

Charging Healthcare

Consumerism Creates Need for Debit Cards

INSURERS AND payment processors are building technology systems to link banks, payors, providers, and consumers. The ultimate goal is a smart debit card that will carry all the information needed to make a healthcare purchasing transaction transparent, efficient, and seamless, according to a recent HealthLeaders-InterStudy.



"With an estimated six million Americans participating in consumer-driven healthcare, the need is growing for a consumer smart card,"

says Chris Lewis, HealthLeaders-InterStudy research analyst.

"One of the nice things about debit cards is consumers already know how to use them. This is something that consumers are comfortable with, and they like them," says Jon Kessler, CEO, WageWorks, a firm that provides administration for FSAs, HSAs, and HRAs. "It's a framework consumers can understand. It's educating in a way that Americans are prepared to learn."

More and more employers are adding the debit cards, notes Bill Sharon, Aon consulting senior vice president. "As more employers offer multiple account approaches, we have more employees using accounts, and the amount of money running through those accounts is getting larger."

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5-Year Benefits Outlook

Employers' Commitment Remains Strong



DESPITE INCREASING economic pressures, U.S. businesses overwhelmingly view employee benefit programs as important to competing effectively in today's marketplace, according to Prudential Financial's new study, *Employee Benefits: 2006 & Beyond*. The results suggest that many plan sponsors are looking at new and innovative ways to better balance cost objectives and maintain competitive benefits programs.

Even though employers are facing higher medical insurance costs and increased pressure on expenses, most feel it is important to offer a comprehensive benefits package and subsidize as much of the cost as possible to attract and retain talent. This trend is true across companies of all size categories. However, as plan sponsors look to balance employee needs with the bottom line, the study notes that many will reduce their benefits expenses by increasing employee cost-sharing on contributory plans, offering a wider range of voluntary benefits, and introducing more flexible plan designs.

Consequently, to maintain their current benefits offerings and coverage levels, most plan sponsors will shift costs to employees over the next five years, and twice as many employers expect to increase employee cost-sharing by 2010. In addition, the study notes that many plan sponsors also expect to implement consumer-driven health plans and integrate wellness and disability management initiatives. *(Continued on page 2)*

Why Not the Best?

Healthcare Scorecard Comes Up Short



CREATED BY THE Commonwealth Fund Commission on a High Performance Health System, the National Scorecard on U.S. Health System Performance is the first-ever comprehensive means of measuring and monitoring healthcare outcomes, quality, access, efficiency, and equity in one report. Its findings indicate that America's health system falls far short of what is attainable (overall score of 66 out of a possible 100, based on 37 indicators), when comparing actual national performance to achievable benchmarks.

Thus, the scorecard makes a compelling case for change—that our health system needs to focus on improving health outcomes for people over the course of their lives, as they move from place to place and from one site of care to another. Whether through more integrated healthcare delivery organizations, more accountable physician groups, or more integrated health information systems, we need to link *(Continued on page 2)*

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According to WageWorks, the proportion of transactions made by debit cards in FSA, HSA, and HRA accounts that they administer increased from 46% in 2003 to 76% in 2005. "It will be higher in 2006," predicts Kessler.

Debit cards are fostering healthy consumer behaviors by employees, such as paying attention to their health-care budgets, disputing charges that they believe are wrong, and considering the financial consequences of healthcare decisions, according to Kessler. "I do think the cards have had an immediate impact. People start to look at value."



The availability of debit cards has made employees more likely to choose an FSA or consumer-driven health plan and use it, Sharon notes. "Debit cards are nice features of these account-based plans. It certainly is a lot easier for the consumer to swipe a card at the point of sale. The ability to immediately access those monies is a big advantage for them."

In addition, Sharon says that employers are asking employees to be much more cognizant about what [medical services] cost. "We're getting people comfortable with a new way of purchasing healthcare services, and debit cards are a part of that," says Sharon.

The Internal Revenue Service recently published *Notice 2006-69* which explains how employers can substantiate claims made to FSAs and HSAs. More information is available at: http://www.irs.gov/irb/2006-31_IRB/ar10.html#d0e503. ■

5-Year Benefits Outlook . . .

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Nonetheless, more than half of U.S. workers are worried that their healthcare benefit costs will increase and the scope of their benefits will decrease over the next few years, according to a Watson Wyatt WorkUSA 2006 study. "While premiums didn't rise as fast as they have in recent years, working people don't feel like they are getting any relief at all because their premiums have been rising so much faster than their paychecks," says Drew E. Altman, Kaiser Foundation President and CEO. "To working people and business owners, a reduction in an already very high rate of increase just means you're still paying more."

