

Shifts in Health Care that Affect Your Business



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When someone says “Affordable Care Act” (ACA), most business owners immediately focus on three things: expanded coverage, increased costs and more paperwork. While those issues are real for businesses, there are other, subtle issues that, if ignored, can create additional headaches.

Changes to the health care landscape are nothing new. In fact, some of the shifts identified for 2017 have been brewing for several years as the health care environment continues to feel the ripple effects of the ACA. Here’s a closer look at those shifts and how ADP TotalSource® can help you navigate them.

Understanding the Key Shifts

- 1. Key cost influencers continue to point to higher rates.** As insurance companies continue to implement the ACA, the effects of the legislation are becoming clear: costs are increasing. Key indicators, such as trend (the amount health care costs increase each year) and utilization, are going up, which leads to higher rates for businesses and their employees. Added to this are benefits mandated by the ACA (including fully paid preventive care, no lifetime coverage limits, and essential minimum coverage), which also result in higher plan costs.
- 2. Carrier consolidation reduces competition and may reduce innovation.** The remaining national insurance companies have announced mergers in an effort to increase their market share. While those mergers are being challenged by the Department of Justice (DOJ), they will still have an impact on health care administration, regardless of the outcome. If the mergers are approved, there will be fewer options for providing health insurance. This reduction in competition could mean an increase in costs. These newlywed companies will need to shift their internal resources to administration, potentially reducing their investments in innovation. Until the outcome of the mergers is clear, it is safe to assume these companies will be focusing their resources on winning the DOJ’s case.
- 3. Large carriers are exiting the health care exchanges, making them less attractive in some regions.** In 2016, large carriers like Aetna, UnitedHealthcare, Humana, and Blue Cross Blue Shield announced plans to exit exchanges in some states in 2017 - as did other local and regional carriers. While new carriers are entering the exchanges, their plans and networks don’t have the same national presence as the large carriers. Some states and counties will still have a wide choice of exchange-based health plans for 2017, but other counties will be limited to only one carrier.
- 4. A popular strategy for lowering costs is to use narrower networks.** Insurance companies continue looking for ways to keep their plans affordable. One approach being adopted by more carriers (and available through ADP TotalSource in some areas) is to drive care to a narrower group of providers. This reduces premiums because providers understand the potential to see more patients when they are one of a handful of choices for employees. This strategy may - or may not - work for your business. While the premium costs for these options may look attractive to your business’s bottom line, they may not meet the short-term needs of your employees and the long-term needs of your business. This is especially true if you have employees working throughout a region or nationally.

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5. **Employers are looking to their employees to "own" their health.** As companies look for ways to keep health care costs reasonable, they're increasingly turning to employees to own their health and proactively manage it. That means getting regular preventive care, getting adequate exercise, and managing chronic diseases - all designed to keep small health care issues from becoming larger, more expensive issues. And increasingly, employees are accepting that responsibility. The rise of consumerism, brought on by high-deductible health plans (which increase employee awareness of costs) is helping employees link their health to their health care costs - and helping employees understand they own the issue. Employees can't go it alone; they need and want help from their employers and health care plans. Is your company prepared to provide what your employees need to own their health care?

Strategies to Help You Navigate These Shifts

Working with ADP TotalSource, there are several steps you can take to ensure your business is "fit" to navigate these ecosystem shifts in health care.

- **Capitalize on the strength and sustainability of a Fortune 500-caliber health care plan made available through your ADP TotalSource, Inc. Health and Welfare Plan.** The Plan offers employers and worksite employees competitive plan designs, strong national networks, and a competitive price. This gives you the ability to offer plans that are similar to those offered by larger companies. That's important when you're competing for talent and if you have employees or candidates who are currently using an exchange to buy coverage. There may be fewer carriers available to them, and they may find the remaining plans have too many network or coverage limitations. These employees will look to you, as their employer, for appropriate alternatives. As a partner with ADP TotalSource, you offer strong medical plans that can help you weather carrier shifts, as well as help you recruit and retain key talent.
- **Help your employees use their medical plans wisely.** Work with your ADP TotalSource team to educate your employees about using their medical plans wisely to get the right care at the best cost. That can help reduce employees' out-of-pocket costs as well as longer-term increases in premiums - a win-win for you and your employees.
 - **Use the emergency room (ER) for true health emergencies only, and use the doctor's office, urgent care and 24-hour nurse line for everything else.** Employees often resort to emergency rooms for more routine care, which drives up costs because ERs provide the most expensive care available. An urgent care center, a doctor's office or a 24-hour nurse line often can provide the right level of care at a fraction of the cost. In addition, your employees will typically spend much more time waiting in an ER for care (because cases are seen in the order of severity, so those with routine cases may wait for hours to see a doctor). If it happens regularly, this may decrease your productivity by causing employees to take more time off work than if they had gone to the doctor's office or urgent care.
 - **Use generic medications when available.** Generics have the same key ingredients as their brand-name counterparts - for a fraction of the cost. This is an easy way for employees to save money and still get quality care.
 - **Use in-network providers for care.** In-network providers cost employees less because out-of-network providers charge the plan more. Encourage employees to select the appropriate plan, with the right in-network providers for their care, during the Open Enrollment process.

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- **Encourage consumerism and wellness with the right programs.** The best way to control costs is with healthy employees who are smart consumers. If you haven't already, be sure your employees know the resources that are already available to them - on the MyLife@MyTotalSource website, through their health plans, and in their communities - and help them understand the power these programs bring in helping them become better health care consumers. As consumerism and individual ownership of health continue to grow, ADP TotalSource is continuing to investigate and introduce new plans, tools and programs to help employees enjoy better health and spend less on health care. The right communication approach can ensure your employees know how to use their health care options. ADP TotalSource offers a variety of communication solutions, including in-person meetings, virtual meetings (ideal for geographically dispersed groups), personalized smart-video technology, mobile apps, and a friendly benefits education website for employees and their families.
- **Empower your employees to own their health.** When employees own their health, they can help you reduce your medical plan costs. To do that, they need your help. Encourage annual preventive care as a way to catch issues while they are still small and easy (and often less expensive) to treat. As part of the ACA, regular preventive care is provided at no cost to participants, as long as they use in-network providers. Highlight your health plan's programs to help manage chronic diseases, such as diabetes and heart disease. Proactively managing these health issues can reduce your overall health care costs. Promote fitness and exercise through regular company challenges/competitions, sponsoring teams in local walk/run events, and encouraging onsite events (such as lunchtime walking clubs). Finally, encourage your employees to take advantage of the wellness benefits provided by their medical plan carrier. These small steps can help keep your employees healthy.

Talk to your ADP TotalSource Human Resource Business Partner (HRBP) about how these ideas can help you control your health care costs in 2017 and beyond. Completing the 2017 Organizational Fitness Survey gives your HRBP insights into what benefits strategy issues you are considering as you head into 2017. If you missed taking this survey along with the Employee Benefits Satisfaction Survey in September, you and your employees will have another chance to take the surveys in January 2017. Talk about career goals. First, it's important to find out if a high-potential employee is interested in management or leadership. People shouldn't feel pressured into these roles, but rather it should be something they would enjoy doing. If someone turns you down, that's OK. Keep checking in with them to see if their goals change as they mature in their job. There's always room for a great employee, even if they don't want to manage or lead.