

Handbook: Maximize Healthcare ROI

5 steps to increase your
returns. A handy guide for
the new-age HR.



loop



Why you need this guide

If you handle your firm's talent development and health care benefits, you've no doubt noticed that the **health care costs are steadily increasing** year over year at rates exceeding inflation and the pace of overall economic expansion. And this trend, unfortunately, is expected to continue.

The latest data shows that in India, the rate of **medical inflation stands at 15% per annum** compared to **6-7% overall inflation per year**.

This spending increase was attributable to not just price increases but also utilization of health care services. Price increases for administered drugs, emergency department visits, and surgical hospital admissions were particularly significant.

It's these increases that make your choices while **selecting an annual benefit** offering super important!

Here are the 5 steps in a nutshell →

Step 1:

Put a spotlight on employee health.

Step 2:

Learn how to deal with the increasing healthcare costs.

Step 3:

Make sure you are getting more than what you pay for.

Step 4:

Talk about the benefits to employees.

Step 5:

Accurately measure your ROI.

Step 1

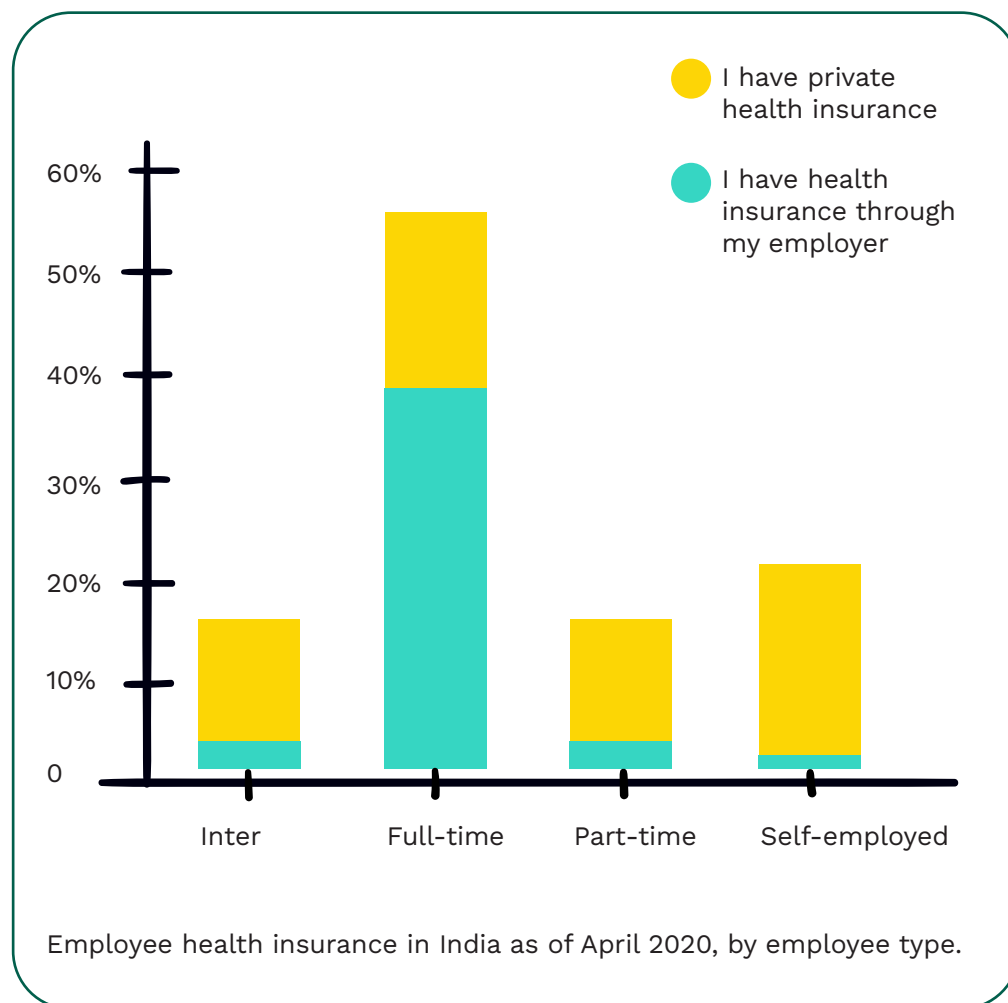
Put a spotlight on employee health

TL;DR

- Bad employee health is bad for business.
- Offer wellness programs, encourage vacation time, promote preventive health, focus on mental health, and provide employee assistance programs to ensure your employees are healthy.

