



Corporate Exposure: Dealing with Health Care Costs

Harry P. Mirijanian

Health care costs in 1992 are expected to exceed \$817 billion; that figure represents approximately 14 percent of our gross domestic product. Employers will spend an average of \$12,000 per employee to provide health care coverage. Hospital expenses and physicians' bills account for 50 percent of these costs. New procedures and technological advances are responsible for some of the rising health care costs.

Some fundamental causes for increased costs, however, are often overlooked. Similar to all sound risk-control management programs aimed at curtailing or eliminating any key risk-exposure, to produce results you must involve yourself in a complete spectrum of activities working in conjunction *with the employee*.

Policy Review

Coverage issues are important and will affect your costs. Health policies should be reviewed and modifications made to be certain the coverage offered is meaningful, appropriate, and cost-effective in today's environment. In the 1970s and 1980s, for example, it was believed that full reimbursement for outpatient surgery would be an effective cost containment measure. However, many hospitals and doctors responded by charging more for outpatient surgery than for inpatient procedures. Today's approach suggests reimbursement/coverage should be treated the same for both outpatient and inpatient services. We have noted many policies that still contain a reimbursement differential. Reviewing coverage to be certain your plan meets your workforce needs in today's environment is important to offsetting expenses.

Claims Management

Another area needing constant review

is claims management. Claim forms are not being completed properly by the employee, physician, or medical provider. As a result, medical bills are often miscalculated or presented for payment in duplicate, yielding overcompensation. Audits of all claims and processing procedures are strongly suggested.

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The Employee

Obtaining employee involvement and commitment is perhaps the most overlooked of all risk control management principles. Organizations believe that raising deductibles, requiring mandatory second opinions on elective surgery, pre-admission certifications, and the like are sound ways to guarantee employee involvement.

Wrong. Education and training are the only effective ways to promote interest in management issues. Educating employees on health effects associated with stress, high blood pressure, AIDS, obesity, cholesterol, alcohol, smoking, and sedentary lifestyles will produce the single greatest return on your investment. As recent general population surveys have indicated, more individuals have moved away from serious exercise programs. Blame the econo-

my, daily lifestyle stressors, or whatever you wish, but the fact is simple: We seem to have less time, and possibly less desire, to exercise. The "no pain, no gain" philosophy may be partially responsible for this decline. This attitude is also affecting the youth of America, since by all measurement standards our children are less fit than at any time in our history. This condition necessitates additional liabilities and funding requirements for the future.

Fortunately, a recent study has indicated that those who engage in rigorous exercise schedules and those who enroll in less strenuous programs have closely aligned results or benefits. Simply taking a stroll a few times a week can prove beneficial in reducing cholesterol and high blood pressure.

Gaining Employee Commitment

The message is clear: Without getting employees involved—and earning their commitment—in assisting management in controlling rising health care costs, little impact will be realized. As noted through all my columns, management cannot try to regulate risk reduction and cost control efforts from the outside in; rather, it works from the inside out. All the legislation in the world will not provide the same impact or have as great an effect on reducing costs as having the employee internalize management's objectives and then begin practicing them in daily life and family structure.

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