

health care cost containment

managing the
rising costs of
health care

The cost to employers of providing health care benefits to their employees has skyrocketed over the past several years. Employers have been plagued by double-digit health care cost inflation the past three years—and the trend continues with surveys projecting 10% to 15% increases in the cost of providing health care benefits for 2005.



Valley Forge Benefits Consulting offers a suite of services aimed at assisting employers to manage the cost of their benefit programs, while keeping those programs aligned with both their corporate and benefits objectives.

As health care costs accelerate, companies are struggling to manage expenses effectively. Health care expenses are increasing at a level that most organizations can no longer afford to maintain. The question employers face is how to provide meaningful benefits that will continue to attract, retain and motivate employees, at a cost that is affordable to both the employer and the employees.

Health and Welfare Plan Diagnostic

In today's marketplace, health and welfare benefits are evolving at a rapid pace. Using our knowledge of emerging marketplace trends, library of survey data and insight into the best practices of other organizations, VFBC can review your health and welfare benefit programs and provide recommendations to reduce cost, align benefits with corporate objectives and enhance the efficiency of your programs.

Strategic Contribution Development

An organization's strategy for setting employee contributions is critical to motivating appropriate employee behavior and maintaining a benefits program that is aligned with corporate objectives, both financially and philosophically. The magnitude of the required contributions has a direct impact on the expenses of the organization. But just as important, the strategy used to develop the contributions influences the manner in which participants elect between options and how they use the benefit program. VFBC's health care actuaries and specialists can assist employers in developing an overall strategy for employee contributions, as well as developing and implementing the actual rates.

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Cost Driver Analysis

Through cost and utilization data analysis, VFBC can help plan sponsors identify specific covered plan elements that are driving the overall cost of the program. Using this insight, we can recommend plan design changes tailored to your specific utilization patterns that will enhance plan efficiency. This allows for targeted design changes (such as disease management programs for the specific conditions affecting your population or prescription drug changes based on your specific utilization patterns) that can potentially reduce costs as well as enhance the quality of care for plan participants.

Vendor Management

Effective management of health plan vendor relationships is yet another area that can yield cost savings and improve participants' perception of the benefit plan. VFBC is experienced in assisting plan sponsors manage vendor relationships in three key areas:

1. Vendor search - Searching the marketplace for the most effective vendors, in term of price and service, relative to an organization's objectives.
2. Renewal - Analyzing vendor performance and emerging market trends in order to successfully negotiate appropriate renewal terms.
3. Contract negotiations - Negotiating financial terms and performance guarantees that are advantageous to the plan sponsor and incent a high level of vendor performance.

Care Management

The top three causes of sickness and death in the United States are related to lifestyle - tobacco use, lack of exercise and a high-fat diet. By providing benefit programs that help employees change unhealthy behaviors, employers may be able to reduce health care costs and promote a healthier and more productive workforce. VFBC's approach is to align the specific health care usage patterns exhibited by an employer's population with the various care management approaches. Effectively, the usage pattern analysis is the basis for determining which program would likely have the greatest return on investment for the plan sponsor.

Consumer Driven Health Care

Consumer Driven Health Care (CDHC) approaches are being examined intently by organizations across the country as a way to rein in spiraling health care costs. However, CDHC programs are not an effective solution for every employer. We can assist employers with a comprehensive analysis of CDHC programs and all their components. Once a decision is made to move forward with a CDHC strategy, VFBC can assist in the design of a plan, evaluation of third-party vendor capabilities, negotiation of contract terms, plan implementation and development of strategic communications.



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