Everyone is talking about employee health so much. But what is it?

Employee health encompasses the physical and mental status of your employees. It can cover illness and wellness in the same breath. When we talk about health, physical health comes into mind first, but mental health is just as important. And bad physical health can lead to bad mental health and vice versa.



How much does bad employee health cost your business?

A lot. It's hard to pin down, but recent research shows that the estimated cost to the global economy due to depression and anxiety is US\$1 trillion per year in lost productivity.

In light of these statistics, it is alarming that **42.5%** of the employees in the private sector of corporate India suffer from depression or some form of anxiety disorder. **That's almost every second person.**

In other words, no matter how you look at it, unhealthy employees cost your business. Whether it's through stress from an unreasonable workload or the costs of "presenteeism" (which is when someone comes to work and goes through the motions, but isn't being productive—usually due to illness or stress), it's a lot of money.

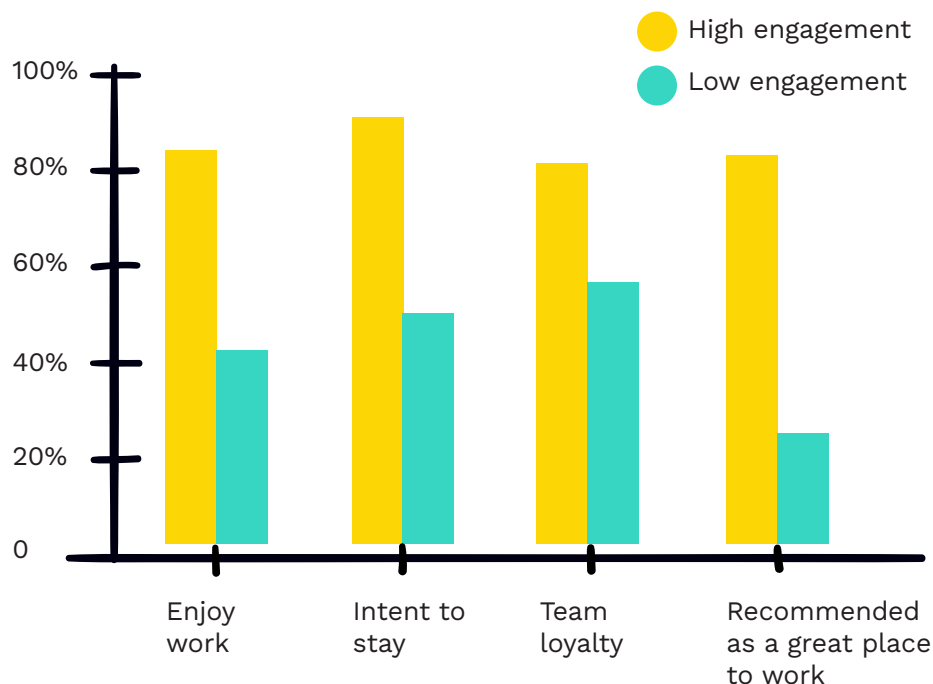
So what can your organization do?

At the end of the day, you want happy and healthy employees. Because it's simply good for business. Here are some ideas of what you can do to improve employee health within your organization:

Offer wellness programs



Employee wellness programs are popular for a good reason – HRs love the idea of getting their employees to **exercise more or think about their eating habits** – and assume this will translate into healthier employees. But effective employee wellness plans take a lot of planning, time, and effort to give results. The secret is to keep it engaging. **It's a year-round effort, not a seasonal one.**



Employees report differing opinions on employers when they are more engaged in well-being. [Source: Limeade](#)

Encourage vacation time



Vacation time (preferably paid) remains one of the benefits employees value most. Stepping away from work and **taking a vacation** reduces stress, lowers the risk of burnout, and increases productivity. Make sure your employees take the vacation time they are entitled to. **Have policies in place to encourage it.**

Encourage preventive healthcare



Preventive care saves lives and money. If your employees have chronic conditions, make sure they have the time to see their doctors who can help **keep their conditions under control** and your employees at work. Even for healthy employees, it's important to **make sure they do regular checkups**. Remember, the key is to keep them healthy instead of intervening only when they are sick.

