

## The Rosen Health Care Plan

By

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“The Father of Health Savings Accounts”

The employee health plan of Rosen Hotels & Resorts covers almost everything – even bariatric surgery for the obese. Out-of-pocket costs to the employees are minimal. Health care is also very accessible. Same-day appointments with providers are available and transportation is free. Doctor visits are on company time, so no one loses pay when they are getting care. Rosen Hotel employees also appear to be older and sicker than the employees of their competitors. They have more at-risk pregnancies, higher rates of diabetes and their use of expensive “specialty drugs” is higher than the industry average.

So you would expect that Rosen’s health care costs to be quite high. In fact, they are only 60 percent of what employer-provided health insurance costs nationwide.

How do they do it?

**Knowledge.** You can’t do anything about cost, quality or access to care if you don’t know what is happening. At all times, the company’s health team knows precisely which employees are in the hospital, how long they’ve been there and what their case history is.

They also get reports every Monday and Friday on whether employees are filling or refilling their prescriptions. If employees and their family members miss an appointment for a doctor visit or a medical test, the health team knows the day of. They know within 24 hours the test results for patients who are at-risk with the three most dangerous chronic conditions – diabetes, hypertension and high cholesterol.

**Speed.** Health problems don’t linger untreated. Treatment regimens don’t get delayed. One of the most prevalent features of health care systems all over the world is waiting. People wait to see doctors, they wait for surgery and they wait in emergency rooms. At Rosen Hotels, they don’t believe in waiting.

To facilitate that belief, Rosen has its own on-site 12,000 sq. ft. medical facility – easily accessible from any of its seven Orlando hotels. Rosen also applies the idea of quick service to its contracts with outside specialists. For example, the company’s cardiologist and its orthopedic specialist have “urgent care” access -- to immediately see Rosen employees who might otherwise show up at a hospital emergency room.

**Common sense.** Many cost saving ideas at Rosen seem to be commonsensical:

- Walmart’s policy of offering low-cost generic drugs is well known. Rosen has a similar arrangement with Walmart and it gives the employees who go to Walmart get their drugs for free.
- The law permits the personal importation of drugs from Canadian pharmacies in small quantities. Rosen helps its employees take advantage of that fact.
- Just about everybody knows that you should try generic drugs before turning to more expensive brand name drugs. Rosen is more aggressive about that than other employers
- The company also encourages over-the-counter substitutes for more expensive prescriptions with low or zero co-pays.
- For commonly used drugs, Rosen has its own dispensary where pre-packaged drugs in appropriate doses are available from a vending machine located at the medical center

All of this affects the bottom line. Whereas US employers generally saw their drug cost rise by 5 to 7 percent last year, during the three months following the Walmart arrangement, Rosen pharmacy costs actually went down.

**Managed care.** Rosen Hotels has reduced waiting times, travel times and out-of-pocket expenses to a bare minimum. And it's controlling costs at the same time. At the risk of over-simplification, Rosen seems to have succeeded where other managed care operatives have failed.

Take mammograms. Instead of having female employees go to dozens of facilities – all charging different prices, with varying levels of quality – Rosen struck a deal with Florida Hospital to provide all its employee mammograms on site. Several times a month the hospital's mammogram bus comes to the medical center and the individual hotels to conduct screenings. The company pays about one-third the average retail price.

For routine hospital stays, Rosen uses hospitalists who “quarterback” the entire episode and who represent Rosen's interest in quality care and cost control rather than hospital or provider interests. These efforts seem to pay off. The average length of stay in the hospital is 3.4 days for Rosen employees, compared to 4.6 days for Florida hospitals generally and 5.4 days for other patients in the same hospital Rosen primarily uses.

I saw no evidence that care ever gets slighted in order to save money for the employer. In fact, Rosen seems to go to great lengths to obtain high quality care – even paying for medical travel. For example, they sent a two-year-old who needed a bone marrow transplant to a children's hospital in Boston. They have sent other employees to the Mayo Clinic and to centers of excellence in other Florida cities, including Gainesville, Miami and Tampa.

**Wellness.** You can't work for Rosen Hotels if you smoke. They have random drug testing to make sure there is no nicotine in your blood. They also test for illegal drugs and even alcohol (using Florida's DWI standard). The employee lunch room, with its subsidized meals, serves “healthy portions” and generally avoids “unhealthy foods.”

The entire culture of Rosen Hotels revolves around health and healthy lifestyles. Annual physical checkups and screenings are encouraged (with nudging) but not required. All of the hotels have monitoring stations where employees can measure their blood pressure, body fat, weight and blood sugar level.

**How does Rosen really save money?** By their own accounting, Rosen Hotels spent \$9,511 per employee in 2014. Employers nationally spent \$16,834 according to the Kaiser Foundation. What accounts for that difference? There are so many things going on here, that's not an easy question to answer. If you ask senior management, they'll start by telling you about healthy lifestyles and a culture of health and they may have a point. Although wellness programs have not panned out well for most employers, Rosen has been at this for 25 years and their annual employee turnover rate is less than 15 percent – which is very low for the hospitality industry.

Yet, I'm inclined to think the bulk of the answer lies in the fact that at Rosen Hotels health care is treated as a business. They are smart buyers of care and they are smart managers of care. They appear to be way ahead of almost everyone else.

**See Harris Rosen's plan to replace ObamaCare:** <http://www.rosenhealthcaresolutions.com/media>

