



# 4 TIPS

FOR BUSINESSES TO  
CONTAIN THE RISING  
COST OF HEALTHCARE



TEXAS CAPITAL BANK®



# IT'S HARD TO IGNORE THE NEED TO TAKE ACTION

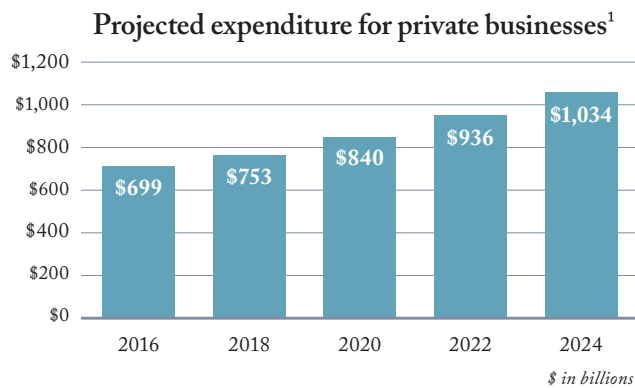


National health spending is projected to grow at an average rate of 5.8 percent per year through 2024 to more than \$5.4 trillion<sup>1</sup>. And more than \$1 trillion of that figure is expected to come from the pockets of private businesses<sup>1</sup>.

For Texas business owners and CFOs, these staggering numbers mean it's time to take action. But simply slashing benefits programs won't cut it. In 2015, 80 percent of Human Resources professionals leveraged healthcare benefits to retain employees at all levels of their organization and 66 percent said health benefits are important for recruitment<sup>2</sup>.

Texas Capital Bank consulted some of the benefits industry's most trusted resources to compile our top

four tips to help you work with your Human Resources team to keep your business's health benefits costs from rising too sharply in the future, while still offering plans that will attract and retain top talent.



*Private business healthcare expenditures are expected to rise to more than*

**\$1 TRILLION**  
*by 2024<sup>1</sup>*



# 1

## CHOOSE A BENEFITS ADVISOR TO HELP YOU NAVIGATE THE COMPLEXITIES OF HEALTHCARE



A benefits advisor can make sure that your investment in employee benefits delivers maximum returns, and will offset the overwhelming complexities of managing your business's benefits program, including:

- Selecting and – when possible – negotiating pricing with providers
- Exploring alternative funding mechanisms, such as HSAs, MRAs or self-funding
- Educating employees about prevention and providing them with price transparency
- Ensuring your policies are both compliant and competitive

A good benefits advisor will collect and analyze data on your employees, but should consider data beyond just the demographics of your company. Choose an advisor that has experience with other businesses in your industry, and make sure that the rates they negotiate are based on the demographics of the group of companies they serve within your industry, not just the demographics of your company. Aggregating industry data to determine rates helps contain costs<sup>3</sup>. But don't depend on your advisor alone to analyze the data. Understand the data on your company, as well as the industry, so that you can actively manage the health of your employees and the company's total costs, rather than simply being a passive payer<sup>4</sup>.

*Choose an advisor that has experience with other businesses in your industry.*



# 2 STAY ABREAST OF REGULATIONS TO AVOID HEFTY FINES



The Affordable Care Act (ACA) continues to evolve, making it difficult for business owners and CFOs to stay abreast and keep policies compliant. For example, a new amendment that will be imposed beginning in 2020 assesses an excise tax on any benefits provided to employees that exceed a pre-determined threshold<sup>5</sup>. Ensure your Human Resources team is tracking federal and state regulations, and that you're aligned with them to update any forecasts for healthcare expenses should the landscape change. The national, state and city chapters of the Society for Human Resources Management, the National Business Coalition on Health, Texas Business Group on Health and DFW Business Group on Health are a few places where they can start.

As your company adjusts to the changing requirements of the ACA, however, don't lose sight of staying compliant with existing regulations, such as COBRA and section 125.

Your benefits advisor should also help keep your business in the know about regulatory and judicial changes and their implications, as well as advocate for businesses like yours in the political arena. In addition, a quality benefits advisor's legal team will help mitigate your liability, and can provide ongoing counsel and advice regarding your company's compliance.

*A quality benefits advisor's legal team will help mitigate your liability.*



# 3 INSTITUTE HEALTH AND WELLNESS PROGRAMS



Overuse and overtreatment, as well as an increase in chronic health conditions are contributing to the rising cost of care<sup>6</sup>.

However, health and wellness programs

have the potential to drive down future healthcare costs for employers<sup>7</sup>. An effective health and wellness program can offer savings by affecting health plan usage<sup>3</sup>, improving the productivity of your workforce<sup>8</sup> and encouraging prevention.

The benefits of these programs are hard to ignore. Compared to their unhealthy peers, healthy employees miss six-and-a-half fewer days, are twice as likely to be highly engaged, half as likely to report high levels of work-related stress and half as likely to report financial issues<sup>9</sup>. Further, businesses offering a health and wellness program to their employees are twice as likely

to significantly outperform their peers financially, 50 percent more likely than competitors to report lower turnover rates and have 50 percent higher revenue per employee<sup>9</sup>.

The most effective health and wellness programs are actionable, and motivate employees to participate through incentive or rewards. However, health and wellness programs don't have to be expensive or difficult to manage. They can take several forms, including offering discounts on gym memberships, encouraging walking and fitness clubs or distributing materials on healthy eating. Beyond the benefits and cost savings they can offer, a well-run wellness program can be fun for employees, and engage them in healthy competition and team building activities.

*Businesses offering a health and wellness program to their employees have*

**50%**

*higher revenue per employee.*



# 4 REDESIGN YOUR BENEFITS PROGRAM TO DRIVE BEHAVIOR AND ENCOURAGE CONSUMERISM



Consumer-driven health plans empower employees with control, choice and information. These programs, often pairing a group health plan with a tax-advantaged personal account from which to pay medical expenses directly<sup>10</sup>, provide employees with economic incentives to make wise decisions about their healthcare and to better manage their health. They also help employees become better healthcare consumers because they don't hide the high cost of care behind a low copayment<sup>3</sup>. Lean on your benefits advisor to help educate your employees about the true costs of healthcare and make sure they understand the tipping point at which high-cost healthcare expenditures are worth it.

Consider, as an example, a group plan with a high deductible, low or no copayments for preventive care and a health savings account (HSA) to which the

employee and company both contribute. Because the primary funding for any non-preventive care before they meet their deductible comes from the employee's own pocket, this type of plan encourages employees to make smart choices. For example, when an employee gets sick with the flu and needs a Tamiflu® prescription on a Sunday morning, they're more likely to decide on a \$200 urgent care office visit rather than a \$1,500 emergency room visit, assuming they have visibility into the true cost of one type of medical care over another.

This kind of group health plan gives your company buck more bang, while still providing employees with the peace of mind that they're covered in case of a catastrophic health event. And by providing preventive care at low or no copayment, it also promotes prevention activities to reduce the chances of needing expensive medical care in the future.

## WHAT CAN WE DO FOR THE BUSINESS THAT YOU BUILT?

*Our deeply experienced bankers are well-versed in how to overcome the varying challenges that face mid-size businesses today, such as the rising cost of healthcare. Plus, our network is your network; we're always happy to connect our clients with contacts within our network that have overcome similar obstacles or with expertise on a particular topic.*

*To discuss your business's most pressing challenges and learn more about Texas Capital Bank, visit our website: [www.texascapitalbank.com](http://www.texascapitalbank.com).*

# REFERENCES

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