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EMPLOYERS EYE INNOVATIONS TO CHEAPER, BETTER HEALTHCARE

Self-insured employers have new options on the table to cut healthcare charges: actually paying true cost and global benefits programs.

With the economic slowdown, cutting healthcare costs is even more important for employers. Two innovations offer solutions outside of cost-shifting and dropping coverage for self-funding companies that still would like to provide cheaper but top-notch benefits to their employees.

One option is to get healthcare providers to charge what medical services actually cost. We're talking transparency on the true costs of delivering medical care—not transparency on what providers charge, which some insurers now offer.

"If you work in the industry, they're cloaked in confusion," said Lisa Jamsen, vice president of product development at technology solution provider National Care Network LLC, about delivery costs.

But National Care Network has produced a solution that accesses publicly available data to pull back the shroud. And it's not pretty. Jamsen said that the difference between what providers charge employers and actual costs can range from 200 percent to 700 percent. She's even seen 1200 percent. (And she noted that uninsured Americans are charged even more.)

One Dallas hospital, according to Jamsen's data, charges \$72,556 for a knee replacement, yet the true cost is \$14,378. At another Dallas facility, the charge for an outpatient chest X-ray is \$290, the cost is \$47.

The ultimate goal of the National Care Network system is to create a "blue book" for healthcare and work with self-insured employers and third-party administrators to create networks of providers willing to charge based on costs. In fact, said Jamsen, the company is already working with some employers and has had success in getting providers to lower their bills.

How? Leverage comes with this transparency, according to Jamsen. Plus, employers in such a system would not pay cost; they would pay a certain rate above cost that ensures "rational reimbursement," profits for the providers yet ultimate savings for the employers.

Self-insured companies could also apply leverage to healthcare providers by sending workers someplace else for care. That's a large part of the premise behind another innovation—a medical travel program.

William McKelvey, president of AMF Risk Management Solutions, has the



NEW ZEALAND is one country employers trying to lower healthcare costs might want to look at as the concept of medical travel to reduce costs becomes more in vogue.

sense that the U.S. healthcare system will not improve until foreign competition comes in. AMF is an underwriter of group medical stop-loss insurance but is also in the process of launching a health plan option for employers that features international medical travel.

Even after shipping an employee and a partner as far as Southeast Asia or New Zealand, employers could save versus U.S. healthcare—as much as 25 percent to 75 percent on regular ticket items—and as much as 90 percent on high-dollar procedures such as bypasses, according to Dr. Veerachat Petpisit, deputy marketing director, Bangkok Hospital Medical Center.

"Here's why employers have to look and here's why the product will not go away," said McKelvey about price. "The differences are just too great."

McKelvey added that he doesn't expect U.S. doctors to like what he's doing, though he hasn't gotten any bomb threats yet.

Jamsen, McKelvey and Petpisit spoke at sessions during the 28th annual National Educational Conference of the Self-Insurance Institute of America Inc, which took place in early October in Phoenix.



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222 West Las Colinas Boulevard, Suite 1500, Irving, Texas 75039
(800) 499-9708 www.ncnelink.com marketing@ncnelink.com