



BenefitWise

Important news and updates from your benefits professional

Summer 2011

More Employers Jump to Self-Funding



A recent report issued by accounting and consulting firm PWC shows that the number of employer groups self-funding their health benefit plans has increased by 20% from 2008 to 2010. The ability to avoid huge cost increases that carriers are anticipating over the next few years and access to claims data available in a self-funded, TPA-administered environment were cited as important reasons for the unprecedented jump.

This study echoed the DOL Report on Self-Insured Group Plans, in which data compiled by Deloitte indicated that for employers with more than 200 covered lives, the average fully-insured premium increased by \$808.00 from 2009 to 2010,

compared to an increase of \$248.00 for self-insured plans. In conducting the study, the Secretary of Health and Human Services was charged with the responsibility of determining whether lower costs were due to more efficient plan administration and lower overhead or to the denial of claims or the offering of health benefit plans that are very limited in scope.

Self-Funding Earns High Marks from HHS & DOL

As part of the new health care reform law, the Department of Health and Human Services and Department of Labor were required to conduct a comprehensive study comparing traditional

insured plans to self-funded and partially self-funded plans. The report, released in late March of this year, indicated that there are no statistically significant differences in the level of benefits offered and no difference in the rate of claim denials between fully-insured and self-funded health plans.

The report also concluded that no relationship existed between the financial health of a company and their choice of funding mechanism. In other words, financially strong companies are not necessarily more likely to be self-insured or partially self-insured and financially weaker companies are not always fully-insured.

When investigating the possibility of a conflict of interest in claims adjudication by self-funded plans when compared to traditional insured plans, HHS and DOL concluded that no such conflict of interest existed. In another key finding, the study determined that no difference in out-of-pocket costs existed for self-insured plan participants compared to fully-insured plan participants.

Overall, the PPACA-required report confirmed that self-funded health benefit plans continue to grow because they offer greater flexibility, lower fixed costs and the data needed to better manage the risks and costs associated with health care.



Could COBRA's Days Be Numbered?

As we recognize the 25th anniversary of COBRA legislation becoming law, many are speculating that COBRA may no longer be needed once health insurance exchanges open for business.

Under PPACA, the federal government and many states will create virtual marketplaces or exchanges, where individuals will be able to obtain health insurance coverage. With COBRA coverage costing as much as 102% of the price charged for employer-sponsored coverage, the goal of the exchanges will be to provide individuals with more affordable rates for similar coverage or lower-priced options they can choose from.

We'll Know More In 2014

While federal exchanges are scheduled to begin in 2014, many states plan to open exchanges to serve large employers, those with more than 100 employees, in 2017. It appears that many companies with multi-state operations are looking at future exchanges as the most sensible place for early retirees not yet eligible for Medicare, to find coverage. When you consider that many others become eligible for COBRA by becoming unemployed, the ability to buy insurance from an exchange and receive a PPACA subsidy just may be the feature that puts the final nail in the COBRA coffin. It's a discussion that will intensify as we approach 2014, and one we will continue to monitor.

Coping with Rising Costs



Due to the escalating costs of medical care and new regulations, businesses of all sizes are struggling to provide employees with attractive benefits at costs they can afford. Business owners concerned about productivity and employee morale may want to consider the following options as you begin planning for 2012.

1. Increased Transparency

Health care reform has given rise to a lot of questions and uncertainty among employees, so there has never been a greater need to paint a clear picture of what your benefit plan includes and why. Offer details on coverage, costs and the impact these costs are having on your operation.

2. Listen to Employees

Allow employees to research the different health care options your company provides and when possible, engage them in the decision making process. Some employers have had great success by organizing

committees from all employee levels and listening to their input before adopting plan designs.

3. Promote Wellness

Successful wellness programs not only keep medical costs lower, but they can build camaraderie and loyalty. Access to health risk assessments and incentives or discounts off annual costs when wellness goals are met are things you should consider. Weight loss or healthy eating challenges with proceeds going to charity are fun ways to help your company and your community.

4. Revisit CDHPs

High deductible health plans with health savings accounts (HSAs) or health reimbursement arrangements (HRAs) are growing in popularity. Along with Section 125 Flexible Spending Accounts (FSAs), these options provide tax savings and increased responsibility to plan participants.

Trends Latest Happenings in Today's World

Privacy Rule Proposed by HHS

On Tuesday, May 31st, the U.S. Department of Health and Human Services proposed a rule that would enable patients to obtain a list of everyone who has accessed their electronic medical record.

This move is part of a broader effort

by the Obama administration to update and simplify the United States medical record system, and to encourage doctors and hospitals to adopt electronic health records.

Last year, the HHS stated that any practices that disclose private health information could face fines of up to \$50,000 per violation.

Currently, health care providers are obliged to keep track of everyone who accesses private medical records, however, they do not have to provide patients with that information.

Some Plan to Drop Benefits

Many U.S. employers are saying that

Health Care Reform Update

President Appoints Payment Advisory Board

The Independent Payment Advisory Board (IPAB) is an independent panel consisting of 15 members appointed by the president, and confirmed by the senate, charged with the responsibility of imposing a ceiling on how much the government will spend on Medicare each year.

Although the IPAB will have a great deal of power, it is actually limited in terms of what it can recommend. They must reduce spending and the only way to do this is to cut the payments made to health care providers who treat Medicare patients. Needless to say, this will cause great problems for hospitals, doctors and the myriad of other providers who treat these patients.

These changes will ultimately make it more and more difficult for Medicare patients to find physicians who are willing to treat them. Results will likely include being left with a limited choice in doctors, longer lines in waiting rooms, and potentially a decrease in the quality of care they receive. One of the greatest concerns is that when doctors are paid less to treat Medicare patients, they will be forced to limit the amount of time they spend with each patient in order to treat a greater quantity of patients. This can lead to a greater incidence of medical errors and other problems.

