

Benefit Insights

Aetna Study Shows CDHPs Can Save Money

A recent study released by Aetna has demonstrated that people participating in a health savings account (HSA) visit their primary care physicians 15 percent less than average for non-routine visits. They were also shown to have medical costs that were a total of 10 percent less than that of traditional plans.

With HSAs, funds deposited into these accounts are tax-deductible, and the funds can also roll over from one year to the next if they are not spent. Withdrawals from these accounts to pay for qualified medical expenses are tax-free.

HSAs are usually one component of a consumer-directed health plan or CDHP. As part of a CDHP, the HSA is usually used in conjunction with high-deductible health insurance. This insurance exists to protect individuals against sudden catastrophic healthcare costs. Alternatively, the money withdrawn from the HSA is used to pay for more regular, routine healthcare expenses.

The benefits of utilizing CDHP plans with HSAs are not limited to reducing the number of visits made to primary care physicians. The same study also suggests that HSA participants are more directly involved in their own healthcare. They were 250 percent more likely to research health conditions on the internet to become more educated on their health. HSA participants were also 300 percent more likely to take health assessments than people enrolled in traditional plans.

Individuals with HSAs were also shown to focus more on preventive care. Screenings by HSA users for diabetes and cancers, such as breast cancer and cervical cancer, were much higher. HSA users also saved

money by visiting the emergency room far less and using generic drugs more often than name brand medications.

HSAs under a CDHP also provide benefits to employers as well. Over a period of five years, employers that only offered CDHP options to their employees, saved \$18 million dollars per ten thousand members enrolled in the plans.

Whether it is employers who offer them or the employees who use them, HSA plans can save a significant amount of money over more traditional healthcare options.



We often forget how being active can help lower health care costs, reduce absenteeism and improve employee productivity. Workplace wellness programs can help but only if employees participate. Learn how creative marketing, along with incentives, can positively impact your program's success.

Thank you for your continued support and business.

Please have a safe and healthy summer!





Boost Wellness Program Participation Through Communications, Incentives

More than half (58%) of employers that offer health benefits also offer wellness programs, according to Kaiser Family Foundation's 2009 Employer Health Benefits Survey. Many of these say their primary reason for doing so is to help improve employees' health, reduce absenteeism, and lower health care costs. These goals, if achieved, can represent significant cost savings for a company...but this can happen only if employees participate. Frequently, participation in wellness initiatives falls short of expectations. Creative and consistent marketing, along with careful use of incentives, can positively impact wellness program participation and help these programs bring cost-savings results.

Wellness initiatives run the gamut from simple workplace walking clubs to onsite fitness centers. The most common include health risk assessments; screenings for high blood pressure, cholesterol and diabetes; exercise incentives, such as discounts to local gyms; weight management and nutrition programs; smoking cessation programs; and disease management programs. According to a survey from Health2 Resources, a health care and e-health public relations and communications firm, 73% of employers measured the return on investment from their wellness programs, and 83% of these employers saw a return of better than dollar for dollar on their investment.

With such a return on investment being possible, increasing employee participation in wellness programs becomes a priority. Here are some ideas to engage employees in wellness initiatives—

- Offer the types of programs in which your employees would be interested. A key element of successful marketing is to offer consumers the products they want. Bring this perspective to your wellness initiatives, and survey employees—or talk with them informally—about various wellness activities that your company would be willing to bring into the workplace, to see where employee interest lies.
- Build interest in the program by using a variety of media, beginning several weeks before the program launch date. Remember that individuals learn in many different ways, so employ all means of communication at your disposal: articles in the company newsletter; paycheck stuffers; lunchroom posters and table toppers; e-mails; a letter from

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top management; employee meetings; DVDs/videos with program highlights; presentations by the wellness program vendor. Furthermore, build excitement for program launch by dispensing communications strategically and structuring them in a way that enables employees to personalize the experience.

- Make it as easy as possible for employees to participate. For example, if your company's wellness initiatives include onsite screenings, make it easy to sign up for them, schedule them throughout the day, and let employees know they are permitted to take a work break to have the screening done. To encourage spouse participation, include early morning and evening times. If your company's wellness initiatives include a health risk assessment, offer paper and electronic ways of completing it, and keep it as short and simple as possible.
- Make participation fun. Incorporate contests, party-atmosphere health fairs, and club/team based activities that get employees moving (like lunchtime walking clubs, or a softball or bowling team).
- Since some employees hesitate to provide health information through a wellness initiative, suspecting that the employer will be privy to it, take steps to overcome this barrier. Clearly communicate the company's confidentiality policy and the confidentiality guaranteed by HIPAA, as well as the steps taken to ensure that participant confidentiality indeed is maintained.
- Offer financial incentives, which are thought by many to be the most effective motivator toward wellness program participation. Common financial incentives include a health plan discount or premium differential, contributions to a health savings account, cash or payroll credits, or copay reductions. The Health2 Resources survey found that two-thirds of surveyed firms that offered wellness programs used incentives to motivate participation. The value of incentives in 2009 averaged \$329 and ranged from \$1 per pound of weight lost to annual premium reductions valued at more than \$1,500.

