

Safeway Health Insurance Plan Rewards Good Habits

Submitted by Deborah Mitchell on Aug 12th, 2009 **All About:** Affordable Health Insurance

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It is possible to keep health insurance costs down. Just ask Steven Burd, CEO of the supermarket company, Safeway, which is headquartered in California. The key to savings, he said in a Wall Street Journal article, is "health-care plans that reward healthy behavior."

The debate on Capitol Hill is hoping to meet two objectives: **health insurance reform that covers all Americans**, and providing that health care at a lower, affordable cost. This task is made all the harder by the fact that health-care spending has risen more than all other consumer spending by a large margin since 1980, when it was 9 percent of GDP (Gross Domestic Product) compared to the 18 percent it is today.

Despite a 38 percent increase in per capital health-care costs experienced by most American companies over the last four years, Safeway has managed to keep its health insurance costs flat. How? As Mr. Burd noted, Safeway focuses on two key factors: (1) 70 percent of all health-care costs are a direct result of people's behavior; and (2) 74 percent of all health-care costs are limited to four chronic conditions: obesity, diabetes, cancer, and cardiovascular disease.

All of these health conditions are highly preventable. Nearly 70 percent of cancer deaths can be attributed to controllable habits: smoking, poor nutrition, drinking, and lack of exercise. Dean Ornish, MD, clinical professor at the University of California San Francisco, reports that 95 percent of cardiovascular disease is preventable, while research indicates that at least 90 percent of obesity can be avoided and 80 percent of diabetes can be prevented. If the incidence of these conditions declined, the overall health of Americans would greatly improve, and so would health insurance costs.

At Safeway, employees pay a portion of their own health insurance through premiums, co-pays, and deductibles. What distinguishes Safeway's Healthy Measures program from the health care programs offered by many other companies is that it takes advantage of a provision stated in the 1996 Health Insurance Portability and Accountability Act, in which employers are allowed to differentiate premiums based on an employee's behaviors. Safeway focuses on four factors: weight, blood pressure, cholesterol levels, and smoking.

Safeway's health insurance program is completely voluntary. Those who choose to participate are tested on the four factors and get discounts on their premiums for each test they pass. Those who pass all four tests can enjoy a yearly reduction in their premium of nearly \$800 for individuals and about \$1,600 for families.

Does it work? The rates of obesity and smoking among Safeway's employees are about 70 percent of the national average. Many workers have reduced their blood pressure and cholesterol levels. And the company's health insurance costs have not increased over four years.

Perhaps the success experienced by Safeway and other companies with similar programs can be a lesson for federal lawmakers who are hashing over health insurance reform. Perhaps it is time we reward good behavior and devise a health care program that helps those whose lifestyle habits are hazardous to their health. It seems only fair.

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