

# **MOBILIZING YOUR MANAGEMENT TEAM TO LOWER HEALTH CARE COST**

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## **HEALTHCARE COST CRISIS**

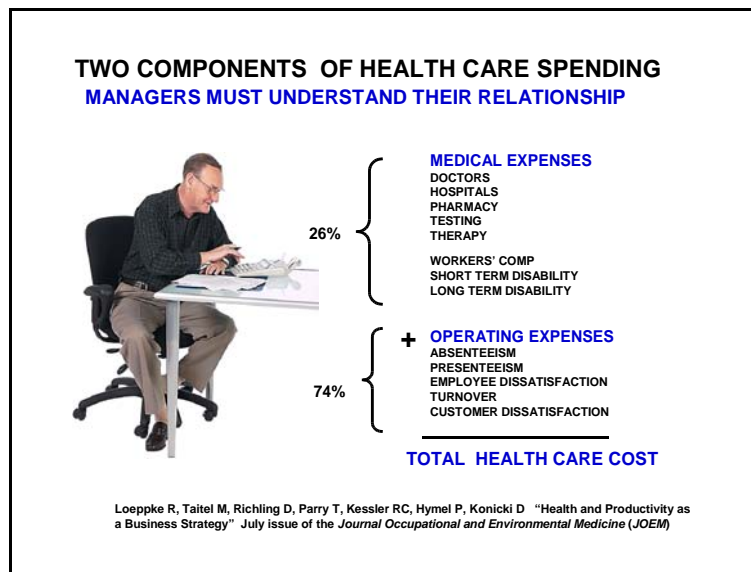
The cost of healthcare in the United States has been increasing at an alarming rate. Businesses have been experiencing double-digit increases in their employee healthcare benefit costs for years. Health insurance premiums increased six times more than wage increases during the last ten years. Employer contributions to healthcare plans have more than doubled over the same period.

## **THE PROBLEM OF RISING COSTS IS GREATER THAN YOU THINK**

The problem of rising healthcare cost is greater, much greater than we think. We usually think of healthcare costs in only medical terms - hospital costs, physician costs, pharmacy, and other medical expenses. There is much more to healthcare costs than the conventional way we measure it. Have you ever thought about the total impact of health problems on your business? Operational problems related to healthcare are extremely costly. Employee health problems lower productivity. They increase absenteeism and presenteeism (sick workers working at a sick pace). Health problems impact job satisfaction, employee turnover, product quality, and customer satisfaction.

A 2007 research project described in the *Journal of Occupational and Environmental Medicine (JOEM)* revealed some startling information. The research studied four major corporations in four separate industries. Combined, the companies had over 57,000 employees. The study confirmed that the costs of medical problems on business operations are far greater than the actual medical expenses. The study determined that medical expenses in these companies made up only 26% of total healthcare costs.

***The remaining 74% of total healthcare costs were the result of health issues on operations!***



When we include the impact of medical health problems on business operating costs, total healthcare costs are four times greater than just using conventional medical measurements. This puts total U.S. healthcare spending in the neighborhood of \$6.4 trillion!

U.S. businesses have responded to the healthcare problem by focusing solely on their healthcare insurance plans and company policies. Typical tactics include 1) cost shifting to employees, 2) modifying the company benefit plan, or 3) converting to self insurance. While these strategies have had some success, they fall short of attacking the root cause of the problem. Healthcare benefit costs have continued increasing to become the second or third most significant expense in most U.S. companies' P&L statements. But there's a silver lining in every cloud.

## **A DIFFERENT APPROACH TO LOWERING HEALTH CARE COSTS**

Bill Miller, president of Performance Leadership, LLC, and author of *LOWERING HEALTHCARE COSTS...for beginners and open minded experts*, offers a different approach to solving the healthcare problem. The lack of free market forces are the heart of the issue. Free market forces are not in play in the U.S. healthcare system. Employers paying the bills have no idea how the money is being spent by their employees... who are the healthcare consumers. [The ultimate solution to reducing healthcare costs lies not with who pays the bills, but with the employees who spend the money.](#) The key to lowering healthcare costs is empowering employees to make better consumer decisions.

Business leaders, especially frontline managers and employees, can lower total healthcare costs dramatically. Research suggests that worker competency, job satisfaction, and relationships between workers and their managers have everything to do with healthcare costs...[including rising medical expenses.](#) The increases in operating costs due to health problems and employee turnover are manageable and can be brought under control.

Employees and managers must come together to be partners and allies in this project. Positive constructive relationships in your organization have everything to do with lowering healthcare costs. Your managers have more control over employee healthcare than you think. The first priority to lowering healthcare costs is focusing on manager performance and employee relationships. They have everything to do with the problem, and the solution. When you give an effective management team and loyal employees a challenge, they will come through every time!

Your goal should be [lowering healthcare expenditures](#)...not just controlling them! In most cases this can be done without additional cost shifting to employees, significant plan design changes, or changing insurance carriers. This book presents a better approach that is unique and aggressive – a common sense approach using time tested management principles.

## **MANAGERS CAN MAKE PEOPLE SICK**

Front line managers have a direct impact on chronic disease which is about 75% of healthcare spending. New employees are often assigned to jobs that can physically place them in harms way. Managers can exacerbate arthritic conditions and musculoskeletal problems. Chronic fatigue and pain can be caused by poor staffing decisions which can lead to more serious illness.

Inept leadership leads to job dissatisfaction which leads to job stress. Research has shown a connection between job stress and serious chronic diseases like cancer, depression, heart disease, and other illnesses.

Bottom line...managers can make people sick. Managers should develop leadership skills that help employees succeed and build positive constructive relationships. They must face issues of non-performance and dissatisfaction squarely and quickly bring them to conclusion.

With effective managers leading productive loyal employees, healthcare costs and employee turnover decline. With a stable team managers can educate employees and share the responsibility of controlling healthcare costs. With education and training to understand the healthcare system and the features of your health care benefit plan; and providing employees with meaningful information for better consumer choices, great things can happen.

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