

..... September 2009 .....

## Enrollment

### Dull Economy Can Create Golden Opportunities that Lead to Better Benefits

**I**n these rough economic times, employees as well as employers are tightening their belts and minding their spending more. However, several surveys suggest employees are eager to spend more on benefits – a sentiment that can generate opportunities for employers as enrollment season draws near.

Nearly nine in 10 employees plan to maintain or increase their selected benefits and/or coverage levels this enrollment cycle, even though more than one-third experienced a decrease in their household discretionary income this year, according to a new poll by MetLife.

Thirteen percent said they plan to spend more time on their benefit decisions this year. Sixty-four percent of those cited their concerns about financial security as the reason.

“Recent economic events have caused many . . . to be more mindful and appreciative of the benefits provided to them at work, which often form the foundation of their personal safety nets,” said Ronald Leopold, a vice president with MetLife. Leopold said the survey results show that employees “continue to value their benefits as essential to helping them plan for the future while protecting themselves and their families.”

A separate survey by Unum found that employees desire benefits that provide some sort of financial protection, with 60

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## Health Care Plans

### UBA Survey: CDHPs Beat HMOs in Popularity

Consumer-driven health plans (CDHPs) in the U.S. have surpassed HMO plans in covered employees, according to preliminary results released by United Benefit Advisors (UBA) from its 2009 UBA Health Plan Survey, the nation's largest health plan benchmarking survey, with 17,655 plans from 12,316 employers reporting.

CDHPs grew at a rate of 33.9 percent this past year and now cover more employees (15.4 percent) than HMO plans (13.6 percent), according to Bill Stafford, UBA

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## Compliance

### Use, Storage of Medical Information Requires Close Eye

The U.S. Department of Health and Human Services (HHS) has issued new guidance requiring entities covered by HIPAA to notify individuals when their health information is breached.

The regulations stem from the Health Information Technology for Economic and Clinical Health (HITECH) Act, which was passed as part of the economic stimulus package earlier this year. The rules require entities, including employers, to notify individuals when the breach affects more than 500 people. Incidents with fewer than 500 people must be reported to the HHS annually.



Employers should examine their existing policies and have a plan in place so they can make notifications in a timely manner, according to Alison Schaap, a legal consultant with Hewitt Associates.

Employers should be especially careful when gathering medical information as part of workplace wellness programs. In addition to HIPAA issues, employers must contend with the recently passed Genetic Information Nondiscrimination Act (GINA). This law prohibits hiring or firing an employee based on genetic information the company has gathered.

The Equal Employment Opportunity Commission (EEOC) is still hammering out final regulations, but employers should start thinking about the implications of this law now, according to the law firm Jackson Lewis.

In particular, the law could affect the administering of health risk assessments. Employers should wait for final regulations and be prepared to adjust their wellness programs accordingly, the law firm advises. ■

## Enrollment

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percent saying they'd purchase more coverage through work if it was available. Only 32 percent of respondents in the Unum poll said their employer currently offers benefit options that provide adequate financial protection.

Employers who are feeling the pinch of the recession might find some relief for themselves and their workers with more voluntary offerings, according to research by Colonial Life & Accident Insurance Co. More than three-fourths (78 percent) of employees polled said they were at least somewhat interested in supplemental or voluntary benefits.

Regardless of what benefit package an employer selects, an effective communications plan will be key to its success, experts say.

Employers must think about the long-term implications of benefits decisions and should work hard to explain the reasoning behind changes in benefits plans. HR departments also must be prepared to try different tactics that rise above "old-school communication," said Merrie Spaeth of Spaeth Communications Inc. in Dallas, Texas.

"Too many HR departments . . . are still focused on what they want to say or what they think people need to know, without understanding what people actually hear, believe and remember," Spaeth told Human Resource Executive Online.

"Because communication in HR is a more valued commodity than it used to be . . . there are areas where HR could be doing much, much, much more," she said, "and if HR doesn't take the leadership role on this, who will?"

## Health Plans

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vice president, member services. The Northeast region of the country had the largest concentration of CDHPs (23 percent), followed by the North Central region (20.1 percent). The average cost increase for all CDHPs at 6.3 percent was slightly lower than that of the average of all plan types, which increased 7.3 percent this year.

Employers often offset the higher out-of-pocket costs of CDHPs by offering employees a health reimbursement account (HRA) or a health savings account (HSA) and contributing funds. The 2009 UBA Health Plan Survey found the average employer contribution to an HRA was \$1,310 (up from \$1,209 in 2008) for a single employee and \$2,502 for a family (up from \$2,274 in 2008).

"Across the board, we're seeing a trend toward employee empowerment and participation when it comes to health care," said Stafford. "They're taking more control over health care expenditures by increasing participation in CDHPs, and they are also realizing that there are financial benefits -- in addition to health benefits -- of participating in wellness programs."

Other key statistics from this year's Survey results:

- PPO plans have nearly two-thirds of all enrolled employees (63.9 percent).
- Fee-for-service plans are all but extinct, with only 0.4 percent of employees enrolled.
- The average monthly employee contribution for plans with contributions for all plan types is \$105 for single and \$419 for family.
- More than three fourths (78.4 percent) of all wellness plans offered a health risk assessment. ■

## ..... Bulletin Briefs .....

◆ **SOUTHERN SICKNESS:** Southern states have the highest rate of filled prescriptions annually, with West Virginia leading the pack at 17.7 prescriptions per capita, according to new research by Verispan.

Alabama, South Carolina, Tennessee, Arkansas, Louisiana, Kentucky and Missouri also have rates higher than the national average of 11.5.

◆ **LESSER LIMIT?:** Low inflation might prompt the IRS to cut 401(k) contribution limits for 2010. The IRS determines the limits based on a formula tied to the inflation rate in the third quarter vs. the year-ago quarter. Unless inflation picks up, that formula might dictate a limit below the 2009 level of \$16,500 for most workers, experts say.

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