Focus on Mental Health



Stress is a substantial, contributing factor to depression and burnout. Do you have **adequate staffing levels?** Are people working **60-hour work weeks?** Do your managers have proper training so that they can **support their staff?** If your managers create a toxic environment, the stress levels will increase.

Managers who bully or ignore bullying create a toxic environment that damages your employees, lowers productivity, and increases turnover. Additionally, **create a culture that encourages and normalizes mental health activities and therapy.**

Provide an Employee Assistance Program



Work is only one of the places where your employees experience stress. Marriages break apart, finances become tight, a car accident results in injuries and stress, and an unexpected lawsuit can break someone down. In short, **life happens and it spills over into the workplace.**

An employee assistance program can help your employees find a therapist, a financial planner, or a lawyer. All of these things can **reduce stress in the workplace**, as can an employee financial wellness program for instance.

Chapter 2

Learn how to deal with the increasing healthcare costs.

TL;DR

- There are **cost management strategies** you can use to deal with escalating costs of healthcare.
- First, you need to **understand your workforce** and their health challenges.
- Then, **improve their access** to primary and preventive care.
- **Promote** healthcare consumerism.
- **Offer and encourage** the use of telemedicine.
- Establish **tiered** health insurance plans.

Employ effective cost management strategies. Here's how:

If you are in charge of providing great healthcare benefits but told to save on costs despite rising prices, here are a few strategies to begin implementing now:

1. Get to know your workforce and their health challenges.

One of the first steps toward becoming more proactive is taking a hard look at your most **recent claims report**. This should highlight not only the cost of your employees' health insurance claims but also the most common conditions. While high-cost claims from events such as catastrophic injuries or illnesses are unfortunately unavoidable, you'll likely also see a significant number of claims attributed to common preventable conditions such as diabetes.



2. We cannot stress this enough! Improve access to primary and preventive care.

- More than **73%** of Indian employees don't have a regular personal primary care provider. When employees **don't have regular primary care**, they're more likely to use urgent care or even emergency departments for routine health care needs, driving up costs in the process.
- With **increased access to primary care**, employees and their families can become more engaged in preventive care that catches conditions earlier and reduces the need for interventional care.
- Employers can increase employee access to primary care by including **on-site or near-site clinics**, direct primary care partnerships where employees have exclusive access to a practice or health network, and new forms of primary care such as virtual care or telemedicine, where "visits" are enabled via telephone or video conference.

- Preventive care offerings could include wellness programs, incentives for **participation in biometric screenings** that can provide early diagnosis of costly conditions such as diabetes, and offering free or low-cost flu shots that can help prevent acute illnesses.
- Seek out **healthcare partners** that provide care navigation and transparent pricing.

According to recent research done by Mercer, among the most common changes companies are considering **to increase the return on their health spends** are:

32% Expanding virtual or telehealth programs

25% Enhancing mental health support, such as employee assistance programs or additional services

20% Increasing cost-sharing for plan expenses such as deductibles, premiums or co-payments

16.5% Adding or expanding voluntary benefits

13.5% Augmenting services for managing high-cost claims, including specialty

3. Promote health care consumerism

This means that you should persuade employees to make healthful choices in daily living and provide tools and education to help **ensure that when employees use healthcare**, they are aware of its costs and have an incentive to reduce those costs when possible. Healthcare consumerism is tied to health plan design, incentives, an effective communication strategy, and enabling plan participants to engage in healthful behaviors.

4. Offer and encourage the use of telemedicine

Telehealth visits are often less expensive than a traditional office visit and **more convenient to individuals who are seeking care after-hours** or who cannot easily go to a doctor's office. Employee education and communication are necessary for making effective use of these benefits. You can promote its convenience factor to working parents and travelling employees, or everyone during a global pandemic.

5. Establish tiered health insurance plans

Employers have always differentiated premiums based on types of coverage. What has changed is the detail involved in structuring premiums. Instead of offering family coverage with one premium no matter how many children are covered, you can **try creating tiers** of premium rates.

