

..... February 2009

Compliance Outlook

New Bills Will Greatly Affect Discrimination Claims, Health Benefits

President Barack Obama kicked off his first few weeks in office by signing a pair of bills that will significantly affect benefits compliance and discrimination lawsuits against employers.

Obama's first significant bill, the Lilly Ledbetter Fair Pay Act of 2009, likely will make it easier for employees to sue employers for pay discrimination.

The bill overturns a 2007 Supreme Court ruling that stated that a worker, in order to meet the statute of limitations, had to file a discrimination claim within 180 days from the company's initial decision to pay that worker less than another employee doing the same job.

The new law, however, removes any statute of limitations, meaning each paycheck can be a possible instance of discrimination.

Camille Olson, a partner at the law firm Seyfarth Shaw LLP, told *Employee Benefit News* that this new law could foster larger and more frequent wage discrimination lawsuits because it "encourages plaintiffs to sue over employment decisions made long ago – and to characterize them as 'continuing violations' – to increase the size and scope of damage recoveries in both single-plaintiff and class action lawsuits."

To best protect themselves, employers should keep detailed documentation of "the legitimate nondiscriminatory

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Wellness Strategies

Experts: Obesity Remains Tough to Tackle

While many employers have started wellness programs to cut health costs, experts say they are having trouble tackling one of the greatest threats to their employees' health – obesity.

"Obesity should be recognized as an illness, like all illnesses," said Dr. Sunil Bhoryul, a bariatric surgeon, at the recent Obesity Congress in Washington, D.C. "There's not a single body system that's not affected by obesity."

According to *Employee Benefit News*, many speakers at the meeting

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Medical Tourism

Employers Eye Home-Grown Options to Save Costs

The current recession is prompting more employers to consider the cost benefits of medical tourism, including new "domestic" options.

While studies vary on how many Americans are leaving home to seek cheaper medical care, many experts expect the trend to grow as companies work harder to control health costs.

"When the economy is great, employers don't care about their health care," said Jonathan Edelheit, president of the Medical Tourism Association. "When the economy is bad and employers are hurting, that's when they get creative."

Overseas medical tourism can generate significant savings on procedures. For instance, a \$250,000 heart surgery in the United States might cost only \$15,000 in India (including airfare and accommodations), according to an article in *Human Resource Executive Online*.

That article also explores how employers are learning that domestic programs can secure big cost savings as well. For example, North American Surgery Inc., based in Vancouver, recently helped the family of a Texas boy who needed jaw surgery. The local hospital in Texas said it could do the procedure for \$52,000, but the company was able to negotiate a price of \$21,600 at a hospital in Oklahoma City.

Recent violence in popular medical-tourism destinations such as India might also make some employers shy away from the overseas option. One company, Planet Hospital, told *Workforce Management* that recent turmoil has prompted clients to cancel procedures. Concerns about malpractice and quality of care also can make employees leery of overseas options, said Planet Hospital co-founder Rudy Rupak. ■



Compliance

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reasons for employment decisions that have a lasting effect on their pay" for each worker, stretching back to the hiring date, Olson said.

Less than a week after signing the Fair Pay Act, Obama signed a bill that expands the State Children's Health Insurance Program (SCHIP) to cover an additional 4 million children.

The law amends the Employee Retirement Income Security Act (ERISA) to require employers to include workers' qualified, nonenrolled dependents to join the employer plan if those dependents become ineligible under Medicaid or a state child health plan.

The law also gives states the option to provide a premium assistance subsidy for some employer-provided coverage and requires employers to notify their workers of this subsidy and any other Medicaid or state-run child assistance that is available.

COBRA changes

On February 13, Congress passed the latest economic stimulus plan that changes COBRA eligibility rules and provides a subsidy for unemployed workers. Employees who are laid off between September 1, 2008, and December 31, 2009, would be eligible for a 65 percent federal subsidy for up to nine months of COBRA coverage. An earlier House version of the bill would have allowed terminated employees with 10 years on the job or workers ages 55 and older to remain eligible for COBRA until age 65. That provision was stripped from the final bill. The \$787 billion measure also provides \$19 billion for a national health information-technology system. The president was scheduled to sign the bill on February 17 in Denver. ■

Wellness Strategies

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called for health plans to cover more treatments and for employers to be proactive in their wellness initiatives.

"The data show that once people become obese, it's really difficult to get them back," said Chris Boyce, chief executive officer of Virgin HealthMiles, a wellness program provider. "You've got to look at stopping it before it occurs and making sure they have the incentive. Preventing obesity is as important as reversing it after it comes, and it's certainly easier to prevent it."

Boyce suggested that employers craft their wellness programs to be fun and inclusive for everyone – even fit employees. An open and engaging program can create a team atmosphere and not single out overweight participants, she said.

A recent study by Principal Financial Group shows that most U.S. workers are eager to join a well-planned wellness initiative. Seventy-nine percent of employees take advantage of educational tools and resources when offered by their employer, while 77 percent participate in blood sugar and cholesterol screenings.

The study found that achieving better physical health was the main motivator for joining wellness programs at 53 percent, followed by 38 percent who said they were inspired by the possibility of lower personal health care costs. ■

..... Bulletin Briefs

- ◆ **BETTER DAYS AHEAD:** More than half (52 percent) of executives surveyed by Korn/Ferry International Inc. said they expect the economy to recover by the end of this year, with 39 percent expecting a turnaround in 2010 .
- ◆ **POSSIBLE RULES DELAY:** The Department of Labor has proposed delaying for 60 days the implementation of its final mandate making 401(k) and IRA participant advice more accessible. Implementation has been delayed until May 22.
- ◆ **TECH IS BEST:** Workers in the technology field are more likely to participate in their employer's 401(k) plan any other profession, according to a survey by Charles Schwab. Seventy-seven percent of technology employees participate in a plan compared with 67 percent of all U.S. workers.
- ◆ **SHARING TIME:** Some companies are discovering the benefits of sharing an onsite or near-site health clinic, according to a recent Mercer study. Eleven percent of survey respondents said they share their clinic with another employer, while 13 percent said they'd be open to the idea. ■

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