

Employee Benefits Administrators

The Administrator

SPRING 2005

Important news and updates from your benefits professional

INSIDE

Feature Article

Quality in Benefits Administration.....1

Financial Focus

Strategies for Cost Management.....2

Benefit Beat

It's No Time to Forget FSAs and HRAs.....3

Communication Key to

Cost Sharing.....3

Health

Are You Nuts?.....3

Did You Know

Express Lane to Fitness.....4

Poor Posture.....4

Plus Questions and Answers, Interesting Facts, Trends and more!

Feature Story

Price No Indicator of Quality In Benefits Administration

The value of a benefits administration firm cannot be found on a price tag. Value is found in their scope of services and their ability to manage plans efficiently. The ideal third party administrator (TPA) should provide members with access to outstanding care while delivering exceptional solutions for care management, consumer-driven health care, network optimization, claims administration and more.

Care management, which includes case management, utilization management and disease management, lowers costs by focusing on short-term issues for members with chronic or complex conditions as well as long-term, lifestyle related issues for all members. When 15 to 20 percent of members typically have chronic conditions accounting for half of the group's health care expenditures, the ability to manage member benefits on a case-by-case basis is essential.

Consumer driven health care

is hot because it forces covered employees to spend some of their own money. In order to do this wisely, members must get actively involved in the process of making decisions about treatment, prescription drugs, etc. If members manage their funds wisely, a surplus will roll over to subsequent years. A professional TPA must provide easy access to web-based tools and information needed to manage consumer driven programs.

Claims administration technology is only as good as the people who design and oversee

the health care plan. From analysis of unbundled charges to the customer call center – and from provider networks to management reporting – daily administration of your health care plan is really where TPAs prove their value.

The next time you or your broker compare health benefit alternatives, take the time to meet with senior management of the benefits administration firms you are considering. Ask to speak with a few of their clients. Since these executives probably face many of the same benefit-related challenges confronting your organization, ask about communication, attention to detail and what makes their administrator different. You'll never find this level of due diligence on a price tag!



Q&A

Bringing you answers to tough questions

What can I do to control costs before my treatment?

Review the "exceptions and exclusions" section of your benefit plan to determine what is covered and what is not.

Don't be afraid to ask your doctor for a cost estimate. Also, make certain that everyone treating you participates in your health plan. Talk to the hospital before checking in to see what your room charges include. If practical, bring your regular prescriptions from home to avoid overpaying at the hospital pharmacy.

How can I be sure I'm not overcharged for my stay?

Keep a log of tests, medications and treatments you undergo. Save each "explanation of benefits" (EOB) you receive from your health care providers. EOBs will inform you of hospital charges, insurance coverages and your out-of-pocket expenses.

Compare your bill to the log you kept, EOBs, and cost estimates. If there are items on the bill you don't understand, call the billing department or your TPA and demand an itemization.

Financial Focus

Strategies for Cost Management

In an effort to help health care consumers moderate rising health care costs and improve treatment quality, *Health Affairs* recently gathered statistical information on 12 metropolitan communities of 200,000 residents or more. The purpose of the study was to determine the impact and scope of traditional and newly developed cost management strategies.

In many of the communities, traditional utilization review requirements are being reintroduced. Health plans in half of the areas are monitoring hospital stays and diagnostic testing in an effort to reduce lengths of stay and avoid the expenses associated with needless diagnostic tests and procedures. In 9 of the markets, retrospective claims review programs are being introduced or expanded as a way of profiling providers based upon treatment patterns and quality.

Research indicated that disease management

programs had been added in half of the 12 communities. Components of these programs included various levels of case management and health risk assessments to identify members with health conditions or utilization patterns that may indicate a need for high cost medical treatment.

Finally, network designs, provider contracting and cost sharing have taken on added significance in all the communities studied. The study showed that at least half the communities are seeing expanded use of higher deductibles and tiered provider networks as ways of restricting provider choice.

