

## Smart Strategies

# A healthy bottom line

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The lingering effects of the recession coupled with soaring insurance premiums have hit businesses hard.

To make up for rising health care costs, many businesses have cut benefits or increased co-pays, but some experts say new technology could help companies trim health care costs without resorting to those measures.

Managing health expenses is just another business strategy, like marketing, sales or advertising, said **George Pantos**, executive director of the Health Care Performance Management Institute.

Pantos said health care management software analyzes health claims data that include things like how often employees visit the doctor or hospital and what kind of prescriptions they use.

“Once you have that profile, it’s possible to develop a strategy to allow the employer to take action to intervene,” he said.

That might include wellness programs, education and disease management initiatives.

Pantos said one of the most significant health care expenses for a business is prescription medicines. By using an analyzing software program, employers can see what kinds of medicines their employees are using and find alternatives or generic brands to cut costs.

The **Peterson Cos.**, a Fairfax, Va.-based real estate developer in Maryland and Virginia, uses a software program by Bethesda’s WellNet Health Care to manage prescription drug costs.

**Janice Algie**, director of human resources for the **Peterson Cos.**, said even though more employees are getting prescriptions, the overall cost to the company hasn’t increased since the firm started using software two years ago. The company has more than 150 employees.

“It does give you a very good futuristic view of people in your plan who may be considered high risk,” she said.

Heightened demand for corralling health care costs has boosted business for companies like WellNet. The 16-year-old firm projects more than \$97 million in revenue for 2010.

WellNet offers clients a lifeline from the steady onslaught of rising insurance prices: a way to closely track employees' prescription drug purchases. Retail pharmacy sales data gets processed within hours or days, not months like insurance claims for office visits or hospital stays, WellNet President **Keith Lemer** said.

WellNet only shows aggregate pharmacy claims data to employers. But customers can use the Web-based software, developed by WellNet subsidiary HealthCare Interactive of Columbia, to see which employee groups are best managing their health and which are costing them more than necessary.

For instance, some groups might be saving big bucks by switching diabetic employees to generic drugs. WellNet's staff of nurses use individual patient data and counsel employees directly.

Lemer pitches his product as a departure from the traditional health insurance world, where employers often give third-party consultants broad power over purchasing decisions and too often lean on the two most obvious cost-cutting routes: shaving benefits and requiring employees to pay more.

"Health care is the only area in which a company doesn't manage itself," Lemer said. "Why does it make sense to leave something growing 10 or 20 percent a year to someone else?"

The **Peterson Cos.**' Algie said she couldn't quantify how much the company saves from using the software because the program alone doesn't automatically drive down costs. The programs just act as a guide so companies can find more effective ways of spending their finite number of health care dollars.

StoneMor, a funeral services business in Eastern Pennsylvania, also uses WellNet to manage health care costs.

An employee reported to WellNet that she had a type of lung disease and was considering a lung transplant to help with her breathing problems. As an alternative to the surgery, WellNet suggested she start an exercise program and attend rehabilitation. The company's cost avoidance was \$360,000.

"Most businesses have no idea what's driving the cost of their health care," Lemer said.

Lemer said businesses can find ways to trim health care costs just like they can find cost savings in other areas of their businesses.

For example, pharmacy data is the best predictor — about 95 percent accurate — of what future health care services or procedures employees will need, he said.

**Henry Cha**, CEO of Glenwood-based Healthcare Interactive, develops software platforms for medical management. He agreed that a huge cost driver for businesses is prescription drugs.

He said companies can try offering employees a \$100 incentive to switch to a cheaper or generic drug, which will save on costs in the long-run.

**Ken Huber**, senior vice president of the employee benefit group for PSA Insurance & Financial Services, said many of his clients have purchased software systems to manage their health benefits.

“I think the advantage they provide is if we use them to get a better quality of information than what otherwise would be available...that enables you to better see what is going on in a [health care] plan,” he said.

The software programs range greatly in price, anywhere from \$1.50 per person per month up to \$20,000 or more, he said.

Huber said businesses can make more strategic decisions about their health benefits if they know how employees are using their insurance plans. From health care data generated by a software program, companies are also able to see if certain services are being overused or abused, such as emergency room visits.

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