A common four-tier strategy is:

Employee only - generally called individual coverage.

Employee plus one - which can mean employee plus a spouse, a partner, or a child.

Employee plus child - children without a spouse or a partner.

Employee plus spouse or partner and child or children - often called family coverage.

Other options include expanding tiers to require higher premiums for three or more children or having uncapped tiers under which the employee's premium is based on the number of individuals the employee enrolls in your plan. Some employers limit the number of tiers to avoid making coverage too expensive for larger families.

For more information on insurance plans,
visit www.loophealth.com

Chapter 3

Make sure you are getting more than what you pay for.

TL;DR

- Even after cutting costs and making sure your employees **know about all the benefits**, there are some measures that HR has to take to increase the return on healthcare spends.
- These include **partnering** with the appropriate healthcare partner that provides comprehensive benefits and also thinking like a proactive manager.
- **Proactive healthcare management** and long-term thinking that goes beyond just this health crisis help in increasing the efficiency of any healthcare spends of the company.

Did you know?



From a financial perspective, India has one of the highest levels of out-of-pocket expenditures in the world, contributing directly to the high incidence of catastrophic expenditures and poverty.

Did you also know?



HRs can increase the return on healthcare spends by 50% simply by making sure that the health benefits provided by the company are utilized to the maximum. This means employees don't feel heavy on their pocket for basic care, medicines, and hospitalization costs.

HR needs to act as efficiency drivers and risk managers during a crisis.

Simply put, we, as HR leaders must act to identify and capture short-term efficiency gains, including immediate spend reduction while managing the risks associated with those cost decisions. This primarily means protecting employee experience and productivity.

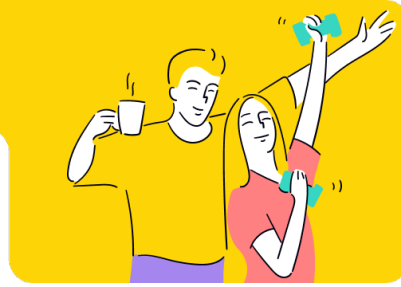
To make sure you're getting the most out of your spends:

1. Partner with the right healthcare partner:

Most companies still engage with different parties on different matters concerning health like insurance, fitness, primary care, and wellness, and other parts of healthcare. This distributes responsibility, fragments the time and effort spent on taking care of employee health, and also makes it difficult for the employee to get protection, care, and security from the same place.

Instead, **partner with a single one-stop comprehensive healthcare partner** who provides all the facilities, while also helping in communicating various plans to your employees. This not only helps save costs but also ensures maximum usage of various benefits given by the healthcare partner.

Insurance + Primary
care + Wellness
= Comprehensive
healthcare partner



2. Be a proactive risk manager:

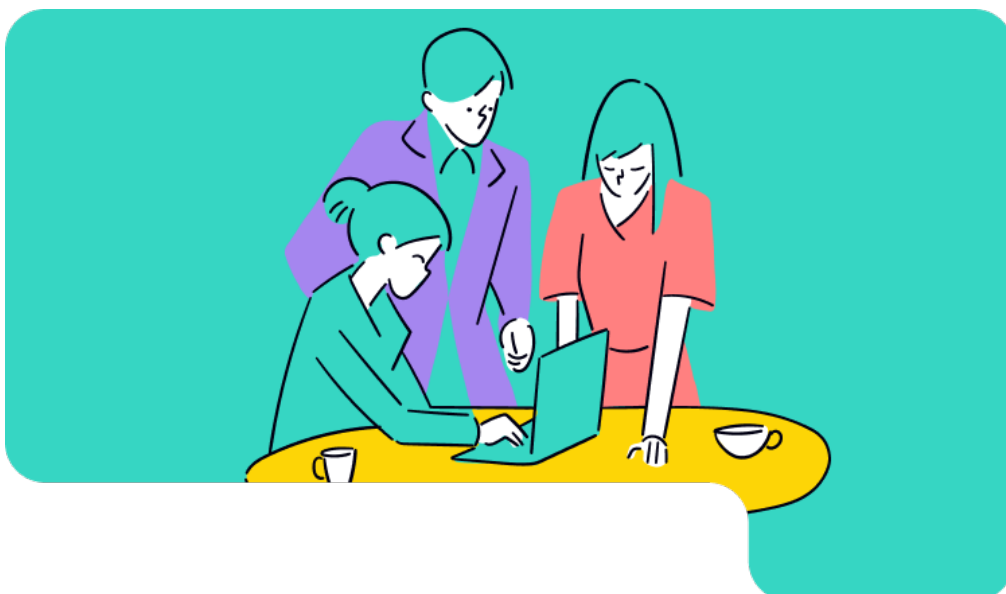
Protect employee experience and productivity:
HR's ultimate value proposition isn't only to drive talent outcomes in good times but also to **protect investments in talent outcomes during adverse times**. Cost-cutting initiatives and de-investment can damage employee experience, which is critical for engagement and productivity. Understanding that impact can help you avoid rash decisions that could damage key talent outcomes in the long term.

