

## **NEWS RELEASE**

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### **Health-care costs study completed; Employers, providers in talks**

WEST LAFAYETTE, Ind. — The results of a study of the Lafayette-West Lafayette community's medical costs announced today (Tuesday, June 14) at Caterpillar show there are some costs that are significantly higher than statewide.

Combined Lafayette-area inpatient hospital costs and physician costs are 19 percent higher than statewide for non-HMO plans and 1 percent more than HMO plans.

Gary Henriott, chair of the Lafayette-West Lafayette Economic Development Corp., said the major goal of the study was to determine whether health-care costs affected Lafayette-West Lafayette's competitiveness in attracting and retaining industry and high-paying jobs.

"There has been a perception that our community's health-care costs are high, and this puts us at a competitive disadvantage," he said. "This study shows there is some validity to that perception.

"We have shared the data with the health-care providers, and they are willing to work with us on the issues of costs, quality and efficient delivery of services."

The Chicago office of the Segal Co., a national human-resources consulting firm, used calendar year 2003 physician and hospital cost data (the most recent available when the study was undertaken) from six large area employers to complete its "Community Health Care Cost Study Analysis."

Alcoa, Caterpillar, Eli Lilly and Co., Purdue University, Subaru of Indiana Automotive Inc. and Wabash National Corp. provided the cost claims data for the study. The study was funded by 17 Lafayette-area employers.

Segal worked with Greater Lafayette Health Services (administrators of St. Elizabeth and Home Hospital), Arnett Health System, Unity Health Care and Tippecanoe County Medical Society on the study's methodology and initial findings. Then, the company compared this data to other communities — Indianapolis, Fort Wayne, Bloomington and statewide — with which Lafayette-West Lafayette competes for economic development.

The study found that the Lafayette area's total physician costs were significantly higher than both Indianapolis and statewide. Non-HMO physician costs were 62 percent higher than

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Indianapolis and 55 percent higher than statewide. Physician costs in HMO plans were 28 percent higher than Indianapolis and 26 percent higher than statewide.

However, non-HMO inpatient hospital-care cost was 5 percent lower than both Indianapolis and statewide. HMO inpatient hospital-care cost was 47 percent less than Indianapolis and 24 percent lower statewide.

Lafayette consumer utilization of physician health care was higher for both HMO and non-HMO than Indianapolis and statewide by between 12 percent and 19 percent. Non-HMO hospital utilization was 12 percent lower than both Indianapolis and statewide, and HMO inpatient hospital utilization was 1 percent lower than Indianapolis and 16 percent higher than statewide.

Area health-care providers expressed willingness to do their part in improving the overall health of the community and set the goals high enough to make health care a competitive advantage in attracting and retaining high-quality employers and good-paying jobs.

Tim Monahan, Wabash National senior vice president for human resources and a Health Care Task Force co-chair, said that while the study didn't attempt to look comprehensively at all areas of health-care costs, the data allows the community to get a barometer on where it stands compared to other Indiana communities for two of the largest categories of health-care costs.

"This study has been more than a year in the making," Monahan said. "Now we have good data, good information that establishes a baseline. And while individual employers have reached some cost accommodations with providers, we need much broader solutions."

The study did not include costs of prescription drugs or outpatient care. Smaller employers' cost data were not included in the study.

Steve Cyboran, the lead Segal consultant in the study, said in a presentation to the task force that how the community responds to the health-care cost study has the potential to change the way health care is delivered in Lafayette-West Lafayette.

James S. Almond, Purdue's vice president for business services and task-force co-chair, said the hard work on local health-care costs remains to be done.

"The completion of this study is a good first step," Almond said. "We can work together — employers, health-care providers, local government and businesses, patients and consumers — to improve the overall health of our community members and make our health-delivery system a competitive advantage for attracting and retaining good employers and good jobs."

Moving forward, the health-care task force work will be carried on by a new organization, the Employers' Health Forum of Lafayette/West Lafayette, which will also include health-care providers and networks.

A planning subcommittee for the Employers' Health Forum of Lafayette/West Lafayette is currently working to develop plans for the first meeting sometime this summer. Employers represented on this planning subcommittee include Caterpillar, Fairfield Manufacturing, The Henriott Group, Eli Lilly, Purdue, Rea Magnet Wire, Subaru and Wabash National.

Sharon Dildine, human resources director of Fairfield Manufacturing and a member of the planning subcommittee said, "The goal of the forum is to improve the value received by employers and employees for their health-care expenditures. Value includes quality, cost, efficiency and employee satisfaction. The intention is to work with providers and health plans to foster value improvement that is immediate, substantial and continually improving."

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