


MAY 2007

Key to Understanding

Decision-Support Tools Help Consumers Make Sound Health Decisions

THE MAJORITY (73%) of participating employers think employees can become better healthcare consumers if given the tools to do so, according to United Benefit Advisors' (UBA) *2007 Employer Survey*.

"Employees have a huge vested interest in helping contain costs in order to both stem the erosion in plan benefits and their share of higher premium costs; and most are willing and able to do so if provided the tools and information required," said David LoCascio, UBA Co-Founder.



Similarly, Thomson's survey of executives and officials from large employers, health plans, and government health agencies found that more than 90 percent of respondents said it is a priority for their organizations to ensure consumers have information tools that help them make sound healthcare decisions, and that individuals require meaningful, personalized information to make well-reasoned judgments about their health and medical care.

"As payers, we recognize the need to provide consumers with timely, relevant, and personalized information that effectively changes behavior," said Bill Fandrich, CIGNA senior vice president. "We are creatively finding ways to engage consumers with information that leads to our very real goals of improving quality of (Continued on back)

Engaging Employees

Annual Enrollment Requires Communication Campaign



ANNUAL ENROLLMENT has moved from a transactional or registration-like process to an engagement and decision-support process, where the goal is to involve employees as benefits consumers. With employee knowledge and engagement already at a low point, crafting an effective communications campaign is key for this year's enrollment period, according to Jeri Stepman, Watson Wyatt leader for health and welfare administration.

One of the first steps in launching a valued enrollment communications initiative is planning it well in advance—even starting now—so that benefit managers can distribute information multiple times across multiple channels. The goal is to increase engagement by allowing employees to process all of the information and ask questions to increase knowledge, and then allow time to make educated selections.

Even though face-to-face communication is the best way to explain benefit changes or complicated new programs, a combination of media is best. Even for those who are online-savvy, most employees prefer print materials to illustrate examples and comparisons and to share information with their spouses. "Online is helpful with tools and calculators, but people still like the additional support of print," says Patricia Zar, Aon Consulting senior vice president. (Continued on back)

Providing Transparent Quality

Healthcare Market Supports Value-Driven Initiative



LESS THAN A year after launching his Value-Driven Healthcare Initiative, Health & Human Services Secretary Mike Leavitt said that America's healthcare sector is shifting rapidly to a system where patients can get better information about the quality and cost of their care, and there is competition to provide them with the best value.

Since August 2006 when President Bush signed an Executive Order committing the federal government to the four cornerstones of value-driven care, Leavitt said that more than 100 million Americans are now served by health plans that are committed to providing consumers with transparent quality and cost information. In addition, most enrollees in these plans are expected to have access to web-based report cards on quality or cost within the next 12 months.

"Consumers have extensive information to help them make good choices when they buy cars or get mortgages," Leavitt said, "but when it comes to choices about their healthcare, little information about quality or cost has been available. The purpose of the Value-Driven Healthcare movement is to make that information available, and then reward people for using it." ■

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life for consumers and lowering the cost trend."

Implementing online healthcare tools was the most common healthcare cost and quality initiative in Aon Consulting's *2007 Benefits and Talent* survey. According to the survey, employers are responding to the double-digit healthcare cost increases by offering initiatives that emphasize health and productivity and directly engage employees in managing their health.

Likewise, a Hewitt survey found similar results in that a majority of large employers in the U.S. are looking beyond cost shifting. They plan to invest more in the

health and welfare of their employees by taking more aggressive steps over several years to help employees improve their health by offering tools, resources, and/or programs to help employees better manage their health.

"Employer involvement in helping to manage the health of its workforce has been rapidly gaining momentum," said LoCascio. "The old approach of simply hoping for good claims experience has not worked, and employers are increasingly assuming more responsibility and control in an effort to impact both plan costs and employee productivity."

As noted in the June 2007 IFEBP's *Benefits & Compensation Digest*, the most successful plans are those that provide sufficient member decision support tools that empower their members while aligning their healthcare choices with program goals. ■

Engaging Employees. . . (Continued from front)

Zar adds that communicating over a longer period of time helps to encourage employees to take their time in making decisions. "You want to impress on employees that the subject matter is complex, and the decisions they have to make are more complicated now than in the past and will have a much greater financial impact on them."



Spreading communications messages over a longer time span than a few weeks prior to enrollment is useful because "people don't learn in compact situations," says Jon Kessler, chairman, Wage-Works. "They need to learn at the point that is convenient to them as a consumer, and providing a longer time frame helps to ensure more employees get the message."

Experts also note that benefits communications is a year-round marathon, not just a two-week sprint during annual enrollment. Employees' lives continue to change even after enrollment is over, and they need benefits information to adapt to those times, according to John Wuich, ADP vice president and national client manager. "During any type of life change, they need you providing information—going from active to retiree status, after diagnosis of an illness, the death or birth of a dependent, or getting promoted," Wuich says. "During those times, different questions rise to the top, and the more hands-on and more personalized the communication, the more effective employers will be." ■

Bulletin Briefs

◆ HSA Contributions Limits to Increase in 2008

The IRS says the maximum contribution that can be made in 2008 for employees with single coverage will be \$2,900, and family coverage, \$5,800. Additionally, the maximum out-of-pocket expense (including deductibles) that employees with single coverage can be required to pay will rise to \$5,600 and \$11,200 for family coverage. The new limits reflect increases in the cost of living.

◆ DOL Releases Overtime Calculator

The DOL's latest web-based compliance tool is the FLSA Overtime Calculator which computes overtime pay due in a sample pay period based on information submitted by the user. The calculator totals the hours worked during the sample pay period and calculates overtime pay due for any overtime hours worked. Check it out at:

<http://www.dol.gov/elaws/esa/flsa/otcalc/i3.asp>

◆ Washington to Implement Paid Family Leave

Effective Oct. 1, 2009, employees becoming new parents in Washington State will be entitled to receive up to \$250/week for up to five weeks for paid family leave. The leave must be taken at the same time employees take FMLA leave. Employers with more than 25 employees must hold workers' jobs open while they are on leave, after they've been employed for a certain amount of time. How the benefit will be funded is to be decided by a state task force. ■

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