

# Benefit Insights

## **Law Protects College Students on Medical Leave from Coverage Termination**

College students covered under a parent's health plan will be able to keep that coverage while taking a medically necessary leave of absence from school, under a new law.

Under H.R. 2851—also known as Michelle's law—group health plans or insurers may not terminate coverage of a dependent child who is eligible for coverage under a parent's plan on the basis of being enrolled in a post-secondary educational institution, when that dependent takes a medically necessary leave of absence from school due to a serious illness or injury. Coverage must remain in place for one year after the medically necessary leave of absence begins, or the date coverage would otherwise have terminated under the plan, whichever occurs first. So, for example, if the plan by its terms will cover a college student enrolled on a full-time basis until the end of the year in which the student turns age 22, a student beginning a medically necessary leave of absence

could not have coverage terminated until the earlier of that date, or one year after beginning the leave.

Plans and insurers may require a written certification by a treating physician verifying that the covered dependent is suffering from a serious illness or injury, and that the leave is medically necessary.

Also, if the health plan under which the dependent is covered changes, the dependent must be allowed to continue coverage under the new plan.

According to estimates from the Congressional Budget Office, less than 1% of students go on medical leave of absence annually, and about half of these are covered as dependents under employer-sponsored health insurance.

The new law is effective for plan years beginning on or after October 9, 2009.

## **Consumer-Directed Health Plan Update: Enrollment Grows, Enrollees Satisfied with Coverage**

The number of people enrolled in consumer-directed health plans continues to grow, and satisfaction with these plans remains high, according to several recent surveys. Furthermore, many of those covered by consumer-directed plans say they wouldn't have health insurance coverage otherwise, indicating that consumer-directed plans should be considered a key element of any health care reform proposals.

The Kaiser Family Foundation/Health Research & Educational Trust reports that 13% of firms that offered health benefits in 2008 had a consumer-directed option—a high deductible health plan (HDHP) paired with either a

health reimbursement arrangement (HRA) or a health savings account (HSA). This is up from the 10% of employers that offered a consumer-directed plan in the previous year. Enrollment in these plans grew from 5% in 2007 to 8% in 2008, with most of the increase occurring among workers in small firms (three to 99 employees), where 13% of eligible employees now were enrolled in consumer-directed plans.

An annual census of health insurance carriers conducted by the industry trade group America's Health Insurance Plans shows similar growth. The survey, which focused on HDHP/

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## HSA Funding Limits for 2010

For 2010, the contribution limit for an individual with self-only coverage under a qualifying high deductible health plan is \$3,050, up \$50 from 2009. For an individual with family coverage, the limit is \$6,150, up \$200 from 2009.

A qualifying high deductible health plan, for 2010, is defined as a health plan with an annual deductible greater than or equal to \$1,200 for self-only coverage or \$2,400 for family coverage. The limit on annual out-of-pocket expenses is \$5,950 for self-only coverage or \$11,900 for family coverage.

The current limits and corresponding 2010 limits for self-only and family coverages are compared in the chart below.

	2009	2010
Self-only coverage minimum deductible	\$ 1,150	\$ 1,200
Self-only coverage maximum out of pocket	\$ 5,800	\$ 5,950
Self-only coverage maximum HSA contribution	\$ 3,000	\$ 3,050
Family coverage minimum deductible	\$ 2,300	\$ 2,400

Family coverage maximum out of pocket	\$ 11,600	\$ 11,900
Family coverage maximum HSA contribution	\$ 5,950	\$ 6,150
Catch-Up Contributions (age 55 or older)	\$ 1,000	\$ 1,000

The IRS release can be viewed at <http://www.irs.gov/pub/irs-drop/rp-09-29.pdf>.



## Unsafe Work Behavior Causes More Accidents than Unsafe Conditions

Approximately 80 out of every 100 accidents are directly attributable to the person involved in the incident. In fact, unsafe work behavior causes four times as many accidents as unsafe work conditions.

Workplace accidents occur for many reasons. After an accident, people tend to look for someone or something to blame rather than identifying the root cause. Below are some of the unsafe workplace behaviors that can lead to accidents. As you read them, ask yourself whether you have ever been guilty of any of these. It may not have resulted in an accident the first time, but you might not be so lucky in the future.

