



For HR and Benefits Leaders

By Mike Critelli

HR and Benefits departments of large, self-insured employers, struggle to bring healthcare costs under control. To those of you on the front lines, we express our deepest sympathy and admiration for what you are trying to accomplish. What are some of your common challenges?

You are repeatedly on the "Boulevard of Broken Dreams."

Every year, surveys done by benefits consulting and survey firms indicate that employer benefit plans are repeatedly disappointed at the gap between what vendors promise and what they deliver. Why are healthcare costs not getting under control? Why do the wellness and disease management programs have such poor participation? Why is there so much dissatisfaction expressed with certain well-intended programs and capabilities on which so much good work has been done?

We want to share some observations that might help you think through the challenges with which you deal:

Securing broad-based engagement to building a culture of health requires a CEO-level commitment and engagement. You cannot do it alone.

So much of what matters to maximizing the health of your workforce is outside your control. You do not have responsibility for most elements that affect the daily work environments of the employees whose healthcare budgets you manage. The facilities and administrative services groups determine the physical environment and the food services that are offered. The leadership of the lines of business and the staff functions creates the environment that either energizes or demoralizes your employees.

You are operating in a marketplace with all sorts of built-in conflicts within your vendor organizations:

- Your benefits consultants are trying to increase their revenues with products that often compete with those of the vendors they are helping you evaluate.
- Unless you change third party service pricing to performance based fees, you will find yourself paying for potentially great services relatively few people in your organization use, a substantial risk of a pure per member-per month pricing system.
- Health plans hoard the data they collect, especially the claims data. It is their source

of “stickiness” with your company. You are in charge of that data. Any asset, such as your employees’ health claim data, that your employees or you do not control is an asset that locks you into a provider. You and your plan members should control it and should be able to take it to the next health plan administrator, the next provider, or, in the case of the employees, the next job or stage in life.

Trying to market health or wellness programs as good in their own right is likely to secure only those individuals who would have taken care of themselves anyway.

The biggest mistake we make in trying to promote health and wellness programs is that most individuals do not aspire to be “healthy.” They aspire not to be sick or injured. They do not understand what optimal health might be. Therefore, marketing a program on the basis of its ability to optimize “health” is very challenging.

For most people, optimal health is not an end in itself. It enables people to achieve other goals.

Health plans, as administrators, may have different cultures from yours.

Highly regulated health insurance companies develop elaborate compliance processes and strongly risk-averse cultures. As highly visible political targets, they tend to be unable to move particularly quickly to adopt new technology or to find new opportunities. Although they have more freedom of action as the administrator of self-insured health plans than they do as a state-regulated health insurance company, their way of doing business is heavily driven by the state health insurance regulators.

What does this mean?

- Health plans that offer ancillary services will offer them in a highly structured way consistent with a highly regulated insurance culture, as opposed to a company culture offering coaching and counseling services. Coaching and health management require a highly personalized approach to be effective, but health insurance plans have great difficulty permitting personalized interactions.
- Health plans rely heavily on FDA applications and medical devices, to protect themselves from legal liability, even if these applications and devices are more expensive, harder to use, and less integrated with their health information systems.

- Whereas your employer-provided reward and incentive systems should be integrated with the health plans your third party administrators offer, they usually are not integrated, or, if there is integration, the flexibility built into these plans is lower than what would be available if you contracted with a provider not administering your regulated health plan.

Be particularly wary of per member/per month fee structures.

Many vendors offer per member/per month fee structures. This is risky, particularly when the vendor has to staff a support organization based on the volume your organization provides. There is a strong bias toward failing to promote usage of the service, since more volume means lower profits. To the degree that a vendor organization has profit maximization goals, the fixed per member/per month fee is an invitation to shrink the intensity of usage.

You particularly have to be careful when increased usage increases vendor costs and reduces yours at the same time. The misalignment with the vendor almost insures that one or both of you will be unhappy and the patient/member will be served poorly.



Dossia - Empowering individuals to change health and healthcare

Dossia is an employer-led organization dedicated to improving health and healthcare in America by empowering individuals to make good health decisions and become more discerning healthcare consumers. Backed by some of the largest, most respected brands in the world - Applied Materials, AT&T, BP America, Inc., Cardinal Health, Intel, Pitney Bowes, sanofani-aventis, Vanguard Health Systems, NantWorks and Wal-Mart - Dossia's founding member companies have united under the common vision of changing healthcare.

The Dossia Health Management System makes individuals' aggregated health data actionable with customized applications brought together on a single intelligent platform to deliver personalized, data-driven solutions that enable users to get more value from healthcare spending, better manage chronic conditions and pursue a healthier lifestyle. Dossia integrates game and social dynamics, incentives and targeted messaging to foster sustained engagement and health behavior change, thereby offering long-term value to employers as well as their employees and families. Far too often employers overspend on health benefits for which they realize little value. The Dossia Health Management System is the solution for innovative employers that aim to rationalize their health benefits spending while engaging their employees as true partners in achieving high value healthcare.

For more information, visit www.dossia.org.

