

Mutual Assurance Administrators, Inc.

# The Administrator

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*Important news and updates from your benefits professional*

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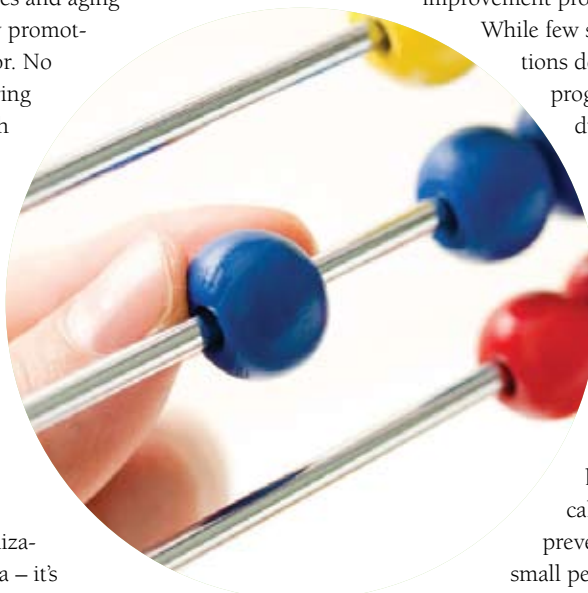
### Feature Story

## Forget the 10 Percent and Focus on the Big Picture

**W**hen it comes to reducing health care costs, or at least working to bring health care plan cost increases back in line with inflation, too many employers continue to focus their attention on administrative fees, which typically account for less than 10 percent of overall plan costs. The potential for real, meaningful savings lies in preventing medical claims and the only way to do that in the face of continuing medical advances and aging baby boomers is by promoting healthy behavior. No one ever said lowering the employee health benefit cost curve would be easy!

### Identify Your Cost Drivers

Taking control of health care costs requires a comprehensive, integrated approach that begins with review and analysis of plan utilization and claims data – it's the only way to identify the factors driving your costs higher. Across the board participation in a health risk assessment can go a long way in helping to uncover the health risks facing your covered group. Other screenings and targeted health management strategies can encourage healthier behavior and reduce health risks.



### You May Need More Than Incentives

Many efforts to encourage participation in voluntary screenings and wellness programs fall short of intended goals because healthy people are often the only ones who participate. Incentives of \$50 to \$250 per year per employee, which are becoming quite common, can be very effective, especially when participation in a health risk assessment or health improvement program is the only requirement.

While few small and mid-sized organizations demand participation, mandatory programs have been found to produce the best results, often paying for themselves in just the first year.

For years, medical professionals have estimated that many medical problems could be eliminated or improved if more prudent lifestyle choices were made.

Research shows that today, at least 70 percent of all medical spending can be attributed to preventable illnesses with a very small percentage spent on prevention.

While health prevention programs come at a cost, even the priciest programs require only a small fraction of what most plans spend on claims. After decades of searching for ways to lower the roughly 10 percent of health plan costs applied to administration, the time to take a closer look at integrated, comprehensive wellness initiatives is now.

# Q&A

*Bringing you answers to tough questions*

## Why Participate in a Health Risk Assessment?

Employers often sweeten the offer of free online personal health risk assessments with the opportunity to receive a free gift card or other incentive. While incentives certainly help encourage participation, they also make it easy to overlook the real benefits of these assessments.

- The primary purpose of a health risk assessment (HRA) is to help us learn as much as possible about the state of our physical and emotional health.
- Most assessments provide us with an opportunity to analyze the results in order to gain a better understanding of a particular concern or learn what steps can be taken to improve our health.

If your plan gives you the opportunity to participate in a health risk assessment, with or without the promise of a free gift, don't pass it up. Awareness and increased communication can help reduce stress levels, encourage better use of your health plan and more importantly, improve your health and well-being.

## Industry Approaches

# Carve-Outs Offer Specialized Expertise and Care

When it comes to managing costly treatments such as chemotherapy, we often partner with specialty providers to implement a carve-out oncology program. This approach, and other carve-outs, often enable patients and plans to benefit from specialized expertise and more efficient coordination of care.

With oncology management, for example, working with specialty providers enables the patient to receive care from experts who dedicate their time to delivering state-of-the-art programs and better forms of treatment. Everyone benefits because redundancies can be eliminated and care can be coordinated in a more efficient, timely manner.

In contrast to many programs that require per-employee-per-month fees, specialty oncology programs often involve a one time set up fee and monthly fees only during the active chemotherapy treatment period. The savings realized through re-pricing of the chemotherapeutic agents often offsets the fees associated with design and management of the specialty program.

By combining a more personal approach to patient care and more efficient support for providers, specialty oncology solutions and other carve-outs can achieve better outcomes for the patient and lower costs for the plan.



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

### Experts Expect Increased Regulatory Scrutiny

Even though much of the new regulations have yet to be drafted and will not take effect for some time, health insurance experts say we can expect increased regulatory scrutiny as a result of health care reform legislation recently signed into law by President Obama. With a focus on minimum loss ratios, administrative efficiency and the potential of 30

million new people entering the insurance marketplace, balancing pricing and risk management will be extremely difficult – especially when you consider that each state has its unique regulatory issues.

### Eldercare as a Benefit

With 19 percent of American adults over the age of 18 caring for an older adult, it's no surprise that the National Alliance for Caregiving is reporting that employers

are beginning to offer eldercare as a benefit. A study by MetLife, in fact, shows that adults caring for older relatives are inclined to suffer poor health themselves leading to health care costs nearly 10 percent higher than others. At the present time, about 1 in 5 employers with 500 or more employees are offering eldercare referral services while fewer offer emergency eldercare, subsidized eldercare and even an on-site eldercare center.





