

## How Fire Districts Can Save Money without Reducing Benefits

By David Spellicy, Benefit Commerce Group

The statistics are staggering: **Healthcare costs for a family of four are projected to exceed \$20,000 this year.**

*(This includes health insurance premiums plus out-of-pocket costs, based on annual Milliman Medical Index).*

**An average family's income growth from 1999 to 2009 was largely erased by increased healthcare costs. If healthcare costs had tracked with the Consumer Price Index, instead of escalating far higher, the average family would have had \$5,400 more each year to spend.**

*(RAND Corporation study)*

So, how are Fire Districts going to be able to save money without just passing on costs to employees?

The only way to save on healthcare costs is to get at the core issues that drive healthcare spending. That means establishing a strategy that will work for the Fire District this year and for the long term.

It means using established **"best practices"** that are proven to lower healthcare costs, including:

- Consumer-driven health plan enrollment, with premium savings used to fund employee health accounts
- Annual biometric screenings
- Health risk assessments
- Disease management
- Health advocacy programs
- Healthy lifestyle programs
- Premium differential for tobacco use vs. non-tobacco use
- Employer-sponsored health events

Comprehensive programs that include these features are able to lower costs for the district without reducing benefits to employees. Not only does this type of comprehensive program save money, but it also can improve health; it's the right thing to do for Fire District employees.

### ***Wellness Program Savings Can Now Be Quantified***

When wellness programs began many years ago, it was difficult to quantify their value. However, there are now programs that can show, in dollars, how these efforts actually save money on health plan premiums. In fact, for Fire Districts with 50 or more full-time employees, there are programs available that guarantee premium savings when consumer directed plans and comprehensive wellness strategies are implemented. These programs measure and provide credits based on the level of employee engagement and participation.

### ***Medical Cost Comparisons/Estimators***

By giving employees and their families a reason to care (consumer directed plans with Health Savings Accounts or Health Reimbursement Accounts) and information to make informed decisions (cost comparisons/estimators), we can control healthcare costs. All of these programs are available today, and the data that proves the programs work just keeps increasing.

Today, many of the top insurance companies include cost estimators on their websites. Employees can compare costs for specific procedures from various medical providers. Many consumers wrongly believe that the cost is the same, as long as they stay within their designated Preferred Provider Organization (PPO). That is not true. The differences can be thousands of dollars, even within the same provider network and the same city.

In addition to detailed cost information, quality of care measures for doctors and/or facilities are readily available.

Doing your homework does save money and improves quality outcomes in healthcare...just like everything else in life.

After all, few of us take our cars in for maintenance or repair work without finding out the cost before the work is done. Why should we be more cost-conscious for our cars than for ourselves?

*David Spellicy is Vice President, Senior Benefits Consultant at Benefit Commerce Group, LLC, an award-winning Scottsdale, AZ based employee benefits firm with over 25 years of experience.*