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UHR scrutinizes health care costs

By **Jeff Samoray**, *OU Web Writer*

Across the nation, employees are finding health care costs are rising dramatically and taking more out of their paychecks. While these costs have risen steadily over the past decade, there has been a sharp increase more recently.

According to a study by the Kaiser Family Foundation and the Health Research and Educational Trust, employees are paying 48 percent more out of their own pockets than they did three years ago. Nearly 75 percent of all large employers raised the amount employees contribute to the cost of their health care plans this year. Other health care experts say 2004 will be the fourth straight year of double-digit increases in health insurance premiums. Factors contributing to these increases are advances in drugs and health care technology and a loosening of managed care restraints during the 1990s.

Like other employers nationwide, Oakland University is among those facing large increases in the cost of health insurance and other benefits. OU is projecting double-digit increases in the cost of health care benefits in 2004. The surge in costs also comes at a time when state appropriations to Michigan universities have been cut. While this trend is expected to continue, the university and its many employee groups continually explore ways to contain and reduce costs without shifting the entire burden onto its employees.

"Health care costs are higher than we've ever experienced," said Ron Watson, assistant vice president for **University Human Resources** (UHR). "We're continuing to look at ways to reduce costs and offer competitive benefits to our employees at minimal cost."

OU's Health Benefits Council, which includes representation from every employee group, continues to search for ways to decrease health care costs. Their work has resulted in cost increases at or slightly below what other organizations are experiencing. Policies and health care offerings are under scrutiny, and UHR obtains updated bids from health care providers annually and continually examines the possibility of switching to more cost-effective providers.

One potential cost-lowering option currently under discussion involves forming a coalition with Michigan's other state-supported universities and using its collective purchasing power to obtain more affordable health care. In addition, OU's Health Benefits Council is making plans to educate the university community on ways employees can help reduce costs.

"Employees need to be smart consumers as well," Watson said. "With the cost of prescriptions at a much higher rate than they were a few years ago, we'd like to educate our employees about the benefits of purchasing generic drugs. Other ways employees can help involve taking preventative measures to ensure good health and being cognizant of the different costs associated with the treatment you seek and to ask whether or not that treatment is necessary. People often go to the emergency room to be treated for minor ailments that could be more appropriately handled by a family doctor. Employees may also consider opting out of health care coverage through the university if they are covered under a spouse's plan."

Employees also can take advantage of health care reimbursement accounts and dependent care reimbursement accounts as tax-free ways to pay for out-of-pocket expenses for eligible health care and dependent care expenses.

"It's also important to note that health insurance is a benefit to use, but the key to reducing costs is to use it wisely," said Benefit and Compensation Services Manager Barbara McGuire. "Each year we obtain bids from insurance providers and always search for the most beneficial plans for our employees."

"It's also noteworthy that Oakland continues to offer its employees a free, no-premium health care option (Health Alliance Plan). Fewer and fewer organizations are able to offer such an option because there are only so many ways to finance the cost of health care. This is something the university and unions have been working together to maintain."

For more information on health insurance benefits and ways to control associated costs, contact the University Human Resources Benefits and Compensation Office at (248) 370-4207. Also, visit the **Faculty and Staff News** Web site over the next few weeks for more information on health care benefits.

SUMMARY

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