Most important of all, make sure employees know the value of improving their health, both in terms of disease prevention/longevity and dollars and cents. On some basic level everyone knows it is better to be healthy than not, but drive this point home with accurate data on, for example, the impact being overweight has on all aspects of a person's health, and how this can translate to an individual's personal health care spending. The bottom line of well-used wellness programs is significant potential savings for both the employer and program participants.

Individual Behavior Costs Billions in Health Care Annually

A recent report from a leading pharmacy benefit manager suggests behavioral factors are a cause of hidden costs in prescription drugs. According to Express Scripts' Drug Trend Report approximately \$163 billion dollars is needlessly spent on health care because of the bad habits of the American consumer.

Express Scripts released its findings during a two-day conference hosted by the St. Louis pharmaceutical manager. Express Scripts, one of the largest pharmacy benefits management (PBM) companies in the United States, handles an estimated 750 million prescriptions a year through a network of over 60,000 retail pharmacies.

Their latest findings disclosed that Americans would save a tremendous amount of money if they took their drugs as prescribed, chose generic over brand name prescriptions and ordered their prescriptions by mail.

Dr. Steven Miller, the company's chief medical officer stated that Americans spend almost twice as much as other countries on health care and if patients would follow the guidelines offered by Express Scripts, the savings would be in the neighborhood of \$163 billion.

The states named as having the highest percentage of wasteful drug prescription costs per capita are California, Illinois, New York and Texas.

Another point made by Miller is that pharmaceutical managers have to engage the physicians in order to hold down the high cost of prescription drugs. He feels that physicians need to encourage patients to change their behavior and thinking about prescriptions in a cost-saving manner.

Miller believes the advantages of home delivery of medication also helps eliminate errors in filling the prescriptions. Apparently, there is a lower percentage of error from mail order pharmacies than from retail drug stores. He also stated that patients are more likely to follow and complete their prescription protocol if medications are ordered by mail and delivered directly to the individual.

Express Scripts has specific goals in reaching a saving platform. One suggestion offered is having kiosks installed in physician offices for the purpose of educating patients about generic drugs and home delivery.

Human behavior patterns that are being targeted by Express Scripts are procrastination and forgetfulness. The breakdown of costs suggests that \$106 billion is wasted through non-compliance with prescribed protocol. Moreover, an additional \$51 billion is wasted by ordering brand name drugs instead of their generic equivalent. The remaining \$6 billion is lost through higher-end options for drug delivery.

Overall, drug spending in America increased by 6.4% in 2009, reversing the trends of slower prescription cost growth in prior years. Diabetes and influenza vaccinations were the two biggest cost drivers cited for the increase in cost last year.



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as well as not adequately covering the costs of a serious illness (28%) or unexpected emergency room visits (19%), or even basic medical care (13%).

A report from Colonial Life demonstrates how the addition of voluntary benefits to an employer's benefits package can address these employee concerns, while not significantly adding to a company's financial outlay for benefits. As the paper states, "Employees are more interested than ever in finding a solution to their increasing concerns about insurance coverage and the gaps left by their benefits plans. Workers have expressed considerable interest in purchasing supplemental coverage to help pay for some of the expenses not currently covered by their major medical plans...with 78% of full-time employed adults surveyed at least somewhat interested in this type of coverage."

Some of the types of voluntary benefits plans that address the employee concerns cited above include-

Disability insurance, to protect an employee's most valuable asset-income-by replacing a portion of workplace earnings when disabled.

- Life insurance, to supplement any basic coverage provided by the employer.
- Accident insurance, to help with the significant costs associated with any major accident that do not fall under the medical plan.
- Disease-specific insurance, such as cancer or critical illness insurance, to cover both any medical costs not covered by the employee's primary medical plan and also the non-medical expenses typically associated with a long illness.
- Hospital confinement indemnity insurance, to provide additional income to pay for medical and non-medical expenses incurred as a result of a hospital stay, including items such as additional child care expenses that occur because the insured is confined in a hospital.

Providing employees access to these types of coverage without creating significant additional costs or administrative burdens for a company makes voluntary benefits a winning proposition for employer and employee alike.

Voluntary Benefits Respond to Tough Economic Challenges

Today's struggling economy has destabilized both employers and employees financially. Many employers have felt the need to cut back on the employee benefits they provide, or to require employees to take on a larger role in paying for benefits. In situations such as these, voluntary benefits can help employers strategically maintain a competitive benefits program, and can help employees shore up the insurance protection that is critical to avoiding financial disaster.

A survey from Colonial Life documents how current economic conditions have affected the employee benefits landscape. A large majority-82%-of human resources executives contacted for the survey verified that they had made changes to employees' insurance coverage, including increasing premiums (57%), adding or increasing coinsurance or copayment amounts (50%), or adding or increasing deductibles (46%). These changes mirror concerns voiced by employees: 86% say they are at least somewhat concerned about unexpected medical expenses such as emergency room visits and major surgery; 83% about increased premiums and expenses no longer covered by their plans; 81% about higher deductibles; and 79% about higher copayments.

In addition to creating anxiety, benefits cutbacks also enlarge the pool of uninsured and underinsured workers. Of the 50 million uninsured Americans, approximately eight

in 10 live in families with at least one worker, according to a report from the Kaiser Commission. And, the number of underinsured individuals now exceeds 25 million. This group's



concerns about under-coverage include fears that their plans may not adequately cover a loss of income due to illness or injury (35%) or the death of the primary wage earner (19%),

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