As the growth of our company indicates, we are constantly refining and refocusing our cost management tools. We will continue to provide news and updates on our progress in upcoming issues of this newsletter.



TRENDS *Latest Happenings In Today's World*

America Caught in the Web

Nearly 75 percent of Americans, more than 204 million people, have Internet access at home, according to a recent study by Nielsen/Netratings. The telephone survey found that adult women, ages 35-54 years old, constitute the largest group,

with 82 percent having online access. With more and more people acclimating to the Internet, the potential for healthcare plan managers to provide their customers with plan information, provider directories and, among other things, the ability to monitor their HSAs, is rising considerably.

President Bush, Businesses Embrace HSAs

On the first day of the New Year, President Bush addressed the first issue of his new agenda - healthcare reform. During his speech at the White House, Mr. Bush endorsed consumer-driven healthcare savings

accounts, or HSAs, as a way to control rising healthcare costs.

"And I'm pleased to report that health savings accounts are beginning to work their way through our markets," Mr. Bush said. "After all, I just signed up for one two days ago." According to a Deloitte Consulting



BENEFIT BEAT

Keeping A Good Eye on What's Working

It's No Time to Forget FSAs and HRAs

It is easy to forget about flexible spending accounts (FSAs) and health reimbursement arrangements (HRAs) when health savings accounts (HSAs) are being so aggressively endorsed in the media.

Unlike HSAs, FSAs and HRAs can be used in conjunction with other types of plans and must have claims settled by a third party. An FSA, typically an accumulation of employee dollars, cannot be used to pay premiums or carry leftover money into the next plan year.

HRA users are allowed to carry leftover money into the next plan year and can use funds to pay insurance premiums. But at this early stage, HRA participation is less than 10 percent nationwide.

Because many employers who shifted to consumer-driven health care formats are expecting workers to pay high deductibles and coinsurance, HRAs and flexible spending accounts are expected to continue gaining momentum.

Communication Key to Cost Sharing

Rising health benefit costs have left most employers with no alternative but to pass some of the costs along to their workforce. As you continue to face this challenge, remember that morale and employee satisfaction will only be maintained when candid conversations between management and employees accompany the changes.

Management must tell their employees what changes are being made, why they are being made, and how everyone is going to be affected. Transparency of

costs and options, including what the company and competitors are paying, will help employees understand the reasons for these changes.

Remember that communication is a two way street. Talking with employees openly and listening to their questions and concerns will do more than help the company over the cost-sharing hurdle. Letting employees know that their views on important issues are appreciated is a practice that will pay dividends over the long run.

Health

Are You Nuts?



Associated with sports bars and big-top circuses, nuts have always been regarded as an unhealthy snack to be avoided. While this remains true for those honey-roasted and heavily salted nuts, recent research has led the FDA to allow some manufacturers to include on their labels that nuts have been found to lower elevated cholesterol levels and reduce the risk of heart disease. Here are some facts on your new friend - the nut:

- Nuts are high in fat, though much of it is unsaturated and thus beneficial.
- You won't find FDA-approved labels on macadamias and cashews, as they are high in saturated fats.
- Almonds have the highest levels of vitamin E and calcium.
- Peanuts (which are actually legumes) contain resveratrol, a compound that may protect against heart disease.
- Walnuts have the highest levels of heart-healthy Omega-3 fatty acids.

No one nut has been proven superior to others in terms of healthiness, so eating a variety is best. Since nuts are high in calories, one should limit intake to an ounce or two a day – enough to provide any possible health benefits without causing weight gain. Always remember that no food can make you healthy when the balance of your diet is poor.



survey, one-third of companies will offer HSAs to employees by the end of this year. And, according to a survey of 314 large companies, nearly one in five already offer HSAs. This is news that many business owners, employees and the President are pleased to hear.

Speaking of a woman he talked to who owns an art and design studio in Virginia, Mr. Bush had nothing but

praise for HSAs. "She's paying less overall, she chooses her own doctor, she saves her own money, and she makes the health care decisions."

