

Employee Benefit Consultants

The Administrator

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Important news and updates from your benefits professional

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Feature Story

Maybe It's Time To Review Your Renewal

Renewing a health benefit plan should involve much more than shopping for the lowest rate or a bigger network discount. So even if you just completed your 2007 renewal, it is important to revisit the process that led to your selection. Here are a few steps you might consider:

1. Examine Utilization

Preparing for a renewal should create an opportunity to learn more about how your current plan is being used. Are the needs of your plan participants being met? If your plan is insured and not self-funded, will your carrier provide data on utilization, large claims and use of in-network providers?

2. Analyze Your Claims

Regardless of how your plan is funded, claims tell the story. The total of claims incurred vs. total costs (premiums in an insured plan or the total of administrative costs, claims and stop-loss premiums in a self-funded plan) determines loss ratio. Drilling down into claims information identifies factors contributing to large claims. Answers to these questions help our clients modify their plan designs to achieve higher levels of employee satisfaction and cost control.

3. Empower Your Employees

Offering your employees at least one consumer directed alternative will help them become more effective healthcare consumers. HRAs, HSAs, FSAs and the web based tools associated with these



accounts can help modify behavior and make a positive impact on their future well-being. We offer a variety of consumer directed plan options.

4. Evaluate Your Advisors

We work closely with agents and consultants to make sure our clients have plenty of time to consider new alternatives. Most important – we make all the complex processes associated with their health plan simple. Plan design, claims analysis, provider discounts and wellness are reviewed and integrated into the new health plan without a lot of additional work on the employer's part.

Taking the time to review your renewal should help you confirm that your health plan has been designed and managed to really help your company achieve an important benefit objective – attracting and retaining the finest employees cost effectively.

Q&A

Bringing you answers to tough questions

How can HSAs best be used to cover medical bills in retirement?

According to the Employee Benefit Research Institute, someone who retires today at 65 and lives 20 more years could need \$84,000 to \$164,000 (the latter figure assumes high drug costs) to pay for uncovered medical expenses. It could prove difficult for most consumers to foot their entire healthcare bill in retirement with funds saved in an HSA. But careful planning can help pay for a large portion of the bills.

To maximize an HSA, start young and contribute regularly. Although you're allowed to spend your HSA money on health expenses before retirement, try to cover those costs with other funds. By leaving money in an HSA, you can accumulate interest that will not be taxed later, assuming you ultimately spend the money on qualified medical expenses.

With Congress passing new rules for HSAs, including contribution levels increasing for individuals and families, employers being able to contribute above their employees' contribution levels and a one time tax-free transfer of IRA funds to an HSA, now is a great time to start saving for future medical costs.

Industry Approaches

Small Businesses Take a Run at Wellness Programs

Small businesses are beginning to realize that they too should take a proactive approach to bettering the physical and mental health of their employees.

Health and wellness programs in the workplace can improve morale, improve communication among work groups, decrease absenteeism, increase employee loyalty to an organization, significantly impact a company's bottom line and reduce alcohol and drug use risk factors.

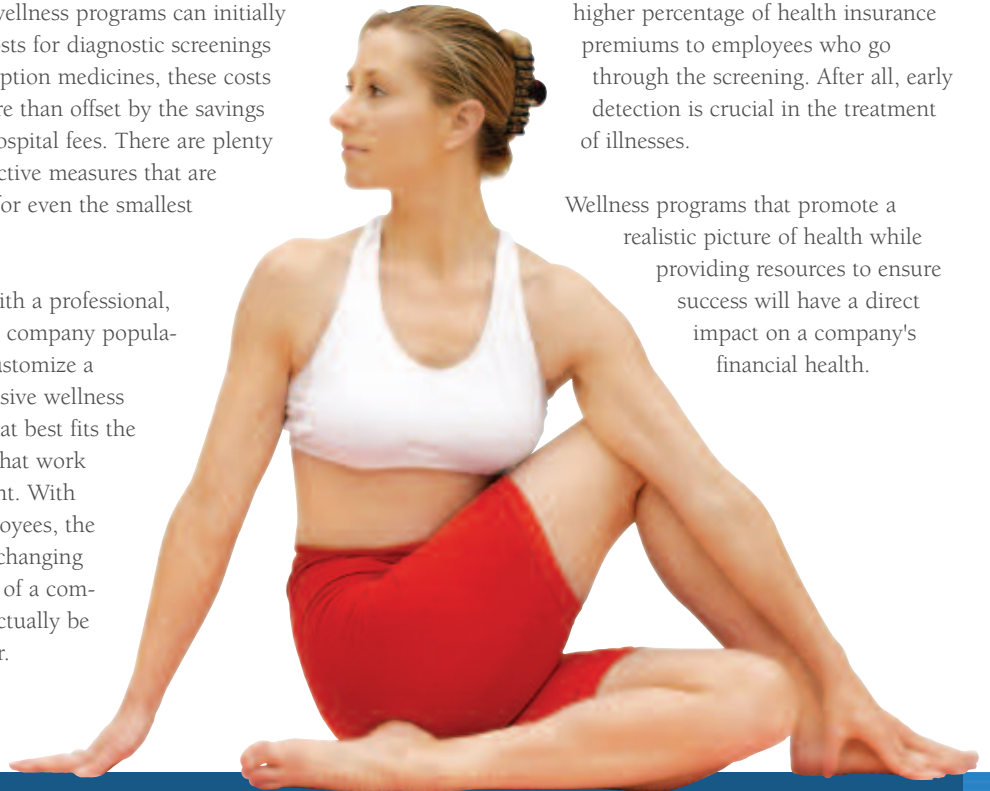
Although wellness programs can initially push up costs for diagnostic screenings and prescription medicines, these costs will be more than offset by the savings in future hospital fees. There are plenty of cost-effective measures that are affordable for even the smallest company.

