

Dallas Business Journal

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Survey: little relief seen for rising health benefit costs

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Employers do not expect a decline in the rate of health benefit cost increases any time soon. Meanwhile, they continue to invest in onsite medical clinics, call-in medical help lines and employee health appraisals in efforts to control those costs. These are among the major findings of a forthcoming survey conducted by Watson Wyatt Worldwide and the National Business Group on Health.

The survey of 573 large employers reveals that annual median increases for health care costs will remain at 8% in 2007. What's more, employers expect cost increases to stay at 8% through 2008.

While costs remain high, they have become more predictable in recent years. Eighty-two percent of employers also said their health care costs came in at or below budget in 2006, as did 84% in 2005.

"The rate at which health care costs are increasing may be stabilizing, but it is still three times higher than the annual rate of inflation overall," said Ted Nussbaum, director of group and health care consulting at Watson Wyatt. "With no reduction in cost increases, it becomes even more important to engage employees to carefully consider health care choices and make the most of health care dollars. And while investing in education programs, communication and infrastructure will not change behavior overnight, it will produce returns in the long run."

Proactive employers

Many employers are implementing creative solutions in an effort to improve employee health and stem costs long-term. More than three out of four of the surveyed companies (78%) offer a nurse line, while 72% offer health risk appraisals. Additionally, 42% are implementing programs that focus on reducing obesity among employees.

Some employers are seeking to improve employee health by also providing easy access to health care. For example, 23% have opened onsite clinics at some locations, and 14% have opened onsite pharmacies.

"It goes without saying that easing access to health care and encouraging employees to choose healthy lifestyles are beneficial to an organization as a whole," said Helen Darling, president of the National Business Group on Health. "But employers need to go beyond mere implementation to see results.

"Communicating clear information about these programs and providing incentives that motivate employees to take the necessary steps to improve their own health are also necessary. While we move from being a country of very unhealthy lifestyles to one with much more attention to better eating habits, much more physical activity, less tobacco use and other health improvement and disease prevention activities."

-- Staff reports

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