

# Employee Benefit Consultants

# The Administrator

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*Important news and updates from your benefits professional*

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### Feature Story

## Where Will the Candidates Take Health Care?

**A**s we move closer to the 2008 Presidential elections, the candidates will introduce or co-sponsor proposals that may significantly change the manner in which we are able to obtain health insurance, individually and on a group basis. Some proposals do away with the private health insurance delivery system and replace it with a state or federally run system. Others preserve the current system, but impose substantial financial burdens upon employers through the creation of new taxes.

### Democrats Clinton, Edwards and Obama

While Hillary Clinton plans to outline a proposal for universal coverage later this year, she has stated that she expects to cut health care costs by \$120 billion per year, in part by fighting chronic diseases like diabetes and obesity. No overall cost estimates have been announced by her campaign.

John Edwards believes all Americans must have coverage and plans to accomplish this by forcing all employers to cover all employees or pay six percent of their payroll to fund "regional" insurance markets. He favors expanding Medicaid and state children's programs and provides tax credits to uninsured middle class families. The Edwards campaign estimates annual costs could reach \$120 billion.

Barack Obama favors preserving the current employer-based system and supplements it by requiring small businesses that currently do not provide meaningful coverage to fund subsidized insurance through

payment of a new payroll tax. This tax would fund a government-run National Health Insurance Exchange for those who want to buy private insurance. Campaign officials say the proposal would require \$50 billion to \$65 billion in new federal funds.

### Republicans Giuliani, McCain and Romney

Rudy Giuliani has suggested that tens of millions of Americans should be moved from employer-based health insurance to the individual market in order to promote consumer choice. He sees a free market where people pay out of pocket for minor repairs and maintenance rather than being pushed into expensive plans required by state or federal laws.

John McCain plans to announce a program opposing a universal, single-payer health care system.

Mitt Romney seems to be distancing himself from the Massachusetts plan he helped create while in office. It was the first state-based plan to require all residents to have coverage, offered through a state-run private insurance market. Employers that don't offer insurance must pay a small fine and uninsured individuals face heavy tax penalties.

Irrespective of where you stand on this issue, our goal is to periodically keep you apprised as to what is happening in Washington and what candidates are thinking. Keep in mind, however, that this is a moving target – many new bills and proposals will be presented over the next 16 months.

# Q&A

*Bringing you answers to tough questions*

## What is the best way to ensure medication safety in your home?

A drug or a medicine changes the way your body works as well as how it treats or prevents a disease. All medicines can cause unwanted side effects, even ones you can buy without a doctor's prescription.

Be sure to read the label each time before you use a medicine. Check to see if it is:

- The right medicine
- For the right person
- In the right amount
- At the right time
- Administered the right way

Keep all medicines in the bottle, box, or tube that they came in. That will make the directions easy to find.

Store all medicines in a safe, dry place out of reach of younger children or pets. This helps medicines last longer and can aid in preventing accidents.

If a medication is past the expiration date on the package, it may not work as well. The best idea is to take old medicine to your local household hazardous waste disposal site.

[Source: Food & Drug Administration]

## Industry Approaches

# Future Of Consumer Directed Plans Still Up In The Air



According to a Towers Perrin survey, employee dissatisfaction with CDHPs is pronounced enough to threaten the long-term viability of the plans. The surveyed employees included some enrolled in CDHPs and others who had that option but chose a traditional health plan.

Only 50 percent of employees in CDHPs believed they were adequately protected against major health-care costs, versus 65 percent of those in traditional plans. Forty-four percent of employees in CDHPs believed their plan helped them access quality doctors or hospitals and affordable health care, versus 63 percent in traditional plans. These numbers are surprising given that most CDHPs utilize the same network of doctors and hospitals as a company's traditional plan.

