


..... OCTOBER 2007 .....

### Empowering Consumers

## CDHC Movement Grows, Delivers on 'Promise' as Employees' Fears Lessen

**C**ONSUMER-DRIVEN healthcare (CDHC) is a 21<sup>st</sup> century changedriver that has the potential to revolutionize healthcare financing and the role of both employers and employees. Out-of-control health costs and growing numbers of uninsured have fueled speculation that HSAs and CDHC will



emerge as the future "stars" of U.S. healthcare policy, according to James J. O'Connell, vice president of government relations and HR policy at Ceridian Corporation.

However, O'Connell says that payroll, human resource, and employee benefits professionals are evaluating HSAs in the context of five megatrends expected to redefine U.S. healthcare policy from 2008 to 2012: (1) Containing the explosive growth in healthcare costs, now approaching a 100% increase since 2000, four times the rate of inflation; (2) Extending insurance coverage to the 46 million uninsured, especially some 8 million uninsured children; (3) Questioning U.S. tax policy supporting employer-provided coverage with pretax employee-paid premiums and tax-free employer-paid premiums; (4) Addressing seismic shifts in the workplace landscape, with fewer employers offering health insurance to their employees and consumers taking on more decision-making responsibility; and (5) Providing greater transparency in quality and cost

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### Seeking Guidance

## Open Enrollment Shifts into Customization



EMPLOYEES ARE interested in receiving information geared toward their life stage (i.e., "people like me") on what kinds of benefits to select during their company's open enrollment period, according to MetLife's *2007 Open Enrollment Trends Survey*. Six out of 10 (59%) employees would like their employer to suggest benefits that would be appropriate for someone in their life stage.

In addition, employees turn to co-workers and peers (with similar life stage concerns) for advice. Older and younger singles in particular crave life stage advice, with over 20 percent expressing interest in having access to an advisor to help them make better benefits decisions during the open enrollment period.

"As employees shoulder more and more responsibility for selecting and funding their own benefits and as the workplace becomes increasingly diverse, employers have an opportunity to provide customized information that will allow their employees to select the most important and appropriate benefits during the open enrollment process," notes Bill Mullaney, president, MetLife's Institutional Business. *(Continued on page 2)*

### 'Retailization' of Healthcare

## Healthcare Reform Forces New Roles for Insurers



IBM, ONE OF the nation's largest self-insured employers, recently painted a bleak picture of the future for U.S. health insurers unless they make radical changes in how they do business in its report, *Healthcare 2015 and U.S. Health Plans: New Roles, New Competencies*. As consumers take on more financial responsibility for their healthcare, they will demand more flexible products, better customer service, more accountability from health insurers and providers, and greater transparency in costs and quality, according to the report.

To compete and differentiate themselves in this emerging, retail-like environment, health plans will be forced to adopt new roles and develop new competencies in such areas as member empowerment and provider collaboration if they are to survive. As key examples of this transformation, a growing field of health "infomediaries"—health, wealth, and value coaches—will be called upon by consumers to help them: (1) Make more informed financial choices, including the selection of health-related financial products such as health savings accounts; (2) Navigate the healthcare system to better manage their health—from wellness to acute conditions to chronic care; (3) Tailor

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information to aid decision making and wellness.

A recent Aon Consulting-International Society of Employee Benefit Specialists' (ISCEBS) study reveals that employees who fear high out-of-pocket costs aren't blocking the

growth of consumer-driven health (CDH) plans, as more individuals and employers take advantage of money-saving options as healthcare costs rise. "This finding shows that the CDH movement continues to grow," says Bill Sharon, senior vice president, Aon Consulting and co-

author of the survey. "Early CDH results have been very positive. Employers like them because they are seeing a reduction in healthcare cost increases. Our analysis shows that a company can achieve first-year savings of 8 percent of their premium if they implement an effective consumer-driven healthcare strategy," says Sharon.

According to Prudential's recent *Study of Employee Benefits: 2007 and Beyond*, some of the top cost-containment strategies benefit plan sponsors were utilizing or are planning to utilize within the next five years include: (1) Wellness/prevention programs; (2) Consumer-driven health plans; and (3) Employee cost-sharing increases.

