

## Companies talk fix for health care

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BEDFORD – After Peter Hayes discovered that his company was facing a nearly \$1 million insurance claim for an employee’s unnecessary hip replacement and the staph infection that followed, he started some comparison shopping.

Hayes, director of associate health and wellness for Hannaford Brothers, discovered that the same \$50,000 hip replacement performed in New England could be done for a mere \$10,000 in Singapore. And the quality of care was great, he said.

So in March 2008, Hayes implemented a radical program. Hannaford employees were told they wouldn’t have to pay anything out of pocket for a hip replacement if they were willing to travel to Singapore for the procedure. The company would pay all travel expenses, including travel for a spouse or close family member.

Not a single Hannaford employee took him up on the offer, but Hayes’ goal was accomplished all the same: Local hospitals started paying attention and finally agreed to lower the price of a hip replacement in order to compete. Two of the hospitals – one in Boston and another in Maine – are now charging about \$18,000, he said.

“We’ve saved half a million or \$1 million so far on hips alone,” Hayes said.

Hayes was one of three speakers Tuesday morning at the New Hampshire Business Review Health Care Forum, an event designed to give companies fresh ideas for lowering health care costs. It took place over breakfast at C.R. Sparks in Bedford, spanned three hours and drew 100 or more company executives, business owners and human resources professionals.

As the national health care debate rages in Washington, the speakers discussed ideas to help local businesses cope with the skyrocketing costs of health care without passing more of the costs along to cash-strapped employees. The event was not intended to be political, but all three speakers took the position that Congress is not going to accomplish sweeping health care reform, at least not in the current session.

“Help is not on the way,” said Tom Oksanen, senior vice president of employee benefits for Fidelity Investments and the second speaker of the morning. “Nothing in health care reform is going to help us manage costs.”

The forum did not address the problem of the uninsured, which, in addition to cost, has been at the center of the national health care debate.

In an admittedly gloomy presentation, keynote speaker Gary Hirshberg, CEO of Londonderry-based organic yogurt company Stonyfield Farm, presented dozens of statistics about the deterioration of American health over the past 60 years, particularly the past decade.

Two-thirds of Americans are now overweight or obese, he said. Just this summer, the percentage of obese people topped the percentage of overweight people for the first time. In the past decade, the average American has gained eight pounds and the percentage of overweight children has climbed from 14 percent to 24 percent.

“The statistics are just endless, and they’re all rather depressing,” Hirshberg said.

Hirshberg argued that the current health care debate is being framed the wrong way. Instead of focusing on what to do when we’re already sick, the country needs to focus on less-expensive preventative health care, he said. The CEO also pointed to statistics that suggest a link between Western habits – including using pesticides and eating processed foods – and higher cancer rates, including a study that showed Chinese women living in San Francisco are more likely to develop breast cancer than Chinese women living in Shanghai.

Hirshberg advocated eliminating processed foods, putting the American diet back in balance with fewer sweets, fats and salts and more of the so-called “superfoods” like nuts, avocados and beans, and eating organic foods.

He acknowledged that the benefits of eating organic have not been proven but argued that the harmful effects of eating foods coated with pesticides for the past 60 years are even more uncertain.

Oksanen, the Fidelity benefits executive, talked about what companies can do to encourage their employees to live a preventative lifestyle. In the past five years, the conversation has shifted from how to deal with escalating costs to how to help employees get healthier, he said.

For the past few years, employers have continued to pass rising health care costs onto employees, but the rate of health care inflation makes that unsustainable, Oksanen said. Fidelity has suspended merit increases and lowered bonus budgets to keep level coverage for employees, but it’s still a race against the clock, he said.

Oksanen said one of Fidelity’s top initiatives now is to encourage more employees to adopt consumer-driven health care plans, which are less expensive for the employer. They come with high deductibles, which have made them unappealing to some consumers, but pay for most or all preventative care. The company is also continuing to develop in-house health and wellness plans for employees and educate employees about their health, he said.

Hayes, the Hannaford health and wellness executive, wrapped up the morning by explaining how

the Scarborough, Maine, chain of supermarkets has lowered its health care costs by about 40 percent through new initiatives, saving some \$80 million.

In addition to negotiating for a better rate on employee hip replacements, the company has started offering financial incentives to employees that seek preventative care. Breast cancer was the company's No. 1 health care expense, yet many female employees were not having mammograms, Hayes said. When an incentive to do so was put in place, the number of screenings increased by 40 percent, he said.

Hannaford has also saved money by identifying "providers of distinction," or doctors and hospitals that provide the best quality of care at the lowest cost, and negotiating with providers to pay one "total kit" price for employee health care procedures, not individual prices for everything from a hip replacement to the aspirin dispensed after the surgery.

Hayes echoed the previous speakers' thoughts about focusing on employee wellness as the solution to managing health care costs.

"Is there a payoff to this? Does it work?" he asked. "We think it does."

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