

The New Amendment for Women's Preventative Care

The Department of Health and Human Services, commonly called HHS, recently added an update to the Interim Final Regulations for Women's Preventative Care on August 1, 2011. This preventative program



is regulated under the Patient Protection and Affordable Care Act, which is commonly called PPACA. Recent changes were developed by the Institute of Medicine to make the plan more beneficial. The institute's orders to review which services are necessary for women's health came from HHS. This new amendment outlines additional guidelines for Preventative Services and the needed alterations of policy provisions in health plans in the near future. The change applies to all plans that are classified as Non-Grandfathered. This includes health policies,

insured plans and self-insured group health policies. With this change, health plans must cover Preventative Services. The outline includes a provision for birth control without deductibles or copay amounts.

This change applies to Non-Grandfathered plan year starting on or following August 1, 2012. After this time,

they will be required to provide coverage without cost sharing for the following women's Preventative Services:

- Annual well-woman visits to a healthcare provider
- Breastfeeding support, supplies, and counseling
- Gestational diabetes screenings
- Counseling for STIs
- HPV DNA testing for women over 30 years of age
- FDA-approved contraception methods and counseling for contraceptive users
- HIV screenings and counseling
- Domestic violence counseling and risk screening

There are some exemptions to these plans. Group health plans that are sponsored by some religious employers are exempt from the contraceptive coverage requirement. In addition to this, group health insurance coverage that has connections to such plans is also exempt from covering birth control for women. In definition, a religious employer is one that has the inculcation of religious values and its purpose, primarily serves people sharing religious tenets, is a non-profit organization under the IRC and is one who has a majority of employees sharing religious tenets.

Although these changes are nearly a year into the future, it is important to analyze the additional services' impact on pricing. While these changes will benefit thousands of women across the country, the changes will certainly come with a price. Benefits Account Managers should keep abreast of any additional changes and amendments affecting the Patient Protection and Affordable Care Act.

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Is it Better to Self Fund Employee Health Benefits?

Employee health bills are fluctuating because of uncertainty related to the 2010 healthcare reform bill. Companies are trying to contain the damage by paying employee health claims out of pocket. Joseph Berardo, Jr., CEO of MagnaCare, said that the total savings from doing this could be between 10% and 20%. MagnaCare administers self-funded health insurance plans to municipalities and businesses in New Jersey and New York.

When employers debate whether to adopt a self-funding plan, the possibility of lower monthly healthcare costs should be considered in comparison with the risk of covering employees' healthcare bills. There is no concrete answer for this issue that is right for all situations. The best answer depends on the demographics of employee bases and the company's financial situation. The risk of an employee having an accident or developing a serious illness is a major concern.

Although nearly 93% of companies with more than 5,000 workers have self-funded plans, many smaller companies don't. According to a recent survey conducted by Kaiser Family Foundation, the reason for reluctance among smaller companies is the possibility of being hit with a large employee healthcare bill and not having enough cash to pay it. The survey found that only 16% of companies with under 200 workers had self-funded plans. However, experts in this industry expect interest in these plans to rise in the future.

The Benefits Of Self-Funded Plans

From the data gathered, it's clear that there are some benefits to self-funded plans. However, there are more benefits than those that are apparent on the surface.

1. Quality Of Data

Employers have better access to health claims of employees. In addition to this, they also have more information about their employees' demographic information. Exposure is limited only to employees instead of a broad population. This is a major benefit over regular health plans, which only offer generalized information.

2. Customized Plans

Employers decide what is covered in the plan. This includes benefits, exclusions and eligibility provisions. Employee cost sharing, retiree benefits and policy limits are also decided by the employer. With exemption from state rules, employers are able to decide on specific provisions without state considerations.

3. Control Of Cash

Since coverage isn't prepaid, employers have access to interest and cash income that wouldn't be available under regular insurance policies. Self-funded plans may also delay payment of health plan fees until the services have been changed. However, if claims are lower, the employer is able to retain the savings instead of allowing the insurer to keep that money. Another benefit is that self-funded companies are not under obligation to pay state health insurance premium taxes.

4. Lower Employee Premiums

Workers will enjoy lower premiums for both single and family plans. In addition to this, they also pay less upfront when they're enrolled in complete or partial self-funded plans than they would at a company that is fully insured.

5. ERISA Laws Replace State Regulations

This federal law exempts self-funded plans from the state's regulations. This includes reserve requirements, insurance laws, premium taxes, mandated benefits and consumer protection regulations. Employers must still abide by rules from the following entities:

- ADA
- U.S. Tax Code
- Health Insurance Portability & Accountability Act
- Newborns' & Mothers' Health Protection Act
- Pregnancy Discrimination Act
- Mental Health Parity Act
- Women's Health & Cancer Rights Act

The Cons Of Self-Funded Employee Plans

Although there are many benefits to enjoy by implementing self-funded plans, there are also potential downfalls. It's important to consider these.

1. Financial Risk

With less employees than a larger company, there is a higher statistical risk of costly claims for illnesses or accidents. Most employers with self-insured plans purchase stop-loss coverage in order to get a reimbursement for claims totaling amounts over a specific dollar level. In a description posted by the Self-Insurance Institute of America, stop-loss coverage is insurance that

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Cancer Leads Among Causes of Long-Term Disability Claims

Unum is a Fortune 500 company and one of the leading providers of disability, long-term care, life, voluntary, and disability benefits. In 2010, the company looked at data concerning their long-term disability claims. Unum found that cancer has been the top cause of long-term disability claims within their company over the past 10 years.

