



Uncovering the Potential in CDHPs



We've emphasized the value of flexible spending accounts, health reimbursement arrangements and health savings accounts for many years. As these options continue to become more widespread, trends show that Consumer Directed Health Plans (CDHP) are producing very positive results.

Lower Health Care Risk

Surveys conducted by a major insurance carrier show that when employers move to CDHP offerings from PPO or HMO plans, participants often improve their health risk profile by 10 percent in the first year. This is typically attributed to increased awareness and understanding of symptoms.

Lower Overall Medical Costs

In consumer directed health plans, the medical cost trend was 16% lower than traditional plans during the first year. Over 5 years combined, cost savings for those enrolled in CDHPs averaged \$9,700 per employee. These reductions in cost were achieved without employers shifting out-of-pocket health expenses to their employees.

Surveys by the Kaiser Family Foundation show that more than 17% of workers participating in employer sponsored plans currently have HSAs or HRAs, up from just 4% in 2006. The Health Affairs journal estimates that if half of all employer group enrollees were in CDHPs, 7% of all health care spending, or \$57 billion, could be saved annually. Other studies project that the savings could exceed 9% of total U.S. health care spending. While this may sound unrealistic, enrollment in HRAs and HSAs is on the upswing, growing by approximately 14% in 2011.

Increased Awareness

CDHPs prove that increased awareness can go a long way toward creating savings. Not only do surveys show lower use of emergency rooms by employees participating in consumer directed health plans, but they also reflect a greater acceptance of generic drugs, resulting in a 14% reduction in overall pharmaceutical spending.

Many are concerned about the viability of consumer directed health plans, given the recent Supreme Court decision upholding the Affordable Care Act. Unless the act can be modified, HSA contributions will not be taken into account when determining if a group plan meets the 85% medical loss ratio (MLR) threshold. It is important that legislators on both sides of the aisle know that consumer directed health plans achieve positive results. With the ability to increase awareness, lower health care risk and control costs, CDHPs need to be preserved and promoted.



Is Self-Funding Right for Small Groups?

As the number of stop loss insurance products offering quick reimbursement of large claims continues to increase, more and more small groups (those with 50 to 150 employees) continue to transition to partial self-funding. The ability to identify how claim funds are being spent is one important reason. Claims data, seldom made available to small groups in a fully insured environment, can help pinpoint where health care dollars are going and the impact of strategies such as disease management, care management or wellness programs.

Greater transparency and flexibility give self-funded employers the ability to track plan performance on an on-going basis and make changes as needed. While it is not unusual for insurers to wait until 60 or even 90 days prior to renewal before delivering a fully insured proposal, self-funding gives the employer the opportunity to see how their plan is performing throughout the year and be better positioned to make plan design changes as needed.

While state and federal governments continue to pursue the establishment of minimum specific attachment points that could restrict smaller employers from utilizing stop-loss insurance, partial self-funding has proven to be a very viable and effective option for many smaller groups. We will keep you informed on these developments and the availability of flexible, competitively priced stop loss insurance coverage.

Not All Medical Tests Are Helpful

While going through a recent physical exam with my family physician, I asked him to review a newspaper ad sponsored by a major teaching hospital offering a number of different health screenings, many utilizing ultrasound technology. A discount was being offered – the greater number of tests you purchased, the greater your overall savings vs. per-test pricing. I asked questions about the tests and whether any of them would be useful to me and was quite surprised (and pleased) when my doctor said that based on my relatively good health, he saw no need for the tests.

The Congressional Budget Office estimates that up to 30% of U.S. health care expenditures go to tests, procedures, doctor visits, hospital stays and other services that do not improve patient health. The American Board of Internal Medicine and ABIM Foundation have organized a campaign, called *Choosing Wisely*, to help people get medical treatment they need and avoid

care that is not only potentially costly, but medically unnecessary.

To this end, 9 major physicians groups have identified 45 common procedures and tests that are often not needed and sometimes harmful. A few examples include cardiac stress tests, cancer screenings for dialysis patients, x-rays and other imaging at the first occurrence of back pain and brain scans for patients who have fainted, but have no other relevant symptoms.

Experts say that when it comes to determining the need for tests, communication and shared decision-making leads to the best outcomes. For more information on overuse or misuse of medical tests and procedures, go to choosingwisely.org. To find information on how to talk to your doctor and ask questions about tests and procedures, visit consumerreports.org.



Trends Latest Happenings in Today's World

Benefits Linked to Loyalty

A 2012 report by Aflac WorkForces shows undeniable evidence linking benefits offerings and employee loyalty. When asked what their current employer could do to keep them in their jobs, 49% answered, "improve my benefits package." Employees who



are extremely or very satisfied with their benefits program are 9 times more likely to stay with their current

employer than those who are dissatisfied with their benefits program.

75% of employees are even willing to take a decrease in pay for a better benefits package. Some

employees believe that a comprehensive benefits package demonstrates that their employer cares about them. With 10% of U.S. companies still planning to decrease their ancillary benefits options in 2012, this report reinforces that companies may be putting themselves in danger of losing important members of their workforce.

Benefits Communicator or Marketer?



Most benefits administration and human resources professionals would agree that for decades, their benefits communication efforts have focused on education – helping plan participants understand their options and make more informed decisions at enrollment. Health care reform and increased pressure to control health care cost increases are forcing employers to become much more aggressive. Many are beginning to expand their role from communicator to marketer in an effort to help employees do their part to help manage costs and take control of their own well-being.

