HEALTH CARE COST CONTAINMENT**

1. GENERAL


Rising health care expenditures have been a persistent problem for more than a decade. This BNA report discusses and analyzes what government, business, and labor are doing to solve the problem of spiralling health care costs. Private and public sector case studies are outlined. Also, possible antitrust implications of employer coalitions and preferred provider organizations are examined.


Health risk management is presented as a promising approach to controlling corporate health care cost. A four step process designed to examine and manage the health care liabilities of a company is suggested.


Corporate America is seeking a way to reduce the rising cost of health care. Currently, private industry is paying more than 25 percent of the national health care cost. This article examines the problem of how to bring cost cutting competition to the health care system without excess government intervention. A related pamphlet by the Chamber of Commerce is Managing Health Costs (Order No. 6615, $9.00).


This article reproduces the statements of three experts on the future of the health care industry. Dr. Walter McClure notes that in order to continue

* Prepared by Katherine Bagin, Industrial Relations Librarian. "Health promotion" selections by Elizabeth King, Librarian, Johnson and Johnson Inc.

** Items from this list should be ordered directly from the publisher. Addresses are given in connection with each reference.
to provide adequate care at an affordable cost there will have to be a massive shift in medical-practice style. Dr. Eli Ginzberg analyzes the struggle for the health care dollar and outlines the possible outcome. Finally, Dr. Arnold Relman examines the controversy over privately-owned hospitals.


Since their inception in 1949, major medical insurance plans have grown rapidly and now cover more than 150 million individuals. This article examines changes in medical coverage over the 1974-81 period among a group of 166 employee health insurance plans. This article is representative of the growing body of government literature examining the problem of rising health care cost.


The American health care delivery system will change dramatically in the 1980’s to meet the challenge of rising costs and insufficient revenues. The accelerated rise of medical costs has forced a reevaluation of the traditional structuring of medical benefits. Dr. McIlroy advocates that employers reexamine areas such as medical benefit financing, negotiating with providers, and communicating and educating employees in self-help.


This report is the result of a survey designed to assess company health care cost containment efforts. 1,420 companies participated. The replies were tabulated and analyzed. A related Mercer survey is “Taxation of employer-paid health insurance: survey results” (February, 1983). Although the objective in proposing the benefit tax is to contain health care costs, 63 percent of the survey respondents did not feel the tax would contribute to cutting health care costs.

2. FEDERAL REGULATORY ISSUES


In addition to addressing federal policy reform, regulatory and legal issues, this symposium examines new frontiers in cost containment and incentive-based reforms. Problems of shifting health care costs from the public to the private sector are examined in a related A.E.I. document also by Meyer, Passing the health care buck, who pays the hidden cost. (1983, A.E.I. studies 386, $3.95).

Health care costs have been rising faster than both the inflation rate and the average individual's disposable income. This background report examines the factors behind health care inflation. Past and present efforts by government and private industry to contain costs are reviewed.

Phelps, Charles E. *Health care costs: the consequences of increased cost sharing.* Santa Monica, CA 90406: Rand Corporation (1700 Main St.), November, 1982. 44 pp. (R-2970-RC).

Based on the data from Rand Corporation's Health Insurance Study (H.I.S.), this report is an analysis of how consumers will change their spending patterns in response to different copayments and deductibles. The H.I.S. results indicate that cost sharing does cause people to use substantially fewer health care services. Several government policies for controlling costs are reviewed.

### 3. Health Promotion in the Workplace


The American Association of Fitness Directors in Business and Industry (A.A.F.D.B.I.) has existed for twelve years for the purpose of helping an industry establish fitness programs. Fitness relative to absenteeism, medical costs, and employee turnover continues to be difficult to determine.


The focus of this concise report is on individual health risk factors and how these risks can be effectively reduced. The underlying theme is that we must pay attention to wellness for employees today so that we are not paying for hospitalization tomorrow. The tables and figures highlight percentages and dollar figures.


"Wellness," the author notes, is a new business buzzword as efforts to contain medical expenditures through worksite health promotion programs gain publicity. Although cost savings data which demonstrates wellness program cost-effectiveness is not readily available, this should not dissuade managers from health promotion. Several programs are discussed.

Wellness programs usually: 1) contribute to existing corporate health and safety efforts; 2) develop positive employee attitudes; 3) enhance the corporate image; 4) appear to be cost-effective in view of increasing health care costs. Components of wellness programs include: fitness, smoking cessation, stress management, and weight control.


Methods used in evaluating a specific industrial fitness program are discussed. Several research studies have indicated "an association between physically active employees and specific occupational dividends." Observed benefits include lower absenteeism, positive work attitude and consequently a higher level of work efficiency. Approaches organized labor can take to help cut health care costs are suggested in an article appearing in this journal by Phillip Polakoff titled "Unions can help trim health costs" (August, 1983).


Many industry health promotion programs have excellent goals set down, but have limited methods of evaluating the results of employee participation. This report outlines twelve steps and issues to be considered in an evaluation. Among the issues considered are determining the effects on productivity and measuring program costs. A cost/benefit model is offered.


The worksite is one of the most promising places for health behavior changes. Escalating costs of medical care have caused the business leaders and the employees to seek on-site programs. The book is divided into three parts: 1) guidelines for implementing corporate wellness programs; 2) examples of operating company programs; 3) background papers.


This article offers a brief review of what is being done in several large corporations regarding health promotion. In order for the concept of prevention to become part of the American health scene, it is critical that the fitness director in corporation programs to make the results of their wellness programs known to the Federal government in order for the impact on the economic issues of health care to become better known.