



How Small Group Employers Can Minimize Health Care Costs



At CareFirst (CareFirst BlueCross BlueShield and CareFirst BlueChoice, Inc.) we understand that you may have questions about the cost of your company's health care and what really determines your group's monthly premiums. Factors such as: industry regulations, member usage of health care services, and the overall health of the small group population can impact small group premiums.



But while health care costs do have a tendency to rise, there are proactive things that you can do as an employer to help minimize health care costs for you and your employees.

How Are Monthly Premiums Determined?

Premium rates are based on taking the total number of CareFirst small employer groups with at least 2, but no more than 50 eligible employees, and analyzing historical claims data of all groups. Also, expected future expenses help to determine what the average monthly premium should be. This is referred to as "pooling" together the cost of health care coverage to help stabilize claims trends.

While this type of pooling protects you from a high cost claim if you or one of your employees experiences a catastrophic event, it also contributes to premium increases to offset the health care costs for other small groups in the 2-50 employer pool.

There are additional variables used to determine the monthly premium, just like there are with insurance premiums for your car or home. For instance, the location and age of your employees will play a role in the premium to cover the cost of health care.

Premiums are directly related to the health care services that our members receive. Fees for doctors and hospitals, new and existing pharmaceuticals, medical technology, and more intensive diagnostic testing will affect premiums.

What are Health Care Dollars Spent On?

The majority of the member's monthly premium goes toward the cost of their medical care. In fact, 80¢ of every premium dollar is spent on the member's medical and drug care while the remaining 20¢ covers administrative costs, including state and federal taxes.

With health care reform on the forefront of consumers' minds, it is important to know that insurers' operating margins are far lower than most other industries. Specifically, as a not-for-profit organization, CareFirst seeks to provide you and your employees with coverage at the lowest possible cost, with the least profit margin.

Any excess premium revenue will go into reserves for our members' protection.



How You, the Employer, Can Help Minimize Premium Increases and Out-of-Pocket Costs

It is our goal at CareFirst to help control health care costs as much as possible while ensuring our members have access to quality care. CareFirst offers a variety of free programs and services to provide you and your employees with the tools and resources needed to help manage your health and ultimately your health care costs.

CareFirst offers free tools for employers:

Workplace Wellness. A comprehensive wellness web site is available for employers to improve the personal health of their employees and lower health costs. Employers have access to monthly wellness webinars helping them to implement employee wellness programs. Visit our web site at www.carefirst.com/workplacewellness to receive wellness e-mail updates and learn how to implement your work site wellness program.

Health Promotion Consultation. Developing a wellness strategy that encompasses prevention, education, and awareness can lead to more effective use of the health care system, which lowers costs and improves health and well-being. At no additional cost, a CareFirst Health Promotion Specialist will provide consultations to assist employers with developing a workplace wellness strategy. For more information, please contact your broker or CareFirst account representative to schedule a consultation.

Promote Free Programs & Services for Employees

When you encourage and promote healthy behaviors among your employees, you will realize the benefits with increased productivity, decreased absenteeism, and overall job satisfaction. And with healthier employees you have the opportunity to reduce health care costs over time by slowing the progression of chronic disease.

Help your employees get healthy and manage their care with:

My Care First. The health and wellness section of our web site provides a broad range of health and wellness information, as well as interactive and multimedia tools. Just visit www.mycarefirst.com.

Options Discount Program/Blue365. These programs offer discounts from 10%-60% on weight loss programs, fitness centers, chiropractic services, massage therapy, acupuncture and more. Visit www.carefirst.com/options.

Vitality. Our member magazine, which is mailed 3 times a year, offers advice on nutrition, exercise, prevention, chronic disease management and other important health issues.

Great Beginnings. Pregnant members from the 1st trimester through the final postpartum visit have access to telephone support and resources. Members can get more information and register by calling 888-264-8648 or visiting us at www.carefirst.com/greatbeginnings.