- **Taking Shortcuts:** It's only natural to look for ways to do our jobs faster and more efficiently. But do these time savers come at the expense of your own safety, or that of other workers? Shortcuts that reduce your job safety are not shortcuts at all, but an increased risk of injury.
- **Being Over Confident:** Confidence is never a bad thing. But too much confidence in one's work ability can lead to improper procedures, tool mishandling, etc. which could lead to an accident.
- **Beginning a Task with Incomplete Instructions:** To perform a job safely and correctly you need complete

information. Never be shy about asking for further explanations about work procedures and safety precautions. The only dumb question is the one that goes unasked.

- **Poor Housekeeping:** When clients, managers or safety professionals walk through your workplace, cleanliness is usually an accurate indicator of everyone's attitude about quality, production and safety. Poor housekeeping creates hazards of all types. A well maintained area sets a standard for others to follow. Good housekeeping involves both pride and safety.
- **Ignoring Safety Procedures:** Purposely ignoring known safety procedures can endanger not only you but your co-workers too. Being indifferent about safety is a death wish.
- **Mental Distractions:** Letting your personal life keep you from focusing on your work is a hazardous situation. Dropping your mental awareness can pull your focus away from safe work procedures.
- **Failure to Plan:** Hurriedly starting a task, or not thoroughly thinking through the process can put you in harm's way. As the old saying goes "People Don't Plan to Fail, They Fail to Plan!"

## Motivate Employees to Make Health and Lifestyle Changes

We live in a culture of immediate gratification. “On-demand” cable television services, pre-prepared foods from the grocery store, fast-food carryout, and diet programs that claim you will shed pounds “without trying” all are signs that Americans have lost sight of the fact that not everything can be obtained without waiting. And when it comes to changing behaviors to eliminate unhealthy habits and adopt healthy ones—such as giving up cigarettes, losing weight, exercising more and effectively managing stress—hard work and sustained personal effort also are required. In order to succeed, workplace wellness programs need to recognize this and include elements that engage employees over time.

Suppose you host a brown-bag lunch in your company cafeteria with a presentation on the health benefits of eating right and leading an active lifestyle. You may find that this seminar is well-attended, but observe that few employees actually seem to make the recommended changes, and that even fewer are doing so after a few months. This experience is all too common, and reflects the reality that more individuals are well-intentioned than are self-motivated. Your wellness initiatives, therefore, need to provide the motivation. Here are a few ways to do this—

- Personalize the experience by offering health risk assessments that show each employee, on an individual basis, their current health risks and the steps they should take to address them.
- Tie any offered health risk assessment incentives—such as reduced health plan premiums—not only to taking the

assessment, but also to completing any recommended follow-up actions.

- Focus on helping employees want to make the sought-after lifestyle changes, because behavior change is more likely when an individual is ready to make it. This can involve offering incentives as discussed above, but also thinking of ways that would help employees see the risks of not changing (such as posting clear statistics on differences in lifespan for smokers versus non-smokers, individuals with normal blood pressure versus those with hypertension, individuals who maintain a healthy weight versus those who are overweight or obese, etc).



- Provide motivation in the form of support systems. This could involve initiatives such as Weight Watchers at Work, lunchtime walking clubs, articles in company newsletters on employee success stories, providing lists of local gyms and a small company subsidy for joining, sponsoring a “biggest loser” competition, and the like.

Most of us find any change difficult, and lifestyle changes can be daunting. Remember this facet of human nature when implementing wellness programs, and you may find employees more engaged in them, over the long run.

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HSA arrangements only, reported enrollment in these plans in the group market rose to over 4.6 million in 2008, up from 3.4 million in 2007. Almost a third-31%-of new coverage issued in the small group market was for HDHP/HSA products.

The growing number of employees covered by consumer-directed health insurance products report that they are, by and large, satisfied with their coverage, and they also are likely to be actively engaged in their health care. A survey by OptumHealth of individuals enrolled in HSAs found that 82% were satisfied with their accounts. Most of these individuals-80%-had set up HSAs in order to be able to save for future health care expenses, and 70% had an annual income of \$75,000 or less. Also, 30% said they would not have health insurance if it weren't for their consumer-directed plan coverage.

