

Employee Benefit Insights



Despite Potential PPACA Problems on the Horizon, HSA Enrollment Continues to Rise

Since health savings accounts (HSAs) were first authorized in January of 2004 as a tax-advantaged portal for medical savings, America's Health Insurance Plans (AHIP), which is a trade association representing the health insurance industry, has conducted an annual survey of the HSA market. According to the 2011 AHIP survey, HSA plan enrollment in the United States has almost doubled over the last three years, going from 6.1 million participants in 2008 to 11.4 million participants in 2011. From 2010 to 2011, the number of Americans covered by HSAs linked to high-deductible plans (HDHPs) increased by 14%.

Other key findings from the AHIP survey are:

- Large-group coverage was the fastest growing market for HSA plans between 2010 and 2011, with a growth of 26%.
- Individual market coverage was the second fastest growing market for HSA plans, with a growth of 15%.
- Over 6.3 million individuals were enrolled in HSA plans in the large-group market.
- Around 2.8 million individuals were enrolled in HSA plans in the small-group market.
- Approximately 2.4 million individuals were enrolled in HSA plans in the individual market.

continued next page...

WELCOME...

OK, we admit it. We have succumbed to the world of social media and jumped in with both feet.

Yes, we have a blog. On www.BroadReachBenefits.com you'll now find a link to our blog in the upper right hand corner. You'll find full length articles on a host of timely employee benefit and insurance topics.

Yes, we have a Twitter account. On the lower left hand side of our Web site you'll find the now ubiquitous Twitter icon that will take you directly to the Broad Reach Benefits Twitter page. This account "tweets" current employee benefits news with links to the parent articles. Sorry, we won't be tweeting what the staff ate for lunch each day.

No, we do not have Facebook page. We have to draw the line somewhere.

While these new options provide you with additional avenues to gather information we will of course continue to utilize BRB Client Access to provide you with the latest employee benefits, compliance and HR news. You can use your personal login to search for topics that are of interest. And, we will continue to email you industry and compliance alerts as necessary. If you have questions regarding the multiple ways you can access information from Broad Reach Benefits please let us know. By the way, you can still use that phone on your desk to call us and talk to a real live person at any time. Shocking...



Broad Reach Benefits, Inc.

30 Cook Plaza • Suite 200
P.O. Box 545, Madison, NJ 07940
Phone: (800) 272-1144 • Fax: (973) 377-8334
Email: info@brbusa.com
www.BroadReachBenefits.com

Information contained in this newsletter about product offerings, services or benefits is illustrative and general in description, and is not intended to be relied on as complete information. While every attempt is made to ensure the accuracy of the information provided, we do not warrant the accuracy of the information. Therefore, information should be relied upon only when coordinated with professional insurance, tax and legal advice.



The Impact Of The Patient Protection and Affordable Care Act On HSAs

As it relates to HSA plans, AHIP has noted that some of the provisions in the Patient Protection and Affordable Care Act (PPACA) could create some potential unintended consequences that might disrupt, if not limit, the availability of HSA plan coverage. Three of the main problems noted by AHIP include:

1. Medical loss ratio regulation.

This requires an insurer to spend 80% or more of a consumer's premiums on direct, non-administrative patient care and improvements to such care's quality. AHIP asserts that medical loss ratio regulations will be especially problematic for HSA-eligible HDHPs. Participating in a qualified HDHP is a requirement to participate in an HSA. HDHPs provide individuals with a low-premium, high-deductible alternative to traditional health plans. These plans might have lower benefit costs, but they certainly aren't always cheaper to administer from a per-enrollee standpoint. As a result, they may naturally have lower medical loss ratios.


2. Over-the-counter (OTC) medication restrictions.

After 2011, funds from HSAs can't be used to purchase OTC medications unless the individual has a prescription in hand. By limiting consumer access to many common OTC drugs, such as those used for allergies and colds, consumers will be left in default to use more expensive prescription drugs.

3. Minimum actuarial value requirement.

Each level of insurance coverage (platinum, gold, silver, and bronze) sold in either the small or individual market will be required to meet a level-specific minimum actuarial value starting in 2014. The actuarial value is a dollar value based on the average benefits expected to be paid out by a particular plan. Bronze, which is the lowest level, will be required to have at least a 60% actuarial value. Under the Patient Protection and Affordable Care Act, the Secretary of Health and Human Services is to institute a process that will determine actuarial values. The health care reform law specifically instructs that the HHS Secretary may include annual employer HSA contribution amounts within the actuarial value calculation. Of course, this wording means annual employer HSA contribution amounts may not be calculated. AHIP recognizes that including this in the calculation will help to ensure continued consumer access to affordable, high-quality coverage since inclusion will considerably increase the probability that HSAs will meet the minimum requirements.

In closing, AHIP's survey clearly reflects that HSA enrollment is steadily growing. Policymakers should recognize that HSA plans

are more important than ever when it comes to U.S. consumers having access to affordable, quality coverage. 

Evaluation Is Key to Determining Whether Wellness Program Measures Up

Common sense tells us that healthier employees are more productive, have lower absenteeism rates, and are likely to be less costly to a company's health care plan. In an effort to encourage employee health and fitness, and the management of chronic diseases, many companies implement wellness programs. In today's economic climate, however, where cost-cutting measures can be critical to a company's survival, business owners and top management want documentation of the return on the investment put into these programs. Thus, wellness program evaluation can be key to the survival of these programs in a company.

Wellness program evaluation generally falls into two categories: how successfully the program is being administered, which focuses on employee-oriented measures; and program outcome, which measures results versus program objectives, including any involving costs.


