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## Providing Health Benefits on a Budget

### Wellness Programs, Screenings and Other Services Can Help Small Firms Rein In the Rising Cost of Care

By SIMONA COVEL and KELLY K. SPORS

Spiraling health-care costs have forced many small employers to reduce the benefits they offer—or, in some cases, eliminate coverage altogether.

And there's no end in sight. Health-care costs for U.S. employers are expected to rise almost 10% in 2008, according to a recent survey by PricewaterhouseCoopers of more than 500 employers and health plans.

But small companies do have options for keeping costs in check while still providing benefits and services to employees. Here are some to consider:

### Discounts for Healthy Living

Employees with healthy lifestyles typically end up incurring fewer health-related expenses. But small companies often don't have the resources to bring in programs like cholesterol screenings and smoking-cessation classes.

So some insurers are offering to do the screening work as part of an insurance plan, with no additional cost.

Principal Financial Group Inc. is one of a handful of insurers offering a program designed for small companies that aren't self-insured. The program can cost as much as 5% less than traditional insurance plans, though it varies by company demographics and location.

Workers submit to a voluntary screening, which can take place in their own workplace, and are given a point value based on factors like smoking status, body-mass index and blood pressure. People with higher scores are rewarded with lower insurance co-pays and deductibles.

The program is designed to appeal to companies that don't have the staffing or resources to bring in health screeners on their own. It's an easy-to-implement package that doesn't require much work on the part of a company's human-resources department.

### Online Wellness

Wellness plans don't have to involve pricey screenings. A growing crop of programs are available online.

One comes from My Wellchoice+ of Boise, Idaho. Users log on to a Web site, [my.ephit.com/mywellchoice](http://my.ephit.com/mywellchoice), for customized nutrition advice, meal-planning tools and fitness plans.

Small companies can enroll directly through My Wellchoice+ and pay about \$3 per employee per month. The program also is available through benefits providers like Alt Benefit Consultants Inc., of Fort Worth, Texas, which roll them into health plans.

To get employees to log on, the program provides incentives. Users earn points for completing goals, and one company, DataPath Inc. of Little Rock, Ark., converts the points into cash, which employees can put toward benefits costs or tack onto a paycheck. President and Chief Executive John Robbins Sr. says the tech company periodically checks with participants to go over their conversion from points to dollars.

He says a few of the firm's 70 employees have lost as many as 40 pounds using the My Wellchoice+ program. Those results, Mr. Robbins hopes, will lower claims costs down the road.

### Flexible-Spending Debit Cards

Flexible-spending accounts allow workers to pay for medical expenses that aren't covered by health insurance with pretax dollars. But while FSAs have been around for a while, small companies often are hesitant to adopt them because of the paperwork involved—including processing receipts submitted by employees and issuing checks.

Now, specialized debit cards are making FSAs easier and more efficient for small businesses to administer, says John Carnevale, president and chief executive of benefits provider Sentinel Financial Group in Reading, Mass.



Courtesy of the Company

DataPath employees participate in the company's wellness program

Employees can use the cards to pay for co-pays or over-the-counter medication not covered by their insurer. The money is automatically deducted from the pretax funds people have set aside.

The cards typically cost \$1 or \$2 per month per card, but some FSA vendors package them into their offerings, Mr. Carnevale says.

## Care Advocates

Human-resources staff at small firms is often responsible for everything from billing to insurance planning. So people may not have the time or qualifications to answer employees' questions.

That helps explain the growth of Health Advocate Inc., a Plymouth Meeting, Pa., firm that serves as a health adviser to companies, mostly small and midsize ones. A Health Advocate adviser will help an employee with questions about claims, treatment options or help locating doctors. The service costs \$1.50 to \$5 per employee per month, depending on the number of users.

Denise Angleman, a senior vice president at NIA Group LLC, a Paramus, N.J.-based insurer, says that since her company began using Health Advocate, employees no longer go to human resources with claims issues—which frees up the department to handle other tasks.

## Disease Management

One employee's extended hospital stay or major health complication can be a huge financial burden for a small company with limited financial resources. To prevent such expenses, some small businesses are installing disease-management programs staffed by nurses who work with employees to better manage and treat their chronic illnesses.

Big companies have used such programs for a while. But smaller firms are now finding that the programs help workers reduce health complications, which leads to lower long-term health costs.



Courtesy of the Company

Hydrite human-resource manager Monique Miller (left) and benefits coordinator Elizabeth Linder with the company's wellness giveaways

Hydrite Chemical Co., a Brookfield, Wis., industrial chemical maker and distributor, spends about \$2 a month per employee for a disease-management program through a third-party vendor. The program staff uses claims information to identify employees with at least one of six chronic

conditions, including hypertension and diabetes. Nurses then call and write to those employees and offer to work with them to make sure they are seeing a doctor and taking medication and other steps to relieve symptoms.

The challenge has been getting people to participate. About 130 of the company's 600 employees have been identified as having a chronic condition. But, so far, only roughly 30% of those employees have participated, the company says.

## Nurse Hot Lines

Unnecessary emergency-room and urgent-care-center visits by employees are an expensive cost to employers. So some companies are encouraging workers with minor medical issues and questions to call a nurse first.



Courtesy of the Company

NurseLine's Bryan Nelson, RN, in the company's Bloomington, Minn., office

OptumHealth of Golden Valley, Minn., offers a program called NurseLine, where employees can call a toll-free number 24 hours a day to talk with a registered nurse about any health-related issue—from figuring out whether a child has an ear infection to finding an appropriate doctor. The program, which is sold through insurers and benefits administrators or to businesses directly, costs about \$1 per employee a month.

## Purchasing Cooperatives

Small companies don't have the bargaining power with insurers that large companies often do. But they get it by banding together in health-insurance purchasing cooperatives.

Small firms are pooled together to get better insurance rates or more plan options. Each cooperative is structured differently and whether it offers better insurance rates than businesses could get on the open market often depends on local insurance-underwriting laws.

HealthPass, a cooperative for New York City businesses with one to 50 employees, offers members a choice of 35 health plans. Though the insurance itself isn't discounted, HealthPass members get extras, such as free access to health-insurance consultation and dental benefits they otherwise wouldn't be eligible for or would have to pay a lot for on their own.

HealthPass members also can allow employees to choose between the plans that the cooperative offers, instead of having a single one-size-fits-all plan.