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Report: Local Government Strategies to Address Rising Health Care Costs.

Summary: Rising costs over the last decade have prompted many local governments to make changes to their health plans and strategies. Cost sharing, wellness program, and disease management initiatives are widely reported. Other changes cited include increased reliance on high-deductible plans, dependent eligibility audits, and altering retiree benefits.

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Key findings:

- The top cost drivers of local government health care increases were increased claim costs (64 percent); prescription drugs (57 percent); an aging workforce (46 percent); insurance company price increases (45 percent) and federal health care policy (45 percent).
- Fifty-seven (57) percent of respondents increased cost sharing of premiums paid by employees and nearly half of respondents reported that their local governments changed the way health insurance is provided.
- Nineteen (19) percent of those reporting health plan changes shifted employees to a high-deductible plan with a health savings account and 14 percent established a health reimbursement arrangement.
- Disease management programs, on-site clinics, dependent eligibility audits, and regular review and rebidding of health care vendor contracts have achieved significant savings.
- Respondents reported that providing easy access to health services at work sites not only supports employee wellness, but also reduces employee absenteeism and health care costs.

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