Both the respondents to the OptumHealth survey and those to a survey by HSA Bank reported behaviors indicative of engaged health care consumers. For example, 64% of the OptumHealth survey respondents said they inquired about generic options for medications and 47% said they

asked their health care provider about charges for services. Furthermore, a large majority-83%-agreed people should approach purchasing health care services as they do other major consumer purchases, and research their options in an effort to try to get the best price. Among the respondents to the HSA Bank survey who were in a consumer-directed product:

- 26.2% of those who had visited a doctor in the past 12 months had inquired about the cost of the visit prior to making the appointment.
- 32.9% of those who had visited a doctor in the past 12 months had asked about lower cost alternatives for recommended treatments.
- 79.5% of those who were prescribed a prescription drug asked for a generic instead of a brand name product.

With continued growth of consumer-directed plan enrollment, and cost-conscious consumer habits, these types of plans hold great potential for effectively controlling a company's health plan cost growth.

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## ***EAPs Can Be a Welcome Resource for Financially Stressed Employees***

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Nearly three-quarters of workers today feel stressed due to financial concerns, according to a national survey of working adults from Workplace Options. Take a look at current economic conditions and this figure should come as no surprise—

- The number of bankruptcy filings in the United States during the first half of 2008 rose by 29.2% over the first half of 2007.
- Foreclosure activity was up 14% in the second quarter of 2008 over the first quarter, and up 121% from the second quarter of 2007.
- Driven by rising gas and food prices, inflation stood at about 5.6% mid-2008. Wages aren't keeping up, having risen on average about 3.3% in 2007.

Whether in extreme financial crisis or just feeling stretched and pinched, U.S. workers are suffering financially, and as a result their employers are, too. According to the Workplace Options survey, 45% of the respondents said their financial stress made it harder for them to do their jobs. Employees' financial stress can manifest itself at work in many ways: overall lower productivity, more frequent mistakes, irritability with co-workers and customers, disruptions caused by absences and phone calls made to handle specific money issues, and health problems related to stress (ulcers, hypertension, headaches, mental health/substance abuse issues). In extreme cases, an employee in severe financial crisis might turn to stealing from his or her employer.

It's clearly in an employer's best interests to try to help employees cope with and manage their financial problems. The first step in doing this is to recognize whether any of your employees are feeling undue financial stress. Today's newspaper headlines would certainly suggest that it's a good bet that at least some of your employees are in this situation, but specific red flags you can look for include requests for salary advances; calls from banks and other lenders seeking employment and income verification for an employee who is taking out a loan; and hardship withdrawals and loans taken from a 401(k) plan.

Beyond being alert to whether your employees are under financial stress, you can offer resources to those who are, and a useful yet frequently untapped resource for these employees is an employee assistance program (EAP). Sometimes offered as a part of the medical plan but also available on a stand-alone basis, EAPs commonly are thought of as a source for childcare or eldercare referrals, help with mental health and substance abuse problems, and crisis counseling. But most EAPs also can be a great resource for employees' financial concerns, either through the EAP staff or through referrals. Among the financial-related services EAPs can provide are—

- general financial counseling;
- help with budgeting;
- help with debt consolidation;
- referrals to attorneys for representation in debt collection and foreclosure lawsuits;
- counseling on options when an individual can't make mortgage or rent payments; and
- workplace seminars on debt and credit issues, money management, and financial resources.

According to the Workplace Options survey, employee calls to that company's financial assistance resources increased 41% from the first quarter 2007 to the first quarter 2008.

EAPs tend to be an overlooked resource in general, and since they usually aren't thought of in connection with financial concerns chances are this oversight is even more pronounced for employees under financial stress. If you do offer an EAP, check whether it provides services that could be a resource to your employees in today's difficult economy, and if it does highlight these services in your workplace communications, both print and electronic, and by lunchroom postings, paycheck stuffers, and announcements. Taking advantage of any onsite services the EAP offers—such as lunchtime seminars—also will make the EAP more visible to employees, who may be more likely to call for individual help once they have become more familiar with the EAP in a group setting.



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