# BENEFIT BEAT

*Keeping An Eye on What's Happening*

## Dependent Eligibility Audits Eliminate Waste



Just like employer-sponsored groups, dependent populations are in a constant state of change. Marriage, divorce, childbirth, adoption and change in student status cause five percent to 15 percent of employees, on average, to have dependents enrolled in a group health plan who no longer satisfy the eligibility definition in the health plan summary description.

Dependent eligibility audits identify ineligible dependents and remove them from your benefit plan, creating immediate savings plus the opportunity for lower claims costs going forward. The process also gives management an accurate basis for future health care benefit planning and budgeting.

### Avoid Errors, Eliminate Abuse

In order to prevent enrollment errors and stem fraud and abuse, the dependent eligibility audit process usually begins with the review of plan

and eligibility documents. This is followed by distribution of audit materials to all employees, gathering of responses and verification of all responses received. After the results of the audit are complete, summary reports are issued to management, and action items and potential dollar savings are identified.

### Savings Can Be Substantial

At an average per dependent cost of \$2,500 per year, an organization with 300 employees could easily realize a savings of \$75,000 within one year. This can pale in comparison to the cost of future claims that may be avoided.

For more information, including estimated costs and benefits, contact us at your earliest convenience. It may be time your organization considered a Dependent Eligibility Verification Audit.

### Health Wise

## Walk Your Way to a Longer Life

All the conversation about health care reform has brought a lot of interesting health related facts and figures to the forefront. One recent article shows that on average, Canadians live 80.7 years vs. 78.2 years for Americans, attributing the added longevity to the fact that Canadians living in urban centers walk more than Americans. The Public Health Agency of Canada concludes that because urban areas in Canada are more densely populated than American cities, with much less suburban sprawl, walking and the use of public transportation are much more common in Canadian cities than in American cities.

As an example, if you walk just five minutes from home to public transportation, and another five minutes from there to work, maintaining a moderate pace of three miles per hour, you would walk nearly 150 miles in a year. Walk to shopping, church or other routine destinations and this total could easily triple, which would go a long way towards helping you lead a longer, healthier life.



### Engaging Through Social Media

Surveys indicate that more employers are using social media to engage employees on benefit-related topics, especially health and wellness. YouTube styled videos are being used to provide updates and discuss health initiatives being implemented by others. One advantage is increased flexibility - employees enjoy being able to go to a website at their convenience rather than having to attend a meeting.

While social media offers many advantages, experts say it is highly unlikely that these tools will replace traditional techniques, including the use of company intranet sites and face-to-face meetings. Still, benefits managers and human resources specialists say social media does offer advantages. The opportunity to tailor highly effective messages and provide employees with a way to share ideas with others are just two such benefits.

twitter



facebook

### Medical Identity Theft Rising

Kaiser Health News Daily reports that medical identity theft, where thieves use stolen social security numbers, names and insurance data to obtain medical treatment, is on the rise. These cases can not only cost the victims money, but also increase the risk of physical harm as inaccurate medical information, such as blood type, may be recorded in patient records.



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

### Beware Post-Retirement Health Care Costs

The Center for Retirement Research at Boston College recently released data projecting that health care costs for retirees, including nursing home care, could easily exceed \$500,000. Additional research showed that a typical married couple at age 65 would need nearly \$200,000 to cover premiums for Medicare and private supplemental coverage, out-of-pocket payments and home health costs. This number did not include the cost of nursing home care, which could easily range from \$60,000 to \$300,000 per couple.

If those numbers don't provide sufficient cause for concern, consider that in 2007, when the stock market was at higher levels than today, less than 15 percent of households approaching retirement age had accumulated \$200,000 in total available liquid assets.

Statistics show that about one-third of individuals turning 65 this year will need at least three months of nursing home care, approximately one-fourth will need more than a year of nursing home care and nine percent will need more than five years. With Medicare currently paying for up to 100 days of care in a nursing home, and a semi-private room currently costing \$71,000 per year, the need for medical and long-term care planning is every bit as critical as retirement planning itself.

### Will Security Scanners Redefine the Fear of Flying?

For those concerned about the health risks associated with the new full-body scanning equipment being implemented by airports throughout the U.S., radiologists report that the levels of radiation exposure resulting from the two types of imaging technology used in airport security are well below the levels that could be considered a risk to one's health.

While there have been concerns associated with "backscatter scanners", one of two devices being used to see through to our skin, manufacturers are quick to point out that the average person is exposed to more radiation every day than the level emitted by new scanning technology.



### Need for Vision Coverage Expands

One of the hazards of the information age and use of electronic devices in the workplace is the added strain on our eyes. The American Optometric Association (AOA) recently stated that 2,000 job-related eye injuries requiring medical treatment could be prevented each day by wearing proper protective eyewear.

With more than half of surveyed Americans stating they spend five or more hours a day using a variety of electronic devices to make life more efficient, the AOA recommends taking a 20-second break every 20 minutes to look at something 20 or more feet away. Other suggestions include increasing the font size on hand-held devices, adjusting the brightness of computer screens, reducing glare on computer and television screens and looking downward when reading material that is below eye level.

Vision experts caution that while most people think eye injuries only occur in manufacturing and construction-related jobs, problems can easily occur when required computers and hand held devices are not used properly.

**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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