

Employers' Cost Shifting Spurs Employee 'Changes'; Begins 'Pivotal Year' for HSAs

While plan sponsors continue to pay the greater share of health premiums (84% for single coverage; 73% for family coverage, according to the Kaiser Family Foundation), workers are becoming better healthcare consumers as employers ask them to share more of the costs.



Consequently, many employees are willing to change behaviors to help control employers' costs, according to a recent Fidelity Investments survey:

- ◆ 80% are more likely to use generic drugs when available;
- ◆ 58% leverage online educational resources to better understand medical conditions and diagnoses;
- ◆ 57% are reviewing treatment options and costs with their doctors;
- ◆ 47% are improving their diets to adopt a healthier lifestyle;
- ◆ 37% plan to undergo routine health screenings;
- ◆ 30% exercise regularly; and,
- ◆ 23% are aware of health promotion and wellness programs offered by employer-sponsored health plans.

While companies remain committed to offering quality healthcare coverage according to Hewitt Associates, they cannot afford to absorb healthcare increases alone, which means consumers

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Funding those 'golden years'

Everyone's Rethinking Retirement Plans

Many of today's young employees don't expect Social Security to be around when they stop working, or they have little interest in working for the same company until retirement. Consequently, many employers are rethinking their traditional retirement packages in an effort to attract and retain today's younger workers and to meet their desire for flexibility. While some are offering 401(k) plans—an already popular option at many companies—others are opting for more portable pensions, such as cash balance plans, that employees can take from job to job.



On the flip side, after three years of volatile markets and low interest rates, many "seasoned" participants are not totally confident about how to manage or leverage the money that they have, according to a recent Mercer retirement study. Consequently, plan sponsors are reviewing their investment fund line-ups, pursuing different financial strategies, and making more financial education and planning services available to employees. ■

Targeting Disease Management

'Strategies' Encourage Participation

Disease Management (DM) programs not only help employees feel better, they save everyone money on healthcare costs, according to Mercer Human Resource Consulting. Nonetheless, DM programs face two major hurdles: employees don't trust what is happening with their information, and the employers' economic benefits (reduced medical expenditures) accrue over years rather than immediately.



While employees can be reassured that their data will remain private and not be used against them, employers can expect to see savings via reduced absenteeism, increased productivity, and reduced claims. Consequently, there are several things they can do to maximize the value of DM programs: (1) identify the employees who will benefit most; (2) publicize the benefits of the program before it's launched; (3) present the larger picture: if the employer cannot rein in healthcare costs, everyone will pay

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Employer Cost Shifting. . .

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will also feel the impact. Hewitt estimates that overall per-employee medical costs will climb to \$8,039 next year, with employees paying \$2,595 of that average.



As more employers look for innovative ways to control rising health costs, PricewaterhouseCoopers says that 2004 will be "a pivotal year" for consumer directed health (CDH). Even though it's been only a month since President Bush cleared the way for tax-exempt health savings accounts (HSAs), industry experts agree the new law has already provided the CDH movement with a colossal push. PricewaterhouseCoopers also predicts that there will be more total-replacement CDH plans as employers begin to believe the success stories associated with early adopters. In addition, Forrester Research predicts that CDH adoption will grow significantly in 2006 due to growing demand from small- and mid-size employers. ■

Targeting Disease . . .

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more for healthcare; (4) explain how the DM program complements their physician's recommendations; (5) offer incentives, such as depositing more money in a participant's health reimbursement account; and (6) establish ongoing communications to encourage new participants. ■

..... Bulletin Briefs

◆ *HIPAA Privacy Deadline Nears for Small Health Plans*

The deadline for small health plans (paid premiums or claims of \$5 million or less in the most recent plan year) to comply with the health privacy rules under the Health Insurance Portability and Accountability Act (HIPAA) is April 14, 2004. The HIPAA privacy regulations cover insured and self-funded health plans, including medical, dental, and vision plans, and health flexible spending accounts.

◆ *OSHA to Require Posting of Workplace Injury Notice*

Effective February 1, employers must post a summary of the total number of job-related injuries and illnesses that occurred last year (OSHA Summary Form 300A) until April 30, 2004. The form is to be displayed in a common area wherever employee notices are usually posted.

◆ *Workplace Trends Reflect 'Lessons Learned'*

Widespread turnover in corporate leadership, increased public scrutiny, and economic demands are ushering in some new workplace trends. According to Lee Hecht Harrison, a global career management services company, key drivers of workplace trends will be lessons learned by employees and companies during the economic slump as well as optimism about the recovery. Forecasted trends include informal reference checking; the return of entrepreneurs to traditional jobs; taking working vacations thanks to the proliferation of cell phones and internet access; more terminations for poor performance; and the influence of company-sponsored core benefits on an organization's recruitment/retention efforts.

◆ *Employers Strike Work/Life Balance*

Work/life programs help employees manage the broader and more complex challenges and responsibilities they now face on the job and at home, according to Mellon Human Resource & Investor Solutions. Employers are also increasingly turning to work/life programs to enhance recruitment efforts, raise morale, remain competitive, increase productivity, and lower employee turnover and absenteeism. The increase in work/life programs is most profound in employee assistance programs (EAPs). Other popular work/life programs offered are flex time, telecommuting, compressed work weeks, family sick days, and domestic partner benefits. ■



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