



Healthy Behaviors

CDH Fosters Better Healthcare Consumers

A LANDMARK STUDY recently released by McKinsey & Co. finds that consumer-directed health (CDH) enrollees are more value conscious, more likely to seek preventive care, and more inclined to engage in healthy behaviors than are people who are enrolled in more traditional health plans.



Because the study is based on data from employers that had implemented a full

CDH replacement strategy for at least 12 months, the likelihood that only the healthiest employees were enrolled in the plan is substantially decreased. A slightly larger control group included enrollees covered by traditional health insurance.

Other findings from the study indicate that CDH enrollees are more price sensitive and more likely to select a less-extensive, less-expensive treatment, such as an urgent care center over a hospital emergency room. Jay Savan, Towers Perrin consultant, says the findings "validate everything many of us have been saying about CDH participants.

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Being More Strategic

'Pros' to Experience Increased Responsibilities



Benefits and compensation professionals need to be prepared for a significant increase in responsibilities across many areas in the future, according to a new HayGroup survey. The benefits profession will continue to change

as employers encourage increased employee participation in, and responsibility for, healthcare and retirement plans, according to the survey. In addition, benefits professionals will become more responsible for creating incentives for employees to lead healthier lifestyles as a way of combating chronic illness.

Likewise, according to the HayGroup, compensation professionals will be challenged to bring real value to the bottom line with increased responsibility for developing an organization's compensation strategy, recognition plans, career pathing, and performance management. "There has never been a better opportunity for HR to elevate its impact on the organization," says Michael Martin, Employease director of research. "Technology and a convergence of business factors are creating both the need and the means to catapult HR contributions into the executive suite." According to an Employease survey, HR activities viewed as strategic by management include recruiting and hiring key employees; collaborating with top management on achieving company goals; controlling healthcare costs; and crafting compensation plans aligned with corporate objectives. ■

From Workers to Savers!

Auto Enrollment Increases 401(k) Balances



With the popularity of 401(k) accounts on the rise, a small but increasing number of employers are adding automatic enrollment to their plans as a way to deal with issues ranging from recruiting to low participation rates to worker inertia for saving for the future. The major advantage of automatic enrollment is that workers have to opt out to prevent a portion of their paychecks from being stashed away for retirement.

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They are beginning to view their health as an economic asset and [are] treating it accordingly."

In addition, CDH enrollees are more likely to get an annual checkup and other preventive tests because they think it will save them money in the long run, and they are more likely to participate in company-sponsored wellness programs.



CDH participants are also more likely to ask their doctors about less expensive prescription-drug options than were other health plan enrollees. Vishal Agrawal, the McKinsey engagement manager who directed the study,

notes that employees said they "now understood the cost of care and were thinking of it not as an entitlement but as something they can control even in areas where they didn't have an increased financial incentive."

Likewise, employers that took part in the study said the switch to CDH led to a decrease in total medical costs even when expenses now paid by the employees were factored in. In addition, consumers appear to be responsive to employers that switch to CDH not just to reduce health coverage costs, but also to encourage employees to take more control over their long-term health. "The ones that also saw it as a way to improve the health of their employees—and communicated that to employees—had higher employee satisfaction levels," says Agrawal.

Leonard Grover, Marsh benefits consultant, says that as future studies tout similar findings, this "may be the information that pushes a critical mass of employers across the tipping point to begin CDHP implementation for late 2007 and early 2008." ■

Auto 401(k) Enrollment . . . (Continued from page 1)

According to the Employee Benefit Research Institute (EBRI) and the Investment Company Institute, automatically enrolling new workers appears to be a significant factor in increasing account balances in 401(k) plans, with younger, lower-income individuals boosting savings by at least 60 percent. The finding is important because employment-based 401(k) plans have become the dominant form of retirement savings for millions of American workers.



To help employers encourage employees to save for retirement, the Profit Sharing Council of America (PSCA) sponsors a 401(k) Day each September. A super hero is this year's theme on September 6 as "Captain 401(k)" battles the Tax Maximizer, the Low Contributor, and his arch nemesis, the Savings Procrastinator! PSCA has a plethora of print communications and interactive games and puzzles available on their website at no cost (<http://www.psc.org/kdaymain.html>) to help employers sponsor their own 401(k) day or to utilize in a variety of employee communications. ■

Bulletin Briefs

- ◆ *CMS Posts Drug Subsidy Resource Center for Employers*
The Centers for Medicare & Medicaid Services (CMS) have created an online Retiree Drug Subsidy Center as a resource for employers sponsoring retiree prescription drug coverage that qualifies for federal subsidy payments (http://rds.cms.hhs.gov/reference_hub.htm). It houses many tools and resources from general information to specific instructions and assistance during and after the application period.
- ◆ *Employers Focus on Total Compensation Packages*
Base salary levels will remain steady while employers will turn to bonuses and other awards to compensate employees, according to a Mercer survey. Pay increases are expected to remain at 3.6% in 2006; however, compensation in the form of spot cash awards and signing bonuses is gaining favor with employers. The survey found that employers are taking a total rewards approach to compensation and addressing pay issues from three perspectives: what employees value, what companies need in terms of skills and capabilities to grow the business, and ensuring affordable and sustainable costs.
- ◆ *Disability Data Helps Maximize Disease Management Efforts*
Employers and benefits managers who rely solely on group health insurance data may not be seeing the big picture to fully capture the total benefit program cost savings made possible by targeted disease management (DM) initiatives. According to a Watson Wyatt survey, group disability data can strengthen the effectiveness of DM programs in three ways: (1) informs benefits managers and DM vendors how to direct their efforts by identifying and targeting prevalent and costly medical conditions; (2) helps identify employees who are candidates for the DM program; and (3) helps benefits managers to continually monitor, evaluate, and refine their DM programs.

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. ■

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 C.O.B.R.A. problems- An employer can now help terminated employees obtain an option to C.O.B.R.A. 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

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<http://www.geminigrp.com>

