

Changing the System

Rocky Road Ahead for Health Care Reform; Employer Role Uncertain

HEALTH CARE reform is an issue that has reached the top of the nation's agenda once again, according to Karen Ignagni, chief executive officer of America's Health Insurance Plans (AHIP), one of several industry-related groups who has introduced proposals to reform our nation's health care system.

The rise in spending has fed a growing demand for cost-control tools, creating an industry of disease management companies, consumer-directed health plans, quality initiatives, wellness programs, and more. While all of these measures are still works in progress, nothing has significantly blunted the spending increases.

For example, according to the Centers for Medicare and Medicaid Services (CMS), health care spending averaged \$7,026 per person in 2006. By 2017, it could shoot up to \$13,101.

"There is a limit to how much of the economy can be taken up by health care," says Bob Tate, chief actuary, Hewitt Associates' health management consulting practice. "Right now, [it's] at 16 percent of Gross Domestic Product (GDP). It can get bigger; we just don't know how much bigger."

"We're no longer dealing with just the health care issue; we're now dealing with an issue that's creating a major national economic crisis," says Henry Simmons, MD, president of the National Coalition on Health *(Continued on back)*

Reservist Benefits

Heroes Act Impacts Group Plans



PRESIDENT BUSH signed into law the Heroes Earnings and Assistance and Relief Act of 2008 on June 6, 2008. The provisions of the Heroes Act (or HEART Act) impact benefits under 401(k) plans, as well as Health FSAs, group health plans, and cafeteria plans, according to Fisher & Phillips.

The Heroes Act requires 401(k) and other qualified retirement plans to provide the survivors of a plan participant who dies while performing qualified military service with additional benefits that would have been provided if the participant had resumed employment and then died. These provisions apply to deaths occurring on or after January 1, 2007.

In addition, the Act permanently waives the 10 percent additional income tax on early distributions for 401(k) and other qualified retirement plans made to qualified reservists who are called to duty. Also, employers that make up the difference between military pay and regular pay for employees called up from the reserves for active service will have to consider this differential pay as wages and this compensation into retirement benefit calculations. Finally, the Act will allow such reservists called to active duty serving for 180 days or more to cash in unused health care flexible spending account balances to help them avoid unwanted forfeitures under the use-it-or-lose-it rule.

Retroactive 401(k) plan amendments intended to comply with the Act's provisions must be adopted no later than the last day of the first plan year beginning on or after January 1, 2010. ■

Readying for Open Enrollment

Benefits Communications to Take Center Stage



MORE THAN ever, employees are looking to their employers and their human resource (HR) departments for information and tools to select their benefits. In fact, employers and their HR departments are now the number-one source consulted for advice during open enrollment

(63%), surpassing co-workers (55%), spouse (54%) and benefit advisors (39%), according to MetLife's *2008 Open Enrollment Survey*.

"As employees continue to bear more responsibility for choosing and paying for their benefits, they have a stronger interest in making smarter decisions than they did in years past, and they are asking their employers for the information and tools that will help them choose wisely," says Bill Mullaney, president, Institutional Business, MetLife. *(Continued on back)*

Changing the System...

(Continued from front)



Care. "Health care spending has an impact on jobs, pension adequacy, international competitiveness, and more.

This is a huge monster with ramifications way beyond what much of the debate focuses on now—the impact of health care costs."

The Congressional Budget Office is working hard to make every member of Congress understand that a failure to deal with health care spending could lead to the fiscal collapse of our government, according to Dallas Salisbury, president and CEO of the Employee Benefit Research Institute (EBRI). Whatever Congress does, it will have significant implications for the 99 percent of large employers and the 66 percent of small employers that now provide health insurance to their workers.

According to Salisbury, the most widely co-sponsored legislation on the table now is the *Healthy Americans Act*, with 16 co-sponsors from both sides of the aisle. According to Sen. Ron Wyden, D-Ore, chief sponsor of the Act, the bipartisan proposal is one that will "provide affordable, high quality, private health coverage for every American, regardless of where they work or live."

"Under this Act," according to Wyden, "health coverage would be portable. All employers, along with individuals and the government, will share the responsibility of financing health care" through a phased-in *Employer Shared Responsibility Payment* process. Employees would be required to purchase private health coverage, which could include remaining in their current employer plan. ■

Open Enrollment (Continued from front)

Thus, according to MetLife's research, effective benefits communications programs pay strong dividends—among them increased benefits satisfaction, employee engagement, and workforce loyalty, notes Mullaney. Consistent with last year's findings, nearly half (47%) of employees now say they read their open enrollment materials from cover to cover—a positive development. At the same time, they are asking that materials and tools become more consumer-friendly and interactive. In addition to wanting simple tools and easy-to-understand guidelines, employees need straightforward product information.



The good news for employers is that high-payback solutions are within their reach. Two-thirds (66%) of employees find meetings and seminars with HR representatives extremely or very helpful, while 79% of employees find calculators or decision tools extremely or very helpful, according to the study.

As workers become more engaged, their interest in receiving advice at the workplace on issues ranging from meeting general financial needs to planning retirement and making informed decisions about company benefits has reached the highest levels in the history of the MetLife *Study of Employee Benefits Trends*.

What is behind employees' change in attitude? The key factor appears to be a growing sense of concern about their future economic security, according to MetLife's *Sixth Annual Study of Employee Benefits Trends*. From 2006 to 2007, the percentage of employees expressing high degrees of concern about a variety of immediate and longer-term financial issues increased across several important topics, such as having appropriate health insurance, having the resources and time to care for aging parents and relatives, and having money in case of sudden income loss. ■

Bulletin Briefs

◆ The maximum contributions that can be made to health savings accounts will increase for 2009:

Minimum Deductible.....Individual=\$1,150; Family=\$2,300

Maximum Out-of-Pocket.....Individual=\$5,800; Family=\$11,600

Maximum Contribution.....Individual=\$3,000; Family=\$5,950

Catch-Up Contribution (Age 55+) = \$1,000

◆ The President's Council on Physical Fitness & Sports has introduced an adult fitness test similar to the one that millions of students undertake each year to inspire and motivate Americans to move their bodies more. The online, self-test is available at <http://www.adultfitnesstest.org>.

◆ A small business disaster planning resource, *Open for Business*, is now available in Spanish (as well as English) from the Institute for Business & Home Safety. Download it at <http://www.disastersafety.org>. ■

HRinsider[®] *bulletin* is brought to you each month courtesy of Maniaci Insurance Services, Inc., a UBA[®] member firm. For more information, contact us at www.maniaciinsurance.com.



JUNE 2008