In assessing program administration, employee-oriented measures are appropriate, since a program that is successfully marketed and implemented would be expected to reach and satisfy its targeted audience. Thus, evaluating this aspect of a wellness programs looks at employee participation rates; whether those employees in most need of the program initiatives took part; and the level of employee satisfaction with the program. While data on participation, both general and targeted, can be obtained from the program vendor, employee surveys can be used to delve into issues such as overall





employee awareness of the program, aspects of the program liked most/least, and reasons for non-participation among employees who fit the program's targeted group but declined to become involved.

Evaluation of program outcomes can be multi-faceted, and should be conducted against the objectives established when the program was implemented. For example, did employee productivity and absenteeism rates improve? Are employees making more use of available preventive health care services? What were health care costs in the years leading up to program implementation, and in the years following? What about workers' compensation and disability costs? The cost benefit payoff of wellness programs can be long range, so are not likely to immediately appear in hard numbers such as health care plan, workers' compensation and disability costs. A way to see if the program is on track to deliver cost savings in these areas in the future is to examine (in the aggregate, so as not to violate employees' protected health information) vital health measures, such as blood pressure readings, blood sugar levels and cholesterol levels. Health risk assessments (HRAs)-which frequently are offered as a kick-off to a wellness program-can be used to collect aggregate pre-wellness-program data, which then can be compared with that from a follow-up HRA conducted some time after program participation has begun.

An unstated requirement for wellness program evaluation is having established goals and objectives to use in the assessment process. A program implemented without these in place cannot be shown to be either successful or unsuccessful. Examine your company's program objectives periodically to ensure they still reflect what the investment in the program seeks to deliver; if objectives were never developed, take steps to do that now, to enable measurement of the program going forward. 

Keep the EAP Front and Center During Times of Economic Turmoil

Financial worries are keeping Americans up at night, and most say they are stressed as a result of current economic conditions, according to recent surveys. This is bad news for employers, because stressed out employees are likely to be distracted, mistake-prone, and apt to indulge in unhealthy behaviors, such as overeating and drinking alcohol to excess. These employees also may be agitated and irritable, causing difficulty with coworkers. All of this can lead to absenteeism and overall lowered workplace productivity. For employers that offer an employee assistance program (EAP), however, EAP services can help employees get through



today's tough times, and enable them to remain as productive as possible while on the job.

First, the survey results. According to the American Psychological Association, 80% of Americans report having economy-related stress: 56% cite worries about job stability and half are concerned about being able to provide for their families' basic needs. ComPsych, an EAP provider, reports that 92% of the employees it surveyed say financial worries are keeping them up at night. Specific concerns include the cost of living (30%), credit card debt (29%), mortgage payments (14%), and retirement accounts (13%). Job-related fears are beginning to affect the workplace dynamic, according to another release from ComPsych, in which 39% of employees described the atmosphere in their workplace as "somewhat worried" and 16% as "panicky."

EAPs can help employees during today's tense economy by providing them with a safe outlet to talk about their worries and with a source for financial counseling services and referrals. EAPs also provide a resource for employees who have turned to alcohol, other substances or overeating as unhealthy ways to relieve stress.

EAPs indeed are experiencing increased usage lately from employees, and heightened interest from employers, who see the benefits EAPs can provide. A survey of the members of the Employee Assistance Society of North America, a trade association for EAP providers, finds that the current economic situation has fostered an increase in the utilization of EAP services. Specifically, the survey found an 88% increase in requests for financial services, an 82% increase in requests for help coping with stress, and a 41% increase in requests for legal



services. Furthermore, providers reported a 60% increase in requests from employers seeking to offer assistance to laid-off employees, such as outplacement services.

The results of EAP participation are verified in a U.S. Federal Occupational Health study of EAP clients, who experienced a 62% drop in average lost time away from work following EAP counseling.

The message to employers should be clear—EAPs can and do make a difference in the lives of employees dealing with financial stress, and this difference can translate into improved workplace productivity. Therefore, it's essential that your EAP remain front and center in times of economic turmoil. Check with your EAP to determine the types of services it offers that could be particularly useful to employees who are financially stressed. Obtain any communications materials the EAP has that are new, or particularly relevant to your employees' needs. Remind employees of the EAP's presence, through postings, mailings, announcements and specially targeted meetings. Also remind managers of the EAP's services and ask them to promote these to employees, especially during periods of layoffs, salary freezes or other economy-related workplace adjustments. 🌊

Prescription Spending Growth Slowed in 2010

A recent report by consulting firm IMS Health revealed that U.S. prescription spending growth was 2.3 percent in 2010, a decrease from 5.1 percent growth in 2009. This represents the second lowest growth rate in 55 years.

Reasons cited by IMS for the decreased growth include:

- Greater use of generic medicines. Several popular medicines came off patent recently, allowing consumers choose generic versions. This trend is expected to continue as patents expire on other widely used medications in the next two years.
- Less spending on new therapies. The report found a decline in unique new medicines being developed, as most new drugs that have been released in recent years were similar to existing available drugs. This accounted for a decline in new drug spending.



- Fewer patients visiting doctors to begin new treatments for chronic conditions. This trend was attributed to the poor economy and high unemployment, which forced many people to go without health insurance or cut back on expenses.

—Source: The Use of Medicines in the United States: Review of 2010, IMS Health

Broad Reach Benefits, Inc.

30 Cook Plaza • Suite 200 • P.O. Box 545, Madison, NJ 07940
Phone: (800) 272-1144 • Fax: (973) 377-8334
Email: info@brbusa.com • Web: www.BroadReachBenefits.com