IRS Announces 2012 HSA Maximums

In May, the IRS released Revenue Procedure 30112-32, announcing various inflation-adjusted amounts for deductibles on high deductible health plans (HDHPs) and contributions to health savings accounts (HSAs). The numbers for 2012 are as follows:

	Individual Coverage	Family Coverage
Maximum Annual HSA Contribution**	\$3,100 (up \$50 from 2011)	\$6,250 (up \$100 from 2011)
Minimum HDHP Deductible	\$1,200 (no change from 2011)	\$2,400 (no change from 2011)
Maximum HDHP Out-of-Pocket Expense***	\$6,050 (up \$100 from 2011)	\$12,100 (up \$200 from 2011)

** Individuals 55 and older can contribute an additional \$1,000 to their HSAs

*** The out-of-pocket expense does not include premiums

Plan sponsors will need to revise their plan design and plan documents to reflect these amounts before 2012. Some requirements of the Affordable Care Act have made these accounts more attractive. As you begin your health benefit planning for 2012, contact us if you would like more information on health savings accounts.

once provisions of the U.S. health care reform law take effect in 2014, they are likely to stop offering group health benefits.

While it is still somewhat unclear as to what really lies ahead for health care reform, many employers seem to think they can gain economically by dropping coverage even if they

compensate their employees for the change through higher compensation or additional benefits.

The Obama administration has consistently stated that the percentage of employees offered health care coverage by their employer will not change substantially under the Affordable Care Act.

25 Years of COBRA

For a quarter-century, the health insurance continuation provisions in the Consolidated Omnibus Budget Reconciliation Act of 1985, better known as COBRA, have provided a safety net, ensuring that workers and family members facing difficult life events can continue their health coverage while getting back on their feet.

Too Few Exchange Patient Data

Health information exchange, a process that aims to simplify and improve patient care by connecting doctors and hospitals, hasn't been catching on as fast as policy-makers had hoped.

Challenges in Adoption

One of the challenges in accelerating adoption of electronic medical records is that people think of them as just a different way of having a paper chart. Meaningfully using electronic health records enables doctors and hospitals to send and receive data between systems. The value comes from having complete patient information at the point of care since not all patients see the same doctor their entire lives.

RHIOS

Government-funded regional health information organizations, or RHIIOs, have sped up the adoption of electronic medical records by signing up doctors and hospitals in a specific area and coordinating the transfer of electronic patient information between providers.

Patients have come to expect doctors to have all of their medical information available at the click of a mouse. With doctor and hospital visits increasing, practices need to find ways to lessen patient wait times. Practices that have switched to electronic medical records have begun seeing more and more benefits, and lower costs.

Did You Know? New Ideas for Healthy Consumers

Diet Can Affect Your Mood and Energy Level

Whether you get your calories in the form of a triple-decker cheeseburger or a spinach salad, food is fuel and we each need a certain number of calories every day to function. However, our bodies suffer when we consume low-quality calories, such as foods high in fat and low in nutritional value. An unhealthy diet taxes the body's organs, and opens the door to illness and disease.

Food not only determines your energy levels and health, it also impacts your state of mind. Certain foods contain key elements that help produce powerful brain chemicals such as dopamine, norepinephrine, and serotonin which have been proven to enhance memory, increase performance, improve sleep and boost your overall outlook on life. Eating healthier can actually improve your mood. Here are some examples:

1. High-Quality Carbohydrates

High-quality carbohydrates like fruits, vegetables, brown rice, and oatmeal can decrease dramatic swings in energy and hunger. Eating these foods can enhance calmness and improve outlook. It's also important to limit your intake of refined starches such as white bread, white rice, crackers and bagels. These are filled



with sugar and provide a quick boost of energy, but they're digested very quickly.

2. Vitamin B

Vitamin B12 and folate can play an important role in serotonin production. Foods rich in Vitamin B12 include shellfish, wild salmon, lean beef, dairy products and eggs. Increase folate levels with fortified breakfast cereals, soybeans, oatmeal, broccoli, sunflower seeds, and oranges.

3. Protein

Including heart-healthy lean protein and low-fat dairy products in your diet provides long-term satisfaction and reduces dips in blood sugar. Digesting protein also helps you feel more alert and focused.

4. Omega-3s

Omega-3 fatty acids can increase the gray matter volume in areas of the brain that are linked to mood and behavior. To boost your gray matter, consume oily fish, such as salmon, mackerel and sardines in addition to flaxseeds, walnuts, canola oil, and fortified eggs.

5. Fiber

Flaxseeds, oats, apples, pears, sweet potatoes, peas and beans are all good sources of fiber. Consuming foods high in soluble fiber slows down the absorption of sugar in your blood stream and helps sustain

energy levels over a longer period of time.

6. H₂O

Staying hydrated is important to your overall health. Many of us go hours without taking a sip of water. Keep a bottle by your side to help you stay alert and focused throughout the day. Dehydration can cause extreme fatigue.

7. Vitamin D

While Vitamin D may increase levels of serotonin in the brain, foods rich in Vitamin D are hard to come by. Taking a multivitamin to reach the recommended daily allowance can help. Check with your doctor before starting.

8. Chocolate

Chocolate releases your feel good hormones and just an ounce of dark chocolate can boost both energy and mood.

If you're feeling lethargic and cranky for days at a time, the problem could be your diet. Choosing the right foods can improve your mood and help you enjoy a healthier, more active life.

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 that may impact your personal health. Talk to your benefits administrator before implementing strategies that may impact your organization's employee benefit objectives.

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