Vending Machines Peddle Healthy Alternatives

As a result of the anti-junk-food movement sweeping the nation's schools, organic-food companies are rushing to install vending machines that replace sugar with soy.

The companies and the schools advocate the alternative healthy vending machines because the snacks will improve student nutrition.

But with higher costs for products like soymilk, organic carrots and spinach dip, price has joined taste as reasons teenagers might stick with the cheaper chips, candy and soda.



DID YOU KNOW? *New Ideas for Healthy Consumers*

Maybe You Should Travel The Express Lane to Fitness

The trend is fast. Fast computers. Faster Internet. Automated checkout at the grocery store for fast shopping. And, of course, fast weight loss.

Thanks to the commercial barrage of pills, crash diets and eight-minute workouts, get-thin-quick schemes are all the rave. And to people who think they don't have the time or patience to exercise and eat properly, they seem like a great solution.

One recent craze, 30 minute health clubs like Curves and other women or men-only fitness centers, really are helping people exercise, lose weight and still make it home in time for dinner. Found in strip malls across America, these facilities offer circuit training consisting of a series of hydraulic machines, much like an assembly line for the body. Participants spend a few minutes at one machine until instructed via loudspeaker to move to the next exercise. In addition to the full-body strength training, these programs try to incorporate cardiovascular exercise by having participants jog in place while waiting for the next machine.

Since so few Americans get proper exercise, fitness experts are applauding the express

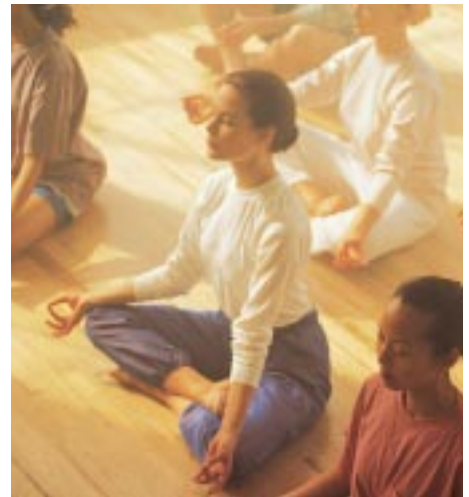
30-minute workouts for making exercise easier and more accessible. But the praise stops there. Even though circuit training does raise the heart rate, it doesn't provide the extensive cardiovascular training needed by many. And, in order to really shed pounds and reshape your body, more time and more intense aerobic exercise is needed than what's found in circuit training clubs. Persons who do the fast workout programs should supplement it with other aerobic exercise, like walking, swimming or biking.

Poor Posture May Be The Root of Body Pain

Are you hunched over a desk staring at the computer all day? Do you suffer from headaches or pains in your back, neck, knees or feet? If you answered "yes", sit up straight and listen – correcting your posture may help alleviate those chronic ailments.

Poor posture sets off a torrent of tiny structural changes in the body that can have aching results. As the shoulders, neck and head slouch forward, the pelvis tilts and the spine is shifted, causing added stress on muscles and joints. This condition, known as postural syndrome or postural derangement, is unknowingly affecting millions of people. The remedy is simple – sit up straight and exercise. While sitting, make certain that

your back, neck, and head are aligned (think military cadet). Also, develop the habit of taking 10 second breaks to stand up and stretch. But the only sure method for lasting improvements in posture is to strengthen the back, shoulders, hips, legs and abdominal muscles through regular exercise. Yoga and Pilates exercises are strongly recommended for improving posture.



Please Contact Us: This newsletter is not intended as a substitute for personal medical or employee benefits advice. Please consult your physician before making decisions which may impact your personal health. Talk to your benefits administrator before implementing strategies which may impact your organization's employee benefit objectives.



employee benefits
administrators

A Division of Tim Davis & Associates, Inc.

800 Cardinal Drive, Ste 200
Elizabethtown, KY 42701
877-467-6004 • FAX 270-769-2521
www.ebaonline.us