

November 2002

Dear Minnesota Employer,

Better technologies. More effective drugs. More successful medical procedures. More people taking advantage of all these advances. Health care is improving every day in Minnesota, but at the same time employers are facing a new reality: Health care often costs more as it cures more.

Many employees who have traditionally been protected from health care's true costs are now being asked to pay a greater share. Because lack of information breeds lack of control, many are frustrated by a situation they don't fully understand. Some become angry with their employer.

Minnesota's health plans would like to make facing this communications challenge as easy as possible for you.

To assist employers throughout Minnesota communicate with their employees on the root causes of rising health care costs, we have developed the Employee Communications Kit for Health Care Cost Issues. Here you'll find:

- a listing of common procedures and drugs, as well as their retail costs
- sample copy clearly explaining health care cost drivers (for your company newsletter, intranet or payroll stubs)
- the latest statistics on health care costs in Minnesota and the nation
- a cartoon visually depicting the traditional way in which employees are protected from health care costs

We hope these materials will make your human resources and employee communications jobs as easy as possible regarding this sensitive issue. This material is also available on our Web site at [www.mnhealthplans.org](http://www.mnhealthplans.org).

Sincerely,

Kirby Erickson  
Interim Executive Director  
Minnesota Council of Health Plans

Duane Benson  
Executive Director  
Minnesota Business Partnership

*Health care costs more  
as it cures more.*

*The Minnesota Council of  
Health Plans and Minnesota  
Business Partnership would  
like to make explaining this  
to your employees as easy  
as possible.*

# Sample Newsletter Article

## What's Behind Rising Health Care Costs?

by [Human Resources VP]

*We are bombarded with health care-related media stories. One day it's good news about a new medical device for Parkinson's patients. The next day it's bad news about a double-digit increase in health-care premiums.*

### The Reality

Unfortunately, we are seldom told about how these stories are related. The reality is this: The more health care services we use, the more we have to pay for them.

For years, working Americans have received subsidized health insurance through their employers, the state or the federal government. The result is that employees have been protected from the true costs of health care.

Health care coverage is a benefit we have been happy to provide. But now those costs are rising beyond what employers and governments can afford. Employees are being asked to shoulder some of the burden, and in the process are gaining their first glimpse into health care's true expenses.

### Why Are Premiums Rising?

So what's really behind those rising costs on our pay stubs? Why so much? Why now?

The short answer is a coincidence of timing. While the overall population is aging—led by the eldest of the Baby Boomers—we are seeing unprecedented innovations in medical technology, pharmaceutical research and new medical procedures. In other words, more of us are receiving better—but often more expensive—services. As a result, we're living longer, healthy lives. But the cost of health care, and the insurance we provide to protect employees, is going up.

### What You Can Do

On a personal level, controlling health care costs is both a financial and a lifestyle question.

The best way to control your overall health care costs will always be to live a healthy lifestyle that minimizes your need for health care. Of course, you can't prevent every illness, accident or broken bone. From a financial standpoint, [company's] goal is to continue providing the highest-quality, most affordable health insurance coverage. While we are asking employees to pay a greater amount, we are working hard to keep the actual proportion of employee-paid premiums consistent.

Minnesota employers, health plans, policy makers and health care providers continue to work toward a realistic solution to rising health-care costs. We hope current trends will curtail. But in the meantime, please know that we are doing everything we can to maintain our tradition of effective employee health coverage.

*"The reality is this:*

*The more health care services we use, the more we have to pay for them."*

*- MN Council of Health Plans*

*The amount Minnesota health plans spent on drugs alone increased 19 percent between 1999 and 2001.*

# Sample Company Intranet Q&A

## Q&A: Rising Health Care Premiums

### What does my health care premium payment cover?

Premiums are a way of pooling health care costs across a large population. Nearly all of a premium payment covers the cost of medical treatments. [Company] subsidizes these costs for employees by paying most of that total premium. The remaining costs, which employees pay, represent a skewed cost of health care coverage.

### Why are premiums rising?

Premiums fluctuate with the overall cost of health care services. For the last several years, greater patient demand, an aging population and growing expenses for the latest technologies, drugs and medical devices have driven up overall costs. In short, more people use a system that provides increasingly effective—and expensive—medical treatments.

### What do these increases mean for me?

[Company]'s goal is always to provide employees a competitive set of benefits—and that includes the security that comes with health-care benefits. Because current health care cost increases exceed what employers and governments can cover, the only option (besides discontinuing the benefit) is to ask employees to share more of their coverage costs. In addition, as a company's costs for health care benefits continues to rise, the amount of money available for salary increases, hiring additional employees, expansion, etc. decreases. The trade-offs are not easy. We hope the situation levels out over time, and we will continue to keep you informed.

### What can I do to control my health care costs?

This is both a financial and a lifestyle question. The best way to control overall health care costs is to live a healthy lifestyle that minimizes your need for health care. From a financial/premium standpoint, [company]'s goal is to continue to provide employees the highest-quality, most affordable health insurance. While we are asking employees to pay a greater total amount, we are doing everything possible to keep the actual proportion of employee-paid premiums consistent.

# Sample Pay-Stub Stuffer

## An Important Message About Your Health Insurance Premiums

[Company]'s goal is to offer employees the most competitive benefits set possible. That includes subsidized health insurance designed to provide security for employees and their families.

Unfortunately, these costs continue to increase by double digits every year. According to the Minnesota Department of Health, if costs continue to grow at the same rate as the past few years, double-digit increases in health insurance premiums would continue just to cover cost increases. This is part of a national trend driven in large part by an aging population requiring more services, coupled with expensive advances in new medical devices, technology and prescription drugs.