FirstHelp. FirstHelp is a 24/7 medical advice phone line for members and dependents who need care or have questions about treatment. FirstHelp nurses ask the member's symptoms and help the member decide on the best source of care. This is especially helpful when you have a child who has symptoms in the middle of the night. Simply call: 1-800-535-9700.





Other Ways Employees Can Help Control Costs

Managing a Chronic Condition Helps

Free of charge to members, the following programs will help in the management of a chronic condition, which according to AON Consulting, accounts for 75% of all dollars spent on health services in the CareFirst small group market.



Disease Management Program. Provides 24-hour telephone support and resources to members, supplementing their doctor's care plans for chronic conditions such as asthma, diabetes, coronary artery disease, heart failure, COPD, back pain and osteoarthritis. Members can call 800-783-4582 or visit www.carefirst.com/members and click on [CareEssentials](#). Employers can learn more at www.carefirst.com/careessentials.

Case Management Program. Telephone support and resources are available for members who have had major surgeries, rehabilitation, transplants, cancer, or other serious illnesses. Members can call 888-264-8648 or visit our web site at www.carefirst.com/members and click on [CareEssentials](#). Employers can learn more at by visiting www.carefirst.com/careessentials.

My Account. Members can get estimated treatment costs for a specific condition, from diagnosis through the final treatment, plus the average number of treatment days for their condition at www.carefirst.com/myaccount.

Develop a Relationship with the Primary Care Physician

Having a primary care doctor who knows and understands the member's health and what their specific needs are is critical. By consulting a primary care physician first, for all health questions and issues, patients are more likely to get the most comprehensive and cost-effective care.

Preventive, Routine Care and Screenings – It Matters

When the member and doctor partner with each other, the physician then has the opportunity to recommend and encourage the member to schedule their annual preventive services and screenings. It not only benefits the member but will help to lower health care costs. When a member seeks preventive care, they are more likely to stay healthy.

Preventive care and screenings will help to detect illnesses in the early stages, when they can possibly be managed with a healthier outcome and are less costly to treat. And many of our health plans offer lower or no copayments for these services so the member's out-of-pocket expense is minimized.

Each year, CareFirst publishes a list of preventive service guidelines for members, based on national standards. The guidelines are available at www.carefirst.com/prevention.

Use Network Providers

Out-of-pocket costs like copayments and coinsurance are much lower when members seek care from a network provider. While network access is specific to the plan you choose for your employees, CareFirst has the largest network in the region, with more than 33,000 providers. Members can use our online provider directory at www.carefirst.com/doctor or call Member Services at the telephone number listed on their ID card for the list of providers in the network.



Limit Emergency Room Visits

According to a recent study from the American City Business Journal, 47% of all emergency room visits are unnecessary and would have been better handled through the patient's primary doctor or even an urgent care center. Instead of visiting an ER, a member should:

First, try and schedule an appointment with their primary care doctor.

Second, urgent care centers can be a convenient alternative when the physician's office is closed and a member needs prompt medical attention. Our online provider directory, available at www.carefirst.com/doctor, has a comprehensive list of urgent care centers in your service area. Plus, members can save significantly on out-of-pocket expenses by visiting an in-network facility.

Cost Savings for Prescription & Over-the-Counter Drugs

85% of prescription drug claims are from brand name drugs, while 15% are from generic drugs. Using generic drugs instead of brand name can save a member up to 75%.

Also, a member should check with their doctor to see if there is a lower cost drug available for their condition. CareFirst provides a Drug Pricing tool to help employees find the cost of their medications along with less costly alternatives. This tool also compares drug prices at different pharmacies. Log onto My Account at www.carefirst.com/myaccount to find this money-saving tool.

CareFirst values your membership and recognizes the challenges that small group employers have when it comes to providing health care for your employees. We have a broad range of health care plans that can fit the specific needs of your company and can provide you with the necessary guidance, tools and resources to minimize the increases in health care costs.

Don't hesitate to call your broker or CareFirst account representative to learn about the health care plans CareFirst offers.



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