



## CAN PROXUS REDUCE MY BENEFITS COSTS?

Yes, but the solution would involve doubling the co-pays, deductibles and out-of-pocket maximums of your current medical plans. Even though the employer can obtain lower costs short-term, the cost of higher employee turnover and lower employee morale may be much greater in the long run.

The truth of the matter in answering “yes” is a gross oversimplification of the significant external market and internal corporate dynamics that impact the rising costs of healthcare for employers.

The cost of all employee benefit payments as a percentage of payroll averages around 40%, yet employers continue to fail to devote enough time to developing a cost-effective strategy for managing employee benefits programs in a manner that is both responsive to the needs of employees and corporate financial objectives.

Both employers and health plans play a key role in reducing costs, and the following indicates a few things each are doing:

### Health Plans

According to a report conducted by Provizio, a competitive and marketing intelligence firm, educating employees was the primary action that health plans were taking to reduce overall health costs. Such education campaigns included information on when to seek health care and methods to lower health care expenditures. The second most common tactic was providing more self-directed options, such as being able to select different types of health care programs. Other efforts by health plans include disease management programs (18%) and third-party administration (9%).

### Employers

According to the Provizio report, some of the strategies that employers are considering to control costs include:

- Consolidating health plans (46%)
- Creating pharmacy caps for specialized medications (9%)
- Implementing disease-management and case-management programs (27%)
- Investing in automated benefits functions for employees (9%)
- Using benefit administration companies (9%)