For the longer-term:

Looking beyond this COVID-19 pandemic, **strategic cost optimization** is a must-have to help the organization prepare to rebound and grow.

Your first two steps in establishing **a sustainable cost optimization roadmap** are:

- 1 Understand your cost and value baseline.** Establish your current spends and efficiency. Without a transparent cost base, you will struggle to identify clear targets or valuable opportunities, especially when facing mandatory budget cuts and being given a short time frame to cut costs. **Benchmark your spends** and efficiency against peers to identify target areas for improvement, depending on functional and enterprise goals.
- 2 Identify and prioritize opportunities.** Assess the likely impact and potential downside of all cost measures in scope to ensure the best fit. Make sure to identify and **prioritize initiatives** that best support your objectives. Provide transparency into the prioritization mechanism, and engage your CFO in selecting initiatives to drive commitment and support for your choices.



Step 4

Talk about the benefits to employees

No one's going to use their health benefits to the fullest if they don't know they have those!

According to Harvard Business Review, the new employees state **69% of them are unaware of their companies' healthcare policies.**

This means no matter how much you spend, or save for your employees **if you do not communicate** it properly to them, there is a good chance that **it might not be used** properly and end up getting wasted.

Effective communication to employees is critical for success when rolling out healthcare cost-control measures. A good healthcare partner helps in communicating about health care benefits effectively through the following steps:

1. Communicate early and repeat the message often.

Even though open enrollment is an important time for employers to educate employees about cost-conscious health benefits choices, organizations should provide ongoing communication activities rather than concentrating only on open enrollment season.

2. Communicate in a variety of media. Use both traditional and electronic methods. Traditional methods include open enrollment, payroll-stuffers, posters, a table outside the cafeteria where people explain the program, and one-on-one benefits counseling. Electronic methods include intranet communications, e-mail, and mobile-device and social-media access to health benefits information.



3. Provide employees with tools to help them make cost-effective health care benefit choices. With cost information at their fingertips, employees are able to make more insightful decisions about their healthcare and the care for their families. They can learn to balance cost, convenience, and quality in a manner that meets their budgets.

4. Encourage employees to evaluate how they and their family members used health care in the previous 12 months. Suggest that they consider how much they spent out-of-pocket on deductibles, flat-dollar co-payments, and percentage-of-cost co-insurance and review the number of doctor visits and the cost of ongoing medications.

Step 5

Accurately measure your ROI

As each fiscal year draws to a close, all of us HR folks and the management look for ways to save money and control healthcare costs in the coming year. As part of this process, we should **gather and analyze data** that can give us a clear picture of health plan enrollees and total health plan costs.

Here are some data points you can measure to **calculate your ROI** on healthcare spends:

- ☐ **Enrollee information**, such as the numbers of employees, spouses or partners, and dependents enrolled and using the health coverage. What benefits are the most utilized?
- ☐ **Engagement rate**, which calculates the actual percentage of people using and engaging with the benefits and not just signing up.
- ☐ **Direct costs** such as paid claims and administrative costs.
- ☐ **Indirect costs** attributable to health issues, such as lost time because of disability.
- ☐ **Use of benefits** trends.
- ☐ **Benchmark data** on the cost of health care and employer cost-sharing trends.

Get maximum health benefits with Loop!

Let's take care of your team!

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