Evidence that communication at open enrollment is not enough has been reflected in 2 recent surveys. The 2012 Aflac WorkForces Report showed that more than 75% of the 2,200 adults surveyed admitted making mistakes that cost them money during open enrollment. Nearly the same majority said they rarely or never understand what's covered by their health care plan. A survey conducted by The Futures Company, Hewitt and the National Business Group on Health, revealed that half of the 3,000 employees responding said they would like a personalized plan recommending actions they should take.

Another 40% said they would like to go to a wellness website and 35% said they'd like to receive personalized health tips and reminders on a regular basis.

From Open Enrollment to Open Communication

When complex information is pushed at people just prior to decision time, as is often the case with open enrollment, it's easy to feel pressured. Rather than becoming engaged and learning things we can draw upon in the future, we grasp only what's needed to make a choice. The time has come to provide smaller amounts of helpful information on a regular basis – consistently throughout the year. To help you better engage employees in their health and well-being, we'll continue to discuss "internal benefits marketing" in future newsletters. For now, you might want to consider these thoughts...

- *While intranets have been popular, a branded, benefits web page can be accessed from home where family members can share the information.*
- *Social media and mobile platforms can help reach busy employees, especially millennials accustomed to getting their information digitally, in small doses.*
- *When information is available on a website or blog, it can be accessed any time, even months later.*
- *Short video clips, which can be produced much more quickly and economically today, offer a great way to vary your media and add life to your campaign.*

A 2012 Cost Update

According to a recent Milliman study, the average cost of health care for a family of 4 averages \$20,728, nearly a 7% increase from last year. Through payroll deductions and cost sharing, employees pay an average of \$8,584, or 41%, of this total for medical care and prescriptions and employers pick up the balance. These figures are

based on the combined employer and employee costs for a common preferred-provider plan, or PPO.

Growing Concerns Over Behavioral Health

A recent survey found that the direct costs of mental health care represent around 6% of overall health care costs. Behavioral health, including depres-

sion and stress, is an area of concern that continues to grow for employers large and small. Nearly 30% of young adults (ages 18 to 25) have had a diagnosable disorder, more than any other age group. Overall, about 5% of the U.S. adult population has a disorder that greatly impairs their ability to function in daily life.

Supreme Court Upholds Health Care Law



Although we now know that the Supreme Court has found PPACA to be constitutional as passed, the political conversation is sure to intensify as the November elections near. Fortunately, the legislation preserves the employer-based health care system and as health care costs continue to rise, the value placed on health care benefits by employees and dependents is sure to rise accordingly.

As you refocus your efforts on working to understand and comply with the provisions of the Affordable Care Act, you may remember that a summary of benefits and coverage will be needed for the 2012 year as well as compliance with mandatory health plan reporting on W-2s. Beginning in January, an individual's maximum contribution to Flexible Spending Accounts will be limited to \$2,500. Please know that we are well prepared to provide the guidance and direction your company and your plan participants will need as we continue to implement the law together.



Did You Know? New Ideas for Healthy Consumers

Surviving A Heart Attack

Even though deaths from coronary heart disease have been cut by 75% in the past 4 decades, cardiovascular disease remains the leading killer of men and women in the U.S. And while there is much written about how to prevent a heart attack, the American College of Cardiology reports that knowing how to survive one is critical. Here are a few simple, but very important steps to remember...

1. Recognize the symptoms

These often can include chest discomfort or pain in the shoulders, arms, back, neck, teeth or jaw without chest pain. Stomach pain, shortness of

breath, lightheadedness, sweating with cold, clammy feeling skin or nausea and vomiting are also common symptoms.

2. Call 911

3. Chew an aspirin while you wait for the emergency team to arrive

Most importantly, get help fast when symptoms surface. Too many people refuse to drop everything and seek help and the more time it takes for doctors to open a blockage with drugs or cardiac catheterization, the more heart muscle will die.

As cardiologists say – *“time is muscle.”*

Sitting Risky

Of the more than 200,000 adults (age 45+) surveyed by the University of Sydney, the results showed that people who sat for 11 hours a day or more were 40% more likely to die prematurely. The study tracked behavior of 220,000 adults from 2006 to 2008, concluding that the health risk tied to sitting surfaced regardless of weight, pre-existing medical conditions or level of exercise.

Surveyors concluded that too much sitting may affect blood vessels and metabolism by increasing fats in the blood and lowering good cholesterol levels. When we stand or walk, our leg muscles are constantly working, helping to clear blood glucose and blood fats from the blood stream. When we are sitting, this doesn't happen because these muscles are inactive. In recent research studies, cardiologists report that spending more than 4 hours a day sitting in front of a computer or television can double the risk of heart attack.



Big Season for Ticks

Early warm weather meant an earlier than normal start to ticks and the hard to diagnose symptoms and illnesses that come with them – led by Lyme



disease. Symptoms range from headache and muscle aches to serious and long-term complications that affect the brain, joints, heart, nerves and muscles.

A few steps you can take to fight disease bearing ticks include: **1.** Keep grass mowed and leaves raked. **2.** Restrict the use of groundcover plants that tempt deer and other wildlife to feed. **3.** Keep firewood and bird feeders away from your home. **4.** Keep pets out of the woods, especially dogs that can easily bring a tick back into the house. **5.** Move swing sets and sand boxes away from the woods and if necessary, place them on a foundation of wood chips or mulch.

The deer tick is one of the most common carriers of Lyme disease, but its feeding habits and danger to people differ by region. For more on a variety of tick species, visit www.cdc.gov/ticks.

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.

MAA MUTUAL ASSURANCE ADMINISTRATORS, INC.

www.maa-tpa.com

[P] 800.825.3540

[F] 405.607.2626