The quest to deliver quality health care to employees is more challenging than ever in a market where costs are rising and coverage is declining. And when it comes to the reasons employees are dissatisfied with their health plans, cost is the top grievance by a long shot.

Over the past 5 years, the average premium has risen 19%, according to the Kaiser Family Foundation. And early indicators point to another 6% increase in 2019 for many reasons, some of which you can read about in our article: 2019 Employee Benefits Costs: 10 Reasons Why Rates Will Increase.

The constant uptick in rates is wearing on employees and their employers.

HR professionals in organizations of all sizes are racking their brains for solutions – unsure of the best strategy to deliver a comprehensive employee benefits package. Most have a budget to stick to and unless they find a money-bearing tree, that's not changing any time soon.

But there are things you can do. Some may yield better results than others and a lot depends on the unique needs of your organization. Here are 10 ways others are handing the predicament.

How To Deal With Rising Health Insurance Prices

1. Make Sure Your Employees Understand Their Benefits

Employees who don't understand their benefits aren't able to fully assess their value. After all, a benefit is really only as good as your employees' appreciation for it.

Helpful HR-SIZEDToo often employers assume their employees know more about the way health insurance works than they actually do. This misunderstanding can lead to costly misuse of benefits – such as unnecessary Emergency Room visits. Remember, in the eyes of your employees, YOU are the expert. Guide them through the process to ensure their understanding so they recognize the value in what you're providing.

According to America's Health Insurance Plans (AHIP), most employees underestimate their employer's contributions to their health insurance, with only 20% believing employers are paying as much or more than they actually are. However, 77% said favorability toward their employers significantly increases with knowledge.

Find opportunities to communicate to your workforce the size of the contribution your organization makes to help fund employee health insurance. They'll be more likely to appreciate the team effort taking place to deliver quality benefits. Be transparent about why costs are what they are and teach them how to do their part in keeping them down.

After all, knowledge is power, right?

2. Strategies to Afford Specialty Drugs

Expensive specialty medications are now eating up roughly half of the prescription drug costs for many employers, though they're only prescribed to 1.5-2% of plan enrollees. Many employers are encouraging their people to seek more cost-friendly options of receiving these medications to help keep costs down.

These drugs cost so much because of the way they're made and how they're administered. A good number of these drugs are given through injections which are much more affordable if received at a doctor's office rather than a hospital. Often, it's even possible to receive the injection at home which can provide even more cost savings. In addition, some organizations select health plans that require prior authorization for these medications in an effort to ensure drugs are prescribed appropriately and only when medically necessary.

A growing number of employers are selecting prescription drug plans that consist of 4 or more tiers. The top tier includes the most expensive specialty drugs. This helps keep more drugs affordable as employees more often pay for only what they'll use.

Employers should also encourage their employees to choose generic drugs when given the option as they are significantly more cost-friendly and end up saving everyone money. The FDA issued a record-breaking 1,027 approvals in 2017 which is more than 26% more than they issued in 2016. The FDA estimates generic drugs have saved consumers over $1.67 trillion over the last decade.

3. Company Wellness Plans

Company health and wellness programs are proving to be a great way to drive health care costs down for employers as they encourage employees to make healthy choices and often reward them for doing so. These lifestyle behaviors play a big part in minimizing the number of large claims and overall health care spending. In fact, following four healthy lifestyle habits – never smoking, maintaining a healthy weight, eating a balanced diet and exercising regularly – can create up to an 80% reduction in the risk of developing a handful of the most common chronic conditions.

A survey conducted by United Healthcare showed employees who participate in wellness plans attribute great successes to these programs. 67% of participants reported reduced bodyweight, 23% quit smoking or nicotine use and 30% said a disease was detected earlier because of their involvement in a wellness program.

The success is also spilling over into workplace output as 62% of participants in wellness programs say their productivity on the job has improved and 56% have used fewer sick days.

