

U.S. Workers Taking Steps to Lower Medical Costs, Watson Wyatt Survey Finds

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<?xml version="1.0"?> U.S. Workers Taking Steps to Lower Medical Costs, Watson Wyatt Survey Finds
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Significant Drop in Number of Employees Willing to Pay Higher Premiums to Keep Out-of-Pocket Costs Low

WASHINGTON, Dec. 10 /PRNewswire-FirstCall/ -- In the midst of an economic crisis, rising health costs are leading an increasing number of U.S. workers to take steps to reduce their own spending on medical care, according to a survey by Watson Wyatt, a leading global consulting firm.

With more workers suffering financially during this open enrollment period, a significantly lower number of employees (19 percent) are willing to pay higher premiums in order to keep deductibles and co-pays lower and more predictable. Last year, twice as many (38 percent) were willing to do so. In addition, two-thirds (66 percent) of employees are taking steps to improve personal care, up four percentage points from 2007, according to Watson Wyatt's Employee Perspectives on Health Care, a survey of 2,487 employees of large U.S. companies conducted in May and June 2008.

"Workers will continue to look for avenues to save money in tight times," said Cathy Tripp, national leader of consumerism at Watson Wyatt. "In the current financial climate, employers stand to gain from reinforcing messages on preventive care, wellness resources and the importance of following prescribed drug regimens. There are a number of behaviors that, if embraced today, will lead to substantial health cost savings in the long term."

Yet, despite the opportunity to save money, the survey found that some workers are taking actions that could lead to higher costs in the future. For instance, the survey found that 17 percent avoided a recommended doctor's visit this year to save costs. Similarly, 17 percent did not fill a prescription or skipped doses of prescribed medicine, an increase from 13 percent in 2007.

On the other hand, nearly half (46 percent) of employees choose lower-cost drug options, and 40 percent go to the doctor only for serious conditions. Both represent increases from last year. While a relatively low number of employees are seeking more affordable treatment options (14 percent), looking for inexpensive care providers (8 percent) or negotiating lower prices with their doctor (2 percent), each cost-saving measure is trending up from 2007.

Steps employees are taking to reduce spending on medical care

Action	Taken in 2007 (%)	Taken in 2008 (%)
Tried to improve personal care	61%	66%
Chose a lower-cost drug option	42%	46%
Visited the doctor only for serious condition/symptom	35%	40%
Saved money in an account used only for medical expenses	15%	20%
Skipped a recommended doctor's visit	NA	17%
Did not fill a prescription or skipped doses of prescribed medicine	13%	17%
Used company-sponsored wellness programs	NA	16%
Talked with my doctor about seeking more affordable treatments	9%	14%
Looked for less expensive health care	4%	8%
Negotiated lower prices with my doctor	1%	2%

Note: Some questions were new in 2008

The economy and higher health costs are taking a toll on the long-term financial security of many workers. This year, health costs are forcing many employees to decrease their retirement savings plan contributions (13 percent), and a fifth of workers (20 percent) indicate that their ability to save for retirement is reduced because of health costs. Also, more workers acknowledge difficulty paying for basic needs (15 percent in 2008 compared to 10 percent last year), depleted personal savings (11 percent in 2008 compared to 6 percent in 2007) or needing to borrow money (10 percent in 2008 compared to 5 percent in 2007). For employees in fair or worse health the impact is even more significant.

"The health-wealth connection is more clear than ever, as pressures from high health costs continue to pose challenges to both companies and employees," said Tripp. "Open communication and clear, concise educational tools are effective ways to help employees realize the many steps they can take to manage costs without compromising care."

To view the 2008 "Employee Perspectives on Health Care" report, visit www.watsonwyatt.com/employee Perspectives.

About Watson Wyatt Worldwide

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