



## KNOW YOUR EMPLOYEE BENEFITS



Benefit and insurance issues important to you—brought to you by the insurance specialists at Gurdjian & Associates, Inc.

# Ten Easy Ways to Stretch Your Healthcare Dollars

You can hardly turn on the nightly news or pick up a newspaper without hearing about the rising cost of healthcare and the stifling effect it is having on individuals and employers. With experts predicting national healthcare cost increases to stay in the double-digits for the near and long-term, employers are passing more costs on to their employees, and individuals and families are looking for ways to stretch their healthcare dollars.

Making the most of your healthcare dollars can actually be easier than you think. Below are ten easy ways you can easily stretch your healthcare dollar and do your part to help keep overall healthcare costs down.

1. **Understand how your health plan works.** This is probably the first and most important step in getting the most for your healthcare dollar. You need to know what is and what is not covered, what procedures you need to follow to ensure your claims are paid, and which providers and facilities to use to get the most cost-effective care. Know the deductibles, copayments, and other out-of-pocket costs you are responsible for paying before you use medical products or services or get a prescription filled.
2. **Use in-network providers.** Participating providers (doctors, hospitals, and other providers in your plan's network) generally charge discounted rates for plan members. When you go to a non-participating provider you will likely pay a higher coinsurance percentage (for example, 30 percent out-of-network versus 10 percent in-network). And, you will likely have to pay the difference in price between the participating provider's discounted fee, and the non-participating provider's "regular" fee.
3. **Look into freestanding surgical and diagnostic centers.** If you need surgery, you might save money by having it performed at an ambulatory surgical center — a freestanding clinic that is not a hospital or operated by a hospital. These centers usually charge less than hospitals or their outpatient surgical centers. Freestanding diagnostic centers are also available and tend to charge less for certain tests like MRIs, CAT scans, X-rays, and bone density scans. But before you go, make sure the facility is in your plan's network and that your plan's benefits cover the service. And as always, talk to your doctor to be sure this course of action is appropriate for you.
4. **Ask your doctor about home testing and monitoring devices.** Home tests for blood pressure, diabetes, and other conditions can help ensure you are following your doctor's orders and that prescribed treatments are working. These tests will usually cost less than in-office testing. Check with your doctor to be sure in-home testing is appropriate, report your results regularly, and call your doctor if you notice anything unusual.
5. **Only go to the hospital emergency room for true emergencies.** If you need medical care when your regular doctor is not available, think about going to an urgent care center rather than a hospital emergency room. This can often be a tough call, but for a cold or a minor sprain, avoiding the ER will probably save you money for two reasons: 1) the

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copayment is usually lower for a doctor visit or an urgent care visit, and 2) your insurer might make you pay for the full cost of care if you use an emergency room for a non-emergency. And, getting care at an urgent care center will almost certainly be faster than at the ER. Call your plan's health hotline, if available, to get advice on how, when, and where to seek care in a non-emergency situation.

6. **Carefully check all medical bills.** Insurance companies and hospitals are not immune from making billing errors. In fact, errors are common. Insurers often miscalculate the family deductible, so keep a careful tally of individual as well as total family payments to be sure you don't pay too much. If you have a hospital stay, try to keep a log of all the services, medications, and supplies you are given, so when you get a bill you can be sure you are not charged for procedures you didn't have or items you didn't use. Ask for an itemized bill.
7. **Use any additional programs or discounts provided by your employer or health plan.** Many health plans provide access to free disease management programs for chronic conditions like asthma, diabetes, and heart disease. These programs can help you stay healthy and manage your condition, and can possibly save you money in the long run. In addition, many employers offer complementary programs that are designed to prevent illness and lower health costs over the long run. These programs may include smoking cessation and weight loss programs, or discounts on fitness clubs or other items

that help you live a healthy lifestyle.

8. **Live a healthy lifestyle.** Healthy habits like exercising regularly, eating well, and not smoking can increase your stamina, lighten your mood, and lower your risk for certain diseases. Aside from the physical and psychological benefits, healthy living can also offer financial rewards. One recent study noted the impact healthy living has on healthcare costs:
  - A 41 percent difference in healthcare costs between those who ate poorly and those who ate well
  - Smokers had a 31 percent higher annual claims cost than non-smokers
  - Overweight people were hospitalized 143 percent more than people of average weight
  - People with high blood pressure spent 24 percent more days in the hospital than people with normal blood pressure
9. **Make careful decisions about prescription drugs.** Prescription drugs are the fastest rising area of healthcare costs and one of the biggest reasons behind dramatic increases in healthcare costs nationwide. The driving factors behind this trend are increased advertising, development of new and expensive drugs, and greater utilization — more people are simply taking more prescription drugs than ever before. Here are some ways you can reduce your prescription drug costs:
  - *Use generic drugs whenever possible, even for over-the-counter medications.* Remember, the most expensive drug is definitely not the best. There are

usually generic equivalents that are less expensive than the drugs you see advertised on TV. Before your physician finishes writing your prescription, ask about generic equivalents, lower-cost brand name drugs to treat the same condition, and even over-the-counter options.

- *Know how your drug plan works.* Check your copayments and know the maximum amount your plan will pay for in one year. Find out if your plan has a formulary (a list of preferred drugs they will cover). A health plan with a closed formulary pays only for certain pre-approved drugs. A plan with an open formulary will cover most drugs but at varying prices.
- *Use a mail order pharmacy if one is available.* Ordering prescriptions by mail can save 10 – 15 percent and is perfect for patients who take medication on an ongoing basis and can place orders in advance.
- *Talk to your doctor.* Make sure your physician knows if you have to pay for your prescriptions out of your own pocket. Often there are less expensive but equally effective treatment options.
- *Compare prices.* Shop around for the pharmacy that offers the best value for your needs. You may even need to get different medications from different pharmacies depending on which offers a better price.
- *Consider pill-splitting.* Some medications can be obtained at double the prescribed dose, and then split in half. This practice can result in 50 percent savings. But, you must be sure your medication is appropriate for

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splitting, so talk to your doctor first. Some medications require very precise dosing, and others simply can't be split effectively or accurately.

- *Look into manufacturer aid programs.* Most major drug manufacturers have programs to subsidize patients who can't pay for medications they need. All of these programs require your doctor to apply for you.
- *Take all medications as prescribed.* Not refilling your prescription might seem like a good way to save money, but it may in fact cost you more money in the long run. Many drugs, when taken as directed, keep you from needing expensive medical care or hospitalization.

10. ***Use a healthcare spending account to pay for medical expenses with pre-tax money.*** If your employer provides you access to a Flexible Spending Account (FSA) or Health Savings Account (HSA), use it. These accounts let you set aside pretax money from your paycheck to pay for eligible items like prescription drugs and over-the-counter medications, deductibles, coinsurance, dental expenses, and vision care. You get to save for these expenses gradually, rather than having the money in your checking account when the need arises. And, because you don't pay taxes on the money, you are actually getting a "percent off" or a discount on everything you purchase with your saved money. For example, assuming the government takes 20 percent of your income, and you put \$500 in your health care spending account, you save about \$100 in taxes.

Healthcare costs are tied directly to utilization; when you use your health plan more, there are more claims. And the higher the claims, the more you and your employer must contribute to pay for these claims. Don't forget that the most cost effective way to reduce the cost of healthcare is to make better decisions about the way you live, including the way you eat, exercise, and spend your healthcare dollars.

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