts. In another, it meant encouraging and actually putting an incentive for employees to stop smoking. In still another it meant structuring the deductible to reward those who lead a healthy lifestyle of annual physicals, not smoking and proportionate height and weight.

You must involve your HR department through this planning. There are HIPAA considerations that come into play. There are ERISA considerations that also need to be considered. However, do not let these dissuade you. If you do not address this issue, you will be using a “baseball bat” or worse – you will find your company unable to afford health insurance and then unable to attract top talent.

No matter the size of your organization, we need to put the subject front and center. It is the key to long-term health insurance premium cost control. Depending on size of an organization will depend on how a company would approach the subject. Make no mistake, every employer needs to proactively involve their employee population in their health and healthcare choices!

ⁱ Newt Gingrich from his book *Winning the Future*

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