More employees are becoming comfortable with CDH plans as enrollment has increased and fewer employers cite fears of high out-of-pocket costs among employees, according to the Aon/ISCEBS study. This increase in enrollment can be attributed to employers providing CDH plans that are comparable to out-of-pocket costs of traditional health plans (HMOs and PPOs) and implementing a strong communication plan to explain this plan type. ■

## Seeking Guidance . . .

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Of the workers who would like their employers to suggest benefits based on their life stage, more than eight in 10 (84%) say they would be willing to share personal information (i.e., age, marital status, number of children, income) with their company's benefits manager in order to allow the

company's insurer or benefits provider to offer customized guidance on appropriate life stage events.

In addition to life stage customization, six other trends will dominate the open enrollment season this year, according to Watson Wyatt's Ted Nussbaum, North America director of group and healthcare consulting: (1) Incentives/penalties for healthy/unhealthy behaviors; (2) Full coverage for preventive care benefits; (3) Health coaches/onsite health centers; (4) More choices to meet individual needs; (5) More communication/more tools; and (6) More health savings accounts/fewer plan options. ■

## 'Retailization' of Healthcare. . .

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insurance to meet each member's unique needs; and (4) Obtain and interpret available information to derive greater value from their health systems. IBM says that health plans should anticipate the following near-term changes along the road to 2015: (1) Purchasers of health plans will shift inexorably from employer-based to government-based and individually purchased coverage. The combination of a push for universal coverage, the erosion of employer-based insurance, and the aging of populations are all driving the shift; (2) Healthcare consumers will bear increasing responsibility and accountability for their health, thus putting new pressures on health plans to redefine themselves and their relationships with their members, care providers, employers and brokers; and (3) The healthcare industry will face an increasing array of new healthcare requirements, capabilities, and delivery and reimbursement models. The emphasis of the healthcare system will expand from episodic, acute-care services to include prevention, chronic-condition management, and better care coordination across more types and locations of care venues. ■

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

### ◆ *DOL Releases Advance Copies of Revised Form 5500*

There are three significant changes to the Form 5500 for the 2007 plan year, according to the DOL: (1) A simplified reporting option for eligible plans with fewer than 25 participants required by the Pension Protection Act (PPA); (2) Revised Schedule B instructions to reflect updated mortality tables and the list of codes used for valuation purposes as well as for calculating current liability of plan years beginning on or after Jan. 1, 2007; and (3) Instructions that caution certain filers that, due to form changes required by the PPA that will appear in the 2008 Form 5500, they will have to wait for the 2008 forms rather than using the 2007 forms if they must file a 2008 short plan-year report. ■

## 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. ■

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[www.geminigrp.com](http://www.geminigrp.com)

## Welcome Our Newest Team Member

Please welcome Todd Pawlowski to Gemini Group, Inc. Todd will champion our new endeavor into the world of Online HR Management Solutions. Todd is an experienced Professional with an extensive formal education in Human Resource Management. Todd obtained his Bachelors degree from Metro State College of Denver and his Masters from Colorado State University. Todd comes to us with 12 years of experience in various HR positions with increasing responsibilities. ■

## Gemini To Introduce Online Employment Practice Technology

Gemini will be launching online employment practice technology in early 2008. Look for seminar invitations to visit our offices and learn more about the HRIS system that Gemini Group, Inc. can bring to you.

Gemini Group, Inc.'s new HRIS will provide a complete suite of HR modules that connect and work seamlessly together.

- Personnel File Tracking
- Performance Reviews
- Job Applicant Tracking
- Compliance Tracking
- Benefit Enrollment
- COBRA Administration
- Cafeteria Plan Administration
- Online Time Clocks
- Payroll processing

## New, Exciting 401(k) Services

Gemini Group, Inc. is very excited to be offering a new service to our clients. Many of you have had the benefit of our 401(k) services for several years. A new enhancement has been made to help our current and prospective clients better manage their fiduciary responsibilities. This process is "Scorecard" driven and it was created as a way to score funds based on multiple criteria commonly used today by institutional investors and money managers. The result is a straight forward, 10 point numerical scoring system that can be used to monitor funds and/or managers. This is but one of many enhancements that will improve our client's ability to properly review their plans at a much deeper level than was previously possible. Contact our 401(k) advisor, Michael Jolie to see if a more thorough review of your plan is in order. He can be reached at [Michael.jolie@geminigrp.com](mailto:Michael.jolie@geminigrp.com). ■

