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IBI Warns Employers Not To Drop Health Benefits

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Employers thinking about dropping health care for their workers might want to think twice.

A new book by one of the architects of the Patient Protection and Affordable Care Act, Ezekiel J. Emanuel, predicts that by 2025, fewer than 20 percent of employers will offer coverage to workers. But that would be a disaster for corporate productivity, argues Thomas Parry, president of the Integrated Benefits Institute.

Companies that lose responsibility for employee health coverage also risk losing access to key data they need to be competitive, he said in an interview with BenefitsPro this week.

With a substantial corporate membership focused on benefits strategy, the IBI is in a position to influence the debate over the corporation's role in employee health. Parry thinks that role ought to be greater, not less, in the wake of healthcare reform.

Parry has been traveling the country preaching his theory that companies that try to save money in the short term by cutting their ties to employee insurance will be paying for it in lost productivity.

The PPACA wasn't intended to displace employer-provided health care, of course, though critics and others have suggested it will do...

"There are two employer camps forming around health coverage," he said. "One camp is focused on minimizing their healthcare costs in the short run. The other camp is thinking strategically about how to use data about employee health to drive their business."

It's the latter camp, obviously, that supports Parry's argument. Many of these employers have formed alliances to dig deeper into the healthcare numbers of their workers to unlock value. Some have gone to the extent of evaluating healthcare systems and steering workers to preferred providers.

Essentially, what Parry's telling employers is this: After years of providing health coverage to employees, companies have amassed data on their health. Much of it either isn't especially useful or hasn't been properly mined to contribute to the bottom line. But it's still there, waiting for the value to be extracted from it.

This data includes lost work time due to illness, relationships between certain lifestyle habits/choices and work, the effects of obesity on long-term productivity, and more.

"If employers decide to let someone else take care of their employees' health coverage, they are going to lose access to a lot of very crucial information," he said.

"An employer won't know anything about the course of treatment for an illness or injury," he said, "and that is a key piece of information to have from a management standpoint."

The heart of the debate, he said, is the weighing of the cost of health coverage against the value of having access to key pieces of data about employee health.

"Of course it's important to be able to understand and control your healthcare costs," he said. "But that's not the only important thing to know. You also need to know what health data is critical to running your business. You need to understand the value of a healthy workforce. If a healthy workforce comes to work more often and does a better job,

it's good for your business. If you don't understand that, and are only focused on short-term cost savings, you're risking your business."

Parry doesn't dismiss the argument that offering health insurance as a benefit is good from an attraction/retention standpoint. "But since (under Obamacare) large businesses now will have to offer some kind of coverage, that argument isn't as important as having access to the health data of your workforce," he said.

As he travels around the nation, Parry says the question he hears most often from employers is, "How do I understand what healthcare reform and employee health coverage mean to my business?"

"Employers want to know what the return on their healthcare investment in their workforce is," he said. "That's the question they should be asking. In order to answer that, they need to continue to have access to key data about their employees' health. Handing coverage off to someone else is not the way to do that."

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