Working with a professional, analyze the company population and customize a comprehensive wellness program that best fits the culture of that work environment. With fewer employees, the process of changing the culture of a company can actually be made easier.

With the support of top management, organize a wellness team to oversee the program. The entire company will feel they have a voice in the creation, promotion, progression and evaluation of their wellness efforts. For genuine improvement, create a simple plan and set simple goals.

Because you can't change what you can't measure, health screenings should be the cornerstone of every wellness plan. Employers can provide incentives for participation, such as offering to pay a higher percentage of health insurance premiums to employees who go through the screening. After all, early detection is crucial in the treatment of illnesses.

Wellness programs that promote a realistic picture of health while providing resources to ensure success will have a direct impact on a company's financial health.



TRENDS Latest Happenings In Today's World

Ignorance Isn't Bliss

According to a new survey from HealthMarkets, more than 70 percent of Americans know little or nothing about the cost of medical services from one doctor to the next. This costly trend is attributed to a lack of information on healthcare and lack of price transparency.

The survey revealed that 73 percent of adults assumed the highest price for a

CT scan of the abdomen would be \$2,000. In actuality, the cost for such a procedure ranged from \$298 to \$2,858. Similar levels of miscalculations were found with knee replacement surgery and a tonsillectomy. Approximately 70 percent of those surveyed said it would be helpful to have online data comparing healthcare providers. If the consumer is expected to manage their own health dollars, they need to have access to better information.



A Real Pain in the...

According to the National Health Interview Survey released by the Center for Disease Control in December of 2006, during the three months prior to the interview, 15 percent of adults had experienced a migraine or severe headache, 15 percent had experienced pain in the neck area, 28 percent had experienced pain in the lower back and 4 percent had experienced pain in the face or jaw area.



BENEFIT BEAT

Keeping An Eye on What's Happening

FMLA Challenges Ahead

Many companies find administering leave benefits under the Family and Medical Leave Act (FMLA) difficult, which is why the Department of Labor is requesting public comments on how to improve the 14-year-old law. Several legal opinions, including the U.S. Supreme Court's 2002 decision in *Ragsdale v. Wolverine World Wide, Inc.*, have already challenged FMLA regulations.

Companies have cited difficulty with record-keeping, tracking use of leave, determining what constitutes a serious health condition, communicating with physicians and coordinating FMLA with workers' compensation, long and short-term disability, state laws and the federal Americans with Disabilities Act.

Wellness Program Nondiscrimination Rules

The Department of Labor, the Internal Revenue Service and the Department of Health and Human Services published their final rules for implementing wellness programs while complying with HIPAA nondiscrimination rules. The agencies treat all programs of health promotion or disease prevention as wellness programs.

Employers may reward workers up to 20 percent of coverage costs for meeting health-related goals in wellness programs. The program must be reasonably designed to promote health and prevent disease. Eligible employees must have the opportunity to qualify for the reward at least once per year. The reward must be available to all similarly situated individuals and provide a reasonable alternative standard for obtaining the reward to any individual who does not satisfy the initial standard. The plan must disclose the terms of the program and the availability of a reasonable alternative standard.



Prescription Perceptions The Pass-Through Pricing Debate

In response to increased scrutiny, many pharmacy benefit managers (PBMs) now offer pass-through pricing contracts. Pass-through pricing is a retro arrangement in which the PBM charges a defined administration fee. Plan sponsors are billed for the actual amount retail pharmacies charge for drugs and dispensing fees and also receive all of the rebates paid to the PBM by drug manufacturers. While pass-through pricing increases transparency, some important issues arise that need to be considered.