The survey also showed that just 22 percent of employees in CDHPs were satisfied with how the plans prepared them for health care expenses in retirement, versus 30 percent of those in traditional plans. Also, just 29 percent of employees in CDHPs said they try to save money in the account for future health expenses, and 16 percent said they use it to save for health expenses in retirement. These numbers suggest employees don't fully understand CDHPs, since the tax-exempt savings potential is a superior way to prepare for future health costs.

All of these numbers lead to one clear conclusion: Companies are not doing a good enough job of educating their employees about the advantages of CDHPs, and unnecessary skepticism and frustration have resulted.



## TRENDS *Latest Happenings In Today's World*

### Long Weekends Reign

More workers are opting for long weekends that act as mini-vacations instead of using big blocks of vacation days, according to research by the Society for Human Resource Management. Rising gas prices coupled with dual-career families juggling hectic schedules stands to only further this trend. With less disruption to the rhythm of the workplace, employers may even benefit from these shorter vacations.



### Delaying Retirement

According to the Employee Benefit Research Institute, Urban Institute and the Bureau of Labor Statistics, workers are retiring at an increasingly older age. Due in part to employers scaling back pension and health benefits for retirees, Americans are now typically retiring at 62, compared with age 60 in 1997. Recognizing the value of institutional memory and experience, some companies are willing

to accommodate older workers with flexible schedules and more time off. Experts believe that delaying retirement could have a lasting effect on society, putting more cash in the pockets of the elderly and giving the economy a boost as more workers pay income taxes in their golden years. Research shows that if all workers added one year to their careers, it could considerably reduce the projected shortfall in Social Security.



## BENEFIT BEAT

*Keeping An Eye on What's Happening*

# Indiana's Plan to Cover Uninsured Similar to HSA

Indiana Governor Mitch Daniels (R) recently signed the new Indiana Check-Up law, which could eventually provide private health coverage to as many as 140,000 of the state's uninsured through Personal Wellness Responsibility (POWER) accounts. Funded by a 44-cents-per-pack tax increase on cigarettes, the POWER accounts will be very similar to an HSA, except that prescription drugs are covered outside of the deductible.

POWER accounts will be available to adults who meet the following criteria: not eligible for Medicaid; earn up to 200 percent of the federal poverty level (\$40,000 for a family of four); do not receive health insurance coverage through their employer; and must have been uninsured for at least six months.

The state and the individual will contribute a total of \$1,100 a year into each adult enrollee's POWER account to pay for initial medical costs. While enrollees are required to contribute between two and five percent of their incomes to help fund the account, employers have the option of contributing up to 50 percent of the employee's portion. Once the \$1,100 is depleted, commercial health insurance kicks in to cover most medical services. Unused POWER account funds roll over at the end of the year and are added to the next year's contribution. Preventive services are also covered for up to \$500 per person per year.

## 2008 HSA Contributions



The IRS has released the cost-of-living adjustments for various HSA amounts for calendar year 2008. The 2008 annual HSA contribution limit for individuals with a high deductible health plan (HDHP) is \$2,900, up \$50 from 2007. Family HDHP coverage is \$5,800, up \$150 from 2007.

The required minimum annual HDHP deductible in 2008 remained unchanged from \$1,100 for individual coverage and \$2,200 for family coverage.

The maximum HDHP out-of-pocket expense limit in 2008 is \$5,600 for self-only coverage and \$11,200 for family coverage, a \$100 and \$200 increase.

Health Wise

## Diabetes Prevention Education Needed



Over the next 30 years, the diabetes epidemic will lead to 35 million heart attacks, 13 million strokes, six million episodes of kidney failure, eight million people needing eye surgery or going blind, two million amputations and 62 million early deaths, according to a study by the American Diabetes Association.

The good news is that pre-diabetes, although a serious medical condition, can be treated. The recently completed Diabetes Prevention Program study by the American Diabetes Association conclusively showed that people with pre-diabetes can prevent the development of Type 2 diabetes by making changes in their diet and increasing their level of physical activity. They may even be able to return their blood glucose levels to the normal range.

