

## Issues, Ideas and Ideologies

### Creating Ways to Contain Health Costs

By: Lee T. Todd, Jr., President

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Double-digit health care rate increases have been the norm for employers over the past four years. Starting in 2000-01, when many employers saw a 15 percent rate increase for active employees, budget forecasters dreaded the arrival of the annual health care estimates.

Offering health care benefits to 15,000 employees, retirees and other persons (a total of 24,000 covered lives), we realized we had to change our health care approach. University of Kentucky employees could not afford 10-15 percent rate hikes every year, and UK was not able to absorb the additional costs.

We have taken several steps to control costs over the past three years. We streamlined administration by consolidating plan administrators. However, there is only so much any business can do in the short-term. The long-term health care solution is to educate employees about their health and make them better consumers of health care.

#### **First Steps**

In July 2001, UK elected to reduce the number of third party administrators from four to two. The

consolidation of plans was designed to allow UK to better predict enrollment, stabilize rates and avoid program deficits.

Before this action was taken, UK held no leverage with our four health plan administrators. Participants were spread among the groups, which did not allow us to control any administrative costs or data. By changing to two administrators, we were able to acquire better information on plan participants as well as provide more efficient administrative support.

Such budget tightening and efficiency measures helped reduce our health care cost increases. But there was only so much trimming that could be done on health plans before we might have started slicing away at quality.

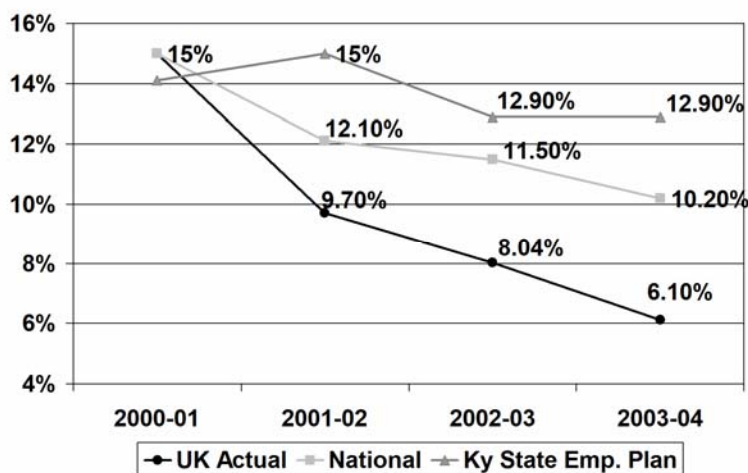
Enter the Health Literacy Project and Wellness Program. In an effort to continue to limit health care increases, the University of Kentucky introduced an all-inclusive program to improve the health of the university community through education, individual empowerment and intervention.

#### **Impressive Results**

According to Mercer Human Resources Consulting, the national health care rate increase in 2003-04 was 10.2 percent. The increase for the Kentucky State Employment plan was 12.9 percent. UK's actual increase was only 6.1 percent.

It was the third consecutive year that UK had performed better than national and regional averages. Before we implemented our efficiency initiatives in 2000-01, our increase was 15 percent. However, after initiating the changes in 2001-02, our actual increase was 9.7 percent, while the national average was 12.1 percent and the Kentucky state plan saw a 15 percent increase. We reduced it further to an actual 8.1 percent increase in 2002-03, while national companies saw an increase of 11.5 percent. The state's increase was 12.9 percent.

If UK had not taken such steps and realized the medical trend at the national level, we would have paid an additional \$6.4 million in health care costs over the past three years. We had budgeted to expect increases in our health plan according to the national trend.



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By containing our annual increases, we have been able to control employee out-of-pocket medical premiums, as well as invest monies into other university services and programs.

Across the country, worker contributions rose sharply in 2003 with employees being asked to pay an increasing percentage of premiums, Mercer reported. Workers were also asked to pay higher deductibles and co-payments, the report stated.

UK has not asked employees to pay a greater share of their health care premiums for base health plans offered to active employees and over-65 retirees since 2001-02.

**Pharmaceutical Innovation**

Containing health care costs was only part of the university’s motivation for developing the Health Literacy Project and Wellness Program. Study after study has shown that a healthy workforce is a more efficient workforce. In recent years, many companies have been offering employee wellness programs (UK has had a wellness program since 1990.). The newly-designed UK plan takes wellness a step further, providing UK employees with a series of educational components.

One of the program’s most heralded creations is UK’s award-winning Pharmacy REACH program, a program unlike any other in the United States. Raising Energy, Awareness, and Campus Health (REACH) is a multi-pronged effort designed to educate employees about their prescriptions. UK employs four pharmacists that help employees and families manage their medications through individual consultation.

Just last year, we also introduced a coinsurance program for prescription drugs. Employees now pay a percentage of their drug costs, rather than a flat fee. The coinsurance switch saved UK about \$1.6 million in 2003-04.

Prior to the move to coinsurance, the employee/retiree out-of-pocket cost for prescription drugs was approximately 30

percent of the overall cost. After the move to coinsurance and with the assistance of the REACH pharmacists, the employee/retiree out-of-pocket share remains at approximately 30 percent.

Through our co-pay counseling and good medicines program, REACH pharmacists assist employees and retirees manage their prescription medications. University pharmacists meet individually with patients to analyze their medication lists and look for drug interactions and duplications, and to search for ways patients can reduce their out-of-pocket expenses.