4. Provide Telehealth Options

Telehealth-SIZEDAccording to Mercer's National Survey, 71% of companies with 500 or more employees are utilizing telemedicine services of some sort. This could include live video appointments with providers via computer or smart phone app, nurse coaching over the phone through the insurance provider and remote patient monitoring.

Telehealth appointments typically cost about $45 compared with $100 for an in-person doctor's office visit and $160 to be seen at an urgent-care clinic, according to the Wall Street Journal – so the savings are pretty substantial.

5. Consumer Driven Health Plans

An increasing number of organizations are implementing Consumer Driven Health Plans (CDHPs) as a way to keep premiums down. CDHPs require consumers to take a high level of responsibility for their own healthcare choices. Employers typically fund a spending account – either a Health Reimbursement Arrangement (HRA) or Health Spending Account (HSA) – and then provide a high-deductible health insurance plan so employees are covered when major health care is needed.

This approach helps lower premiums but may actually increase employees' costs when it comes time to use their insurance. Analyzing the potential risks and benefits of this approach will help determine if this is the right course for your organization.

6. Direct Contracting

Some large companies are taking advantage of their size and negotiating power by going straight to facilities and arranging direct relationships. For example, General Motors recently negotiated lower costs on everything from doctor visits to surgical procedures for their employees with a Detroit-based hospital system.

Meanwhile, The Walt Disney Company launched two new high-performance networks in January of this year by pursuing direct relationships with Orlando Health and Florida Hospital. Through their negotiations, Disney sought to improve the employee experience and gain more control over costs and by eliminating the middle-man and interacting directly with providers on their employees' behalf.

7. On-Site Clinics

Other large organizations have put private clinics right inside their buildings as a means of lowering costs. Often employees and their families can be treated in the clinic at no cost and without using paid time off. That, combined with the convenient location, encourages a larger percentage of employees to get regular checkups and tend to their health care needs before more costly procedures and treatments are needed. They also seem to help keep employees who don't want to take time off work to visit the doctor out of the emergency room where the cost for care can be enormous.

Thus far, it seems to be a great solution for these companies. For example, Laitram Machinery, the world's largest manufacturer of shrimp-peeling machines, reported that employee visits to hospital emergency rooms dropped by 26% since opening their on-site clinics. In addition, 80% of workers reported improvement in at least one measure of health such as blood pressure, cholesterol or body fat percentage.

Healthier employees leads to less health care spending and lower insurance prices.

8. Shift More of the Cost to Employees

Many organizations are increasing the employee portion of their health benefits as a way of making them more aware of the impact their behavior has on premium costs. Last year's 6% increase in premiums was split with employers paying 1% more and employees left to cover the additional 5%.

Some feel that placing more of the cost burden on employees helps them be smarter healthcare consumers. However, many employers are thinking twice about this strategy as it frequently erodes employee morale which introduces its own set of costly problems.

9. Include Flexibility in Your Benefits

Some employers are finding success putting their employees at the helm of their own personal benefits package. Rather than guess which benefits will win their employees' hearts, they offer a variety and let each employee choose which ones they like most.

One Public Relations firm, North 6th Agency (N6A), has rolled out a revolutionary approach to offering benefits to their employees. They provide a baseline of benefits to all workers and then have a system where employees earn points they use to "buy" their favorite perks. So far it has earned high marks with their employees. Among the most popular perks have been gym memberships, one-on-one nutritionist consulting and 6 months of meals where the company pays for the employee's breakfast, lunch and dinner for half the year, according to Matt Rizzetta, CEO of N6A.

10. Add Benefits You WANT Them to Use

Excited Employees-SIZEDSome benefits, like health care, are a cost to your organization each time an employee uses them. Many companies are adding to their benefits package in other areas to compensate for increasingly expensive health insurance premiums. Offering ways for employees to stretch their paycheck, such as employee discount programs, seems to soften the blow of rising health care costs.