Unlike traditional PBM contracts, pass-through pricing does not offer the rate guarantees for retail pricing and dollar guarantees for manufacturer rebates. Depending on the location of the plan sponsors' covered lives and their demographic make-up, a pass-through pricing contract may not produce retail pricing and rebates as well as a traditionally priced PBM contract. For example, if the plan sponsor is located in a rural area, traditional pricing contracts may be a better deal because PBM retail pharmacy contracts may not offer the deep discounts found in urban areas with more competition. Traditional rebate terms might be better if a plan sponsors' covered lives are young and use their drug benefits for acute care generic drugs and not maintenance brand drugs that generate rebate dollars.

Pass-through pricing contracts can also present claims audit challenges that differ from traditional contracts where the PBM serves as the defined pricing source for retail pharmacy claims and manufacturer rebates. These audits are costly, lengthy and difficult for most plan sponsors to perform. As the industry pushes towards transparency, plan sponsors will have to ask critical questions to PBMs regarding the true value of the plan.

Women were more likely to experience pain in the aforementioned areas than men. Women were twice as likely as men to experience migraines or severe headaches, or pain in the face or jaw.

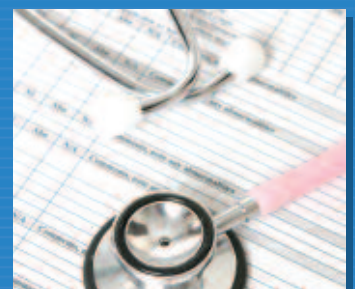
Online Medical Records Sought with Caution

Approximately 65 percent of Americans expressed interest in being able to access their medical information online, accord-

ing to a survey commissioned by the Markle Foundation.

Consumers want access to their medical information to be able to check accuracy, to improve communication with their doctor and to help prevent errors. The vast majority of consumers think that access to their medical records will help them manage their own health better and track the health of their children.

Eighty percent of those polled say they are very concerned about identity theft or fraud. Seventy-five percent of those polled say the government should have a role in establishing rules to protect the privacy and confidentiality of online health information. Sixty-six percent say the government should have a role in establishing rules by which businesses and third parties can access personal health information online.





DID YOU KNOW? *New Ideas for Healthy Consumers*

Yoga Good For Your Health

Yoga is an ancient system of relaxation, exercise and healing that promotes mental clarity, insight and creativity. It has long been accepted as a means of relaxation and stress relief.

However, in addition to its various psychological and physiological benefits, ongoing medical research is now suggesting that yoga offers many health benefits as well, causing the medical community to hop on the yoga bandwagon.

While yoga is not a substitute for medical treatment, it has been found to aid in the management of a variety of chronic health conditions. For those suffering from depression and anxiety disorders, yoga may help reduce symptoms and improve mood.

In conjunction with standard therapies, yoga has been shown to reduce the risk of heart disease by improving cardiovascular function, and lowering blood pressure, cholesterol and blood sugar levels. For those battling cancer, reports suggest that yoga can enhance quality of life, reduce stress, lower sleep disturbances and even enhance immune response.

Yoga's breathing and relaxation methods can help individuals better tolerate their conditions and even help them develop a more positive attitude. With a combination of the appropriate class at an appropriate level and the right management of your abilities, it seems anyone can benefit from yoga.

Eating Right On The Road

Those who are constantly on the road know it can be very difficult to eat healthy while traveling. Being prepared and planning ahead can make eating healthy away from home much easier.

Nuts, trail mix and dried fruits are great snacks to carry in case of flight delays or as alternatives to airplane meals. Other junk food substitutes include fresh fruit, baby carrots or pre-packaged cheese sticks.

For restaurants, look for a place with a salad bar. Try ordering appetizers, such as shrimp cocktail or mozzarella with fresh tomatoes, instead of hefty entrees.

When traveling requires overnight stays, call ahead to your hotel and request a room with a refrigerator. Find the nearest convenience store and pick up milk, yogurt and cheese for the duration of your stay. Tricks like this can keep money in your pocket and extra inches off your waist.



Health Reference Books Still Worth Owning

Even though the internet is filled with useful health information, it is sometimes difficult to search through it all and find the answers you need. The credibility of a particular website is often hard to determine as well.

Even though medical and health reference books aren't something to sit down and read from cover to cover, having a few specialized reference guides on your shelf may still be worthwhile. According to an article in *The Wall Street Journal*, some of the best, unknown health reference books are:

- "Mayo Clinic Book of Alternative Medicine"
- "Prevention Magazine's Nutrition Advisor"
- "The John Hopkins Complete Home Guide to Symptoms & Remedies"
- "Good Housekeeping Family First Aid"
- "Human Body: A Visual Guide"
- "Oh, Yuck! The Encyclopedia of Everything Nasty"

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.

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