Therefore, employers can help ease those concerns by explaining the competitive pressures they face in the marketplace and associated trade-offs in reward programs, says Laury Sejen, director of Wyatt's strategic rewards practice. "By clearly communicating their total rewards strategy, management can pave the way to better employee understanding of their total package and acceptance of any benefit changes that need to be made." ■

Why Not the Best? . . .

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patients, care teams, and information together. At the same time, we need to deliver safer and more reliable care. "There is an urgent need to protect patients, and the lack of meaningful progress in improving safety and quality in the U.S. healthcare system is frustrating to employers who can no longer afford to sustain rising and uncontrollable healthcare costs," says Helen Darling, president, National Business Group on Health.

As a result, the National Business Group on Health has adopted three recommendations for employers to help improve the quality and safety of healthcare provided to U.S. employees and their families: (1) stop paying medical claims for avoidable medical errors (such as wrong surgical procedures or medication errors resulting in death or disability); (2) require hospitals and healthcare systems to be unequivocally committed to a culture of safety; and (3) require that hospitals and healthcare systems implement health information technology, including electronic medical records and personal health records for all patients. ■

Bulletin Briefs

◆ 2007 Forecast Reveals Modest Pay Raises

Experts predict that the average salaried worker can expect a pay increase of 3.5% to 4% in 2007. "Compensation practices continue to evolve, with a greater linking of pay for all employees to business outcome," says Larry Reissman, principal, Buck Consultants.

◆ Provide Notices of Creditable/Noncreditable Coverage by Nov. 14

The annual Medicare Part D enrollment period begins Nov. 15-Dec. 31, 2006. Unless an individual received a notice of creditable or noncreditable coverage on or after Nov. 15, 2005, a new notice must be provided no later than Nov. 14, 2006. ■

Do you have part-time or non-eligible employees not covered on your group health plan? Gemini Group, Inc. can help!

Recent changes to Colorado insurance law have made it easier to get these workers health insurance coverage. Gemini Group, Inc. can show you how to best use these changes to your advantage.

Benefits at no cost to the employer- Under the new guidelines, a company can now help workers obtain affordable individual health insurance coverage at no cost to the employer.

Helps eliminate COBRA problems- An employer can now help terminated employees obtain an option to COBRA that usually will cost less and move them off the group plan.

Cover dependants no longer eligible for a group health plan- When a dependant graduates or reaches an age where they are no longer eligible for a group plan, an employer can help by contacting Gemini Group, Inc. to get them covered on an individual health plan. It's easy to apply for individual health coverage at www.geminigrp.com.

Call Gemini Group, Inc. at (303) 757-1234 to find out how our team of consultants can help find exciting new solutions to all your benefit needs. ■

The HRinsider SM bulletin is brought to you each month courtesy of **Gemini Group Inc.**, a UBA member.

For more information, contact us at info@geminigrp.com

Or visit our website:
<http://www.geminigrp.com>

Gemini Group, Inc. Great Pumpkin Carve

Coincidental with Denver's first snow of the season, Gemini Group, Inc. family and friends gathered for a pumpkin carving bash. On Tuesday, October 17, fourteen young and young-at-heart rolled in their special squashes and rolled up their sleeves to join in this warm fall event organized by account manager Carrie Sergeant. Among the highlights: Benefit consultant Lee Littlejohn turned out a gorgeous gourd with account manager Donna Cagle's grandson Michael, aka "Mr. Bird", 5. Littlejohn described the resulting jack-o-lantern as "happy go lucky". And benefit analyst Nathan Wolfe punctuated the party with his meticulously whittled witch. Can ice sculpture be far off? ■



Voluntary Products to Complement Your Core Package

Find out how Gemini Group can help you implement a voluntary benefits package that will complement your company's core benefits. Three of the most important objectives for an employer in managing personnel issues are:

- -Attracting and retaining loyal workers
- -Providing employees choice and security in their benefits package
- -Managing the organizations dollars

Voluntary benefits have proven to be important offerings that address each of the three objectives. Selecting the right benefits, communicating them properly and administering them efficiently is the Gemini advantage.

Gemini is licensed with over 20 of the largest voluntary companies in the country thus allowing us to pick the carrier and product to fit your company's needs. We seek to achieve the right balance that ultimately helps your organization better manage costs and attract and retain loyal workers. ■