The most innovative aspect of Pharmacy REACH has been UK’s development of a disease management program. REACH’s first foray into disease management has been working with UK employees and retirees with diabetes. Since Kentucky has one of the nation’s highest diabetes incidence rates, the REACH staff felt they could make an immediate impact on campus through diabetes education.

The diabetes program opened in March 2003. Participants fill out a survey, which is analyzed by UK’s pharmacists. They then enroll in six to eight hours of group education seminars. From there, participants receive a personal follow-up every one to three months. This is when pharmacists and patients focus on individual care.

Amy Nicholas and Holly Divine, clinical professors at the UK College of Pharmacy, administer the diabetes program and have received the Kentucky Pharmacists Association's Innovation Pharmacy Practice Award in 2004 for their work on the REACH program. The pair was nominated for The Pinnacle Award from the American Pharmacists Association Foundation. The Pinnacle Awards recognize an individual, group of individuals, or a health care organization for a significant scientific contribution and/or exemplary leadership in the improvement of quality in the medication use process. The recipients are recognized for pioneering innovative ways to improve the medication use process that reduce drug misadventures, improve patient outcomes, and increase communication between all members of the health care team.

The REACH staff is currently developing its second health initiative – a cardiovascular program, aimed at helping employees with hypertension and lipid management, which is slated to open in fall 2004.

It is our goal to develop additional disease management plans in the future.

We have also unveiled an initiative called the Healthtrac Rewards program, which is based on the principle of prevention and self-responsibility. Employees are paid \$10 each month to log on to a personal health page and complete a

health risk assessment several times a year. The health risk assessment helps employees understand their personal health status and provides simple, straight-forward steps that can help them improve their health. In its first year, 31 percent of active employees have used the program. Of those users, 80 percent visit their health page every month.

#### **The Personal Difference**

We can talk about cost savings and the efficiencies all day but without healthier employees, everything we are doing would be for naught.

Take the story of Dr. Nancy E. Kukulinsky, director of the Administrative Core at UK's General Clinical Research Center. Nancy has been living with diabetes since 1991 and enrolled in the diabetes program offered by REACH in March 2003. To date, Nancy has lost 30 pounds and reduced her out-of-pocket medication costs by 60 percent.

"I'm a much healthier person now and that's exactly what I wanted to accomplish," she said. "I feel so much better. I know more about food groups. I'm eating smarter. My overall health is better."

Nancy said the program's education focus and one-on-one service has been the key.

"I am an educated person who takes great pride in learning as much as I can about my disease," she said. "But there are constant new developments, new research, and new medications. It's

impossible to know everything. Plus, Dr. Amy and Dr. Holly come right to my office. You just don't see personalized service like that any more. They meet with me, share some ideas, and also converse with my doctor. It is the best of all worlds."

Carl L. King, a senior engineering associate, was diagnosed with diabetes two years ago. He has lost 70 pounds since enrolling in REACH last year. Carl has also limited his medication intake from three pills to one pill a day.

"I'm much more physically active than I used to be," Carl said. "I can get around and do things I wasn't able to do. I now feel like I have the tools to work on this disease. Frankly, I think these two ladies have given me a new lease on life. They have been a godsend. I'm tickled to death with this program."

As part of the program, UK pharmacists work closely with area physicians to identify heavy medication users. Doctors often refer patients to the program whom they feel need further prescription consultation or disease management assistance.

#### **Additional Programs**

UK's Health Literacy Project and Wellness Program has several other key components, including:

- **Well Awareness**  
Aimed at increasing awareness about worker health.



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UK offers health screenings and seminars on a variety of subjects including balancing finances, aging gracefully, parenting, and balancing the stresses of family and work.

professionals at convenient times. Current BeH.I.P. programs include weight loss for life, diabetes prevention, start to stop smoking, exercise for health, and blood pressure reduction.

all of our staff.

Our health care initiatives will reach more Kentuckians in the years ahead. In August, we signed a \$3.9 million contract with the Commonwealth of Kentucky’s Cabinet for Health and Family Services. As part of the agreement, UK will broaden its disease management program, as well as other programs within the UK College of Pharmacy, to help the state improve health outcomes for those around Kentucky.

The state expects to realize a savings in the amount of \$8 million in the first year.

- **Body Shop Fitness**

Helps employees improve their quality of life by increasing physical activity. UK offers both physical fitness and mind-body activities. Employees meet individually with highly qualified staff members to develop an exercise plan specific to their personal fitness goals.

- **Health Literacy 101**

Offers tools and resources to help employees and their families become more informed consumers. The two-pronged program is designed to teach UK employees about their health plan options, as well as help them make the most fiscally sound decision for their family.

- **Eating Well**

Individual counseling is available with registered dietitians. Weight management courses and special events are available to help spread good information about nutrition.

- **BeH.I.P.**

The Behavioral Health Intervention Plan (BeH.I.P.) is designed to help people develop healthy behaviors. The program provides counseling from trained

**In Closing**

As the state of Kentucky’s flagship university, we are dedicated to enhancing education in any way we can. Health care education is one of our newer initiatives but one that is vital to running a successful university and more efficient work place. In addition to a healthier work force, our dedication to wellness and health literacy has been a financial boon for the university.

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