There have long been questions regarding the workplace and cancer, but elements like early detection and more advanced treatment options have greatly changed the direction of such questions. It wasn't that long ago that a worker diagnosed with cancer didn't have high odds of ever returning to work. Today, just the fact that cancer treatments have become more effective has resulted in improved return-to-work rates for those diagnosed with the more commonly seen types of cancer.

Unum found that cancer was the causative factor in around 14% of their long-term disability claims over the last 10 years. The data showed that back injuries, at 12% of the claims, and other injuries, at 9% of the claims, were among the other most frequently seen causes of long-term disability claims in 2010.

However, a comparison of Unum's 2001 and 2010 long-term disability claims found that a larger percentage of the cancer claimants returned to work in 2010 than they did in 2001. Some of the cancer-specific return-to-work percentages included:

- Breast cancer—52% in 2010 versus 47% in 2001.
- Prostate cancer—30% in 2010 versus 28% in 2001.
- Colon cancer—30% in 2010 versus 23% in 2001.

Most workers are actually highly motivated to return to work following a cancer diagnosis. At a time when the person is emotionally, physically, and mentally overwhelmed, returning to work can help provide a sense of control and normalcy.

Of note, the data also showed that the return-to-work rates for breast cancer sufferers on short-term disability doubled over the last ten years, increasing from 28.8% in 2001 to 60% in 2010. The Unum data showed that other leading causes of short-term disability claims in 2010 included the following:

- Pregnancy (22%)
- Injuries (9%)
- Digestive disorders (7%)

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indemnifies a plan sponsor from claim frequency or severity that is abnormal. Companies such as Zurich, Gerber Life and Arch Insurance, which are all considered large companies, provide this type of coverage.

2. Administrative Risks

The Department of Labor has researched how self-funded employers fail to implement efficient administrative systems. Failure to correctly administer a plan is considered a breach of fiduciary duty. Employers take full legal responsibility for operating the plan, so it's important to realize just how crucial this responsibility is. In addition to worrying about this, there are also strict rules for private claims information. Since employers have access to such information, they must take further measures to protect it and keep it secure. In some cases, this may require hiring one or more security workers.

3. Administrative Costs

Self-insured claims can be administered within the company or handled by a subcontracted party, which is commonly called a TPA. These administrators assist employers in setting up self-insured group plans. They also coordinate stop-loss coverage, utilization review services and provider network contracts. However, there are extra costs for these services.

4. Economic Weakness

It may be necessary to keep a self-funded plan for a minimum of three to five years in order to fully enjoy the benefits. This may be extremely difficult for some companies during economic hardship.

Be sure to weigh the benefits and disadvantages of self-funded plans before making any changes. If the task of determining how profitable such a change would be is too difficult, consider hiring the services of a professional analyst.

When the Economy Improves, Will Your Best Employees Still Be with You?

Employee job dissatisfaction is running high these days, meaning that, as the economy recovers, they are more likely to seek new employment opportunities. This finding, from a MetLife survey, indicates employers would be well-advised to work now on strategies geared toward improving employee loyalty and retention down the road.

The MetLife survey, its 9th Annual Study of Employee Benefit Trends, reports that upwards of one in three employees hopes to be working elsewhere in the next 12 months. The specific percentage varies from 34% to 38%, depending on company size. Given this inclination to bolt from their current employers, it's not surprising to see that the percentage of employees who express a very strong sense of loyalty to their current employer has dipped below 50% (now 47%, compared with 59% in 2008). The percentage of employees who feel their company has a very strong sense of loyalty to them has dropped to 33% (from 41% in 2008).

Employers, understandably focused on recession-related business issues, remain unaware of this change in employee perception. From 2008 to 2010, a consistent 57% say they have a very strong sense of loyalty to their employees, and half consistently say their employees have a very strong sense of loyalty to them.

Employers need to be aware of changing employee sentiment, and act now to avoid having to face significant retention issues when the economy improves. As the economy rebounds and business picks up, companies can least afford to lose staff, particularly top performers. Consider a few of the following steps that companies can be taking today to address this:

- Identify top performers and other employees who, for various reasons, you would hate to lose.
- Make whatever tweaks you can afford to the compensation packages of these employees.
- Employee loyalty isn't created by money alone. Nurture an "all for one and one for all" attitude, by

providing access to owners and executives, fostering teamwork, and making corporate strategies and mission a shared vision to the extent possible.

- Look for non-monetary ways to compensate employees, like offering more flexible schedules where possible.
- Show employees that their company appreciates them, through individual and group recognition.
- Make the workplace a place where employees want to be, by cultivating a positive, mutually supportive corporate culture.



- Invest in employee training, giving workers the opportunity to advance and your company better and more productive performers.

As the MetLife survey states, "A loyal and satisfied workforce is part of the foundation of business growth. Widening cracks in this foundation may force employers to pay a price in reduced retention and productivity when the job market improves." Avoid this potentially expensive price tag for your company tomorrow, by attending to issues of employee loyalty, satisfaction and morale today.