While the study also showed that some medications may delay the development of diabetes, diet and exercise worked better. Just 30 minutes a day of moderate physical activity, coupled with a five to ten percent reduction in body weight, produced a 58 percent reduction in diabetes.

For those with diabetes, health complications would drop if they lost weight or gained some control over blood pressure, cholesterol and blood glucose.

### Cashing In On Wellness

A survey of managers and administrators by Wellness Program Management Advisor and Wellness Junction revealed that 70 percent of employers offered employees incentives to enroll in wellness programs in 2006. About 68 percent of employers offered cash-based rewards, up from 63.9 percent in 2003. Employers offering cash bonuses nearly doubled, from 16.3 percent in 2003 to 32.2 percent in 2006.

### Early Ovarian Cancer Symptoms Found

According to new recommendations released by the Gynecological Cancer Foundation, the Society of Gynecologic Oncologists and the American Cancer Society, a set of health problems has been identified as possible symptoms for ovarian cancer. The symptoms to watch for are bloating, pelvic and abdominal pain, difficulty eating or feeling full

quickly as well as a frequent need to urinate. A woman who has experienced any of those problems nearly every day for more than two or three weeks should visit a gynecologist.

This new advice is the first official recognition that ovarian cancer, long believed to give no warning until it was far advanced, does cause symptoms at earlier stages for many women.





# DID YOU KNOW? *New Ideas for Healthy Consumers*

## Keep Your Memory Sharp

If you find you are more forgetful than usual, try these steps to see if an improvement is made in your cognitive capabilities:



- Get an uninterrupted eight hours of sleep each night.
- Do a half hour of cardiovascular exercise each day, such as brisk walking, biking or swimming. These activities will improve circulation and increase blood flow.
- Read, find new hobbies, do crossword or Sudoku puzzles, add up your bill in your head while shopping, etc. Mental fitness activities can stimulate brain cells and in some cases grow new brain pathways.
- Talk with your doctor about a supplement and herb regimen that could help memory, including B-complex vitamins, magnesium,

alpha-lipoic acid, fish oil, flax seed oil, ginkgo, and ginseng.

## Laser Eye Surgery Issues

While most patients are pleased with the results of their laser eye surgery, you should carefully weigh the risks and benefits based on your own personal value system, and avoid being influenced by friends or doctors encouraging you to do so.

Some patients lose lines of vision or develop debilitating visual symptoms such as halos, glare, double vision and poor night vision. Some patients develop severe dry eye syndrome which causes great discomfort and can be permanent. If your eyes don't produce enough tears to keep moist, drop therapy and other procedures may be required.

You may be over treated or under treated and still need glasses or contacts. Only a certain percentage of patients achieve 20/20 vision and results may diminish with age. Needless to say, the long-term safety and effectiveness of laser eye surgery is largely unknown.

## You Are What You Drink

A panel of experts on nutrition and health recently published a guidance system to inform consumers about the positive and negative consequences that may result from the beverages they ingest.

About 21 percent of calories consumed by Americans over the age of two come from beverages, predominately soft drinks and fruit drinks with added sugars. With increased serving sizes and free refills, the calories from these sugary drinks account for half the rise in our caloric intake since the late 1970s.

While one alcoholic drink a day for women and two for men has been linked to lower mortality rates from heart attacks and strokes, moderate to heavy alcohol consumption increases the risk of birth defects, breast cancer, cirrhosis, stroke, hypertension, dementia and heart disease.

Several studies have linked tea and coffee consumption to a reduced risk of developing Type 2 diabetes and colorectal cancer. The caffeinated beverages are also suggested to protect against age-related memory deficits.

The panel emphasized the need for children and teenagers to drink more milk and fewer calorically sweetened beverages. Water, as expected, tops the list of preferred drinks.

**Please Contact Us:** This newsletter is not intended as a substitute for personal medical or employee benefits advice. Please consult your physician before making decisions which may impact your personal health. Talk to your benefits administrator before implementing strategies which may impact your organization's employee benefit objectives.

# E B C

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