In an effort to maintain the existence of our health care benefits, we must ask employees to increase their participation. While employees will pay more in premiums in 2003, we are doing our best to make sure that the overall portion of employee-paid premiums remains consistent.

If you have any questions on your health insurance premiums, please contact [HR contact name, e-mail and phone number]. Thank you.

- [Name, HR VP]



# Stat Sheet

- Minnesota health care premiums on average increased 13.2 percent in 2001, 15.7 percent in 2000 and 9.7 percent in 1999. (Minnesota Council of Health Plans, 2002)
- The amount Minnesota's health plans spent on drugs went up 19 percent between 1999 and 2001. (Minnesota Department of Health, 2002)
- United States drug spending increased 19.2 percent in 1999 and 17.3 percent in 2000, the sixth consecutive year of double-digit growth. (*New York Times*, U.S. Department of Health and Human Services, 2001)
- United States spending on outpatient hospital charges grew 16.3 percent in 2001. (Kaiser Family Foundation)
- National health spending shot up 10 percent to \$1.4 trillion in 2001. Hospital care and prescription drugs accounted for 58 percent of the increase. (Center for Studying Health Systems Change, Sept. 2002)
- Minnesota health plans spent 10.5 more on direct patient care in 2001 than in 2000. (Minnesota Council of Health Plans, 2002)
- Nationally, private health insurance premiums increased 12.7 percent in 2001. (Kaiser Family Foundation, Sept. 2002)
- Nationally, single health care coverage through employers cost \$255 a month in 2002 (employees paid an average of \$38/month). In 1988, employees paid on average \$8 a month for single coverage. (Kaiser Family Foundation, Sept. 2002)
- Nationally, family health care coverage through employers cost \$622 a month in 2002 (employees paid an average of \$174 a month). In 1988, employees paid on average \$52 a month for family coverage. (Kaiser Family Foundation, Sept. 2002)
- Companies surveyed nationwide projected pay raises for employees at 4.3 percent in 2002. (William M. Mercer, Inc.)

# Being a Smart Health Care Consumer

*You can get the most out of your health care plan by knowing your options—and the full scope of resources available to you.*

## **Ask, explore, inform and empower.**

- When you have a medical issue, ask about and understand your treatment options. Make sure the treatment fits the problem.
- Explore your prescription drug options. While many drugs are advertised on TV, other similar drugs are also available.
- Use the customer service number on your health plan card when you have questions. Nothing will save you more time and money than knowing what your plan covers before you receive health care services.
- If you'd like to compare health plans, contact the Minnesota Information Clearinghouse at (800) 657-3793.
- Many employer-sponsored health plans are regulated by the federal government, not by the state of Minnesota. If you have questions about your employer-sponsored coverage, call your health plan's customer service number or your human resources contact.
- Take advantage of preventive medicine. Always attend yearly checkups—and make sure your kids receive their regular checkups, immunizations, eye exams and dental care.
- Don't use technology for technology's sake. Sometimes low-tech tests and procedures are just as effective for your health—and much more cost-effective for your pocketbook.

# For More Information...

## Learn the Story

For additional information or to subscribe to the Minnesota Council of Health Plans' periodic updates, simply complete the information below and fax this form to the Minnesota Council of Health Plans:

**(651) 645-0098**

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

E-mail: \_\_\_\_\_

Printed Update

Electronic Update

## Tell Your Story

If you have a story regarding your health insurance experience or would be willing to participate in interviews with local or state-wide reporters, please check here:

**Fax to:**  
**(651) 645-0098**



*The Rising Costs of MN Health Care*

[www.mnhealthplans.org](http://www.mnhealthplans.org)

# The True Costs of Health Care

How much does that office visit, exam or prescription drug cost beyond your co-pay? Here is a sample of some common health care procedures and their actual average costs.

## Office visit for a sore throat

Your throat hurts, and you decide to go to the doctor. This cost includes a visit with your physician and a strep throat test.

Total cost: \$109

## ER visit for a sore throat

It's the middle of the night, and your throat really hurts. You decided to go to the emergency room. This cost includes ER charges and a strep throat test.

Total cost: \$328

## Broken Ankle

Sliding into second base wasn't such a good idea. This cost includes a trip to Urgent Care, an ankle x-ray and a short leg cast.

Total cost: \$429

## Chest X-rays

You go to the clinic with a bad cough. Your physician thinks it might be pneumonia and orders a set of X-rays to help make a diagnosis. This cost includes a visit to the clinic, X-rays and interpreting the results.

Total cost: \$147

## Bee sting

You are stung by a bee and might be showing an allergic reaction. This cost includes visiting the emergency room and receiving a diagnosis, in addition to treating your symptoms.

Total cost: \$263

## Tubes in ears

The decision is made to insert tubes in your child's ears to combat chronic infections. This cost includes an office visit 30 days before the procedure and 30 days after the procedure, day surgery charges, antibiotics, drops and decongestants.

Total cost: \$2,719

## Stress test

Your primary care doctor orders a stress test. This cost includes a trip to the specialist, administering the test and interpreting the results.

Total cost: \$1,466

## Prescription drugs

Prozac\* (30 20-mg tablets for treating depression)

Total cost: \$89

Claritin (30 10-mg tablets for treating allergies)

Total cost: \$88

Celebrex (60 200-mg capsules for treating arthritis)

Total cost: \$156

Concerta (60 18-mg tablets for treating ADD/ADHD)

Total cost: \$134

Lipitor (30 20-mg tablets for treating high cholesterol)

Total cost: \$100

Ortho-Novum (84 1/35 tablets, standard 3-month birth-control prescription with one co-pay)

Total cost: \$116

*\* Many popular brand-name drugs have less-expensive generic equivalents. For example, the same dose of Fluoxetine, the generic for Prozac, costs \$63.*