

Employee Benefits Administrators

The Administrator

WINTER 2006

Important news and updates from your benefits professional

INSIDE

Medical Technology
How to Save on RX Costs

Benefit Beat
Shape Up or Ship Out

In The News
New Mothers Quick Return
to Work

**Plus Health Questions
and Answers, Facts,
Trends and More!**

Feature Story

The Transparency Debate

The transparency and disclosure of pharmacy benefits is one of the most widely discussed topics in health care benefit management today. Employers are being faced with the challenge of finding a prescription drug program that offers participants high quality, cost effective care that can counter the devastating effects of rapidly rising drug costs. There is a shouting match going on between pharmacy benefit managers (PBMs) and pharmacy benefit administrators (PBAs) over who can manage these cost increases best, leaving employers scratching their heads over which option is right for them.

Questions, Questions, Questions

The major questions that arise regarding PBMs and PBAs are: How much savings from rebates are being passed on to employers? What are the administration fees? What contractual agreements with pharmaceutical manufacturers are they bound to? How do these contracts limit choice and savings? How much control does an employer have in the administration of the program?

These questions and countless others concerning the transparency of the pharmacy benefits industry need to be answered in order for employers to trust PBMs and PBAs.

PBMs Under Fire

Many call for increased PBM transparency because of the concern that the contracts they have with pharmaceutical manufacturers and the subsequent rebates they receive may conflict with their customers' goals of offering employees the best possible

drug coverage at the lowest price. And since generic drug manufacturers often don't offer rebates some feel PBMs are prone to offer more expensive name-brand drugs.

Some PBMs have created products that respond to the call for increased transparency, including identifying the amount retained by the PBM, identifying the rebates received, and eliminating non-rebate monies paid by pharmaceutical manufacturers. PBMs continue to be the most time-efficient and fully-integrated pharmacy benefit solution.

PBAs Not Without Flaws

PBAs, who used to solely manage public entities like state Medicaid programs, recently joined the private marketplace to compete with PBMs.



continued on pg. 2

Q&A

Bringing you answers to tough questions

What is the best way to prevent Carpal Tunnel Syndrome?

Who says there is no danger in a 9-5 office job? Carpal Tunnel Syndrome, an ailment that affects the hands and wrists, renders countless people who work on computers in great pain. But there are a number of exercises designed to prevent carpal tunnel syndrome.

One exercise calls for workers to extend their hands in front of them, palms facing outward, and hold for a count of five. Then, with arms still extended, let the wrists hang limp with fingers pointing down. With arms still extended, make a fist. Then while maintaining the fist, let both of the wrists hang down. Again, straighten your wrists and relax your fingers. Finally, let the arms hang loosely at your sides.



Wrist Stretches

Feature Story continued...

PBAs claim a greater level of transparency than PBMs because they pass through all drug manufacturers' rebates and charge only administration fees. Employers also have more control over what drugs are offered through a PBA.

But PBAs have a tendency to be inefficient, in that employers must directly determine many aspects of how the PBA operates and then maintain these processes. PBAs function independent from pharmaceutical manufacturers, charging only a flat administrative fee. This, however, leaves little incentive for the PBA to find a way to lower drug costs.

Medical Technology

How to Save on Rx Costs

With about half of all Americans taking prescription drugs today, it is no wonder people are looking for ways to save at the pharmacy. Forceful marketing and advertising campaigns of prescription drugs can leave people with a narrow scope of what medicine is best for both their health and their wallet. Here are some tips on how to receive the most effective treatment at the lowest price:

- 1. Generic versus Brand-Name Drugs** - Both versions contain the same active ingredients so don't be afraid to ask for the generic equivalent.
- 2. Obtain larger quantities** - Filling a 3-month supply might offer a price break when compared to a 1-month supply.
- 3. Shop around to save** - Call a few stores and ask for a price quote on your prescriptions. Some stores will charge more for one drug but less for another so it's worth making the calls.
- 4. Choice of medications** - Just because a drug is newer doesn't make it better. Stay with an older drug that costs less, if it remains effective.

Still Confused?

Employers are left at a crux between the PBMs and PBAs: Do you need to know all the costs associated with pharmacy benefit programs? Or is just knowing that you're saving money with the program enough to quell any concern over how these savings are achieved? It has been proven that both PBMs and PBAs can save money – now it's up to employers and their benefit administration professional to decide which option gives them the level of coverage they want for the price they can afford.



- 5. Strength of pill** - If a pill is cheaper in the 20mg form and you only need 10mg per dosage, buy the 20mg pills and split them in half to save. Check with your doctor before pill-splitting.
- 6. Drug-assistance programs** - Many drug companies offer assistance programs for people with medical and financial need.
- 7. Government programs** - See if your state offers a drug benefit with Medicaid.
- 8. Discounts, free samples and coupons** - Some pharmacies offer group discounts (i.e. AARP). Also, your doctor may have free samples of the drug you need, so be sure to ask. Coupons for drugstores may also prove to save you some dollars.
- 9. Be knowledgeable about insurance** - It is important to know the extent of your benefits, co-payments and annual caps and also which drugs are on the formulary list of your insurance company.

Although these recommendations may take some time and effort, the end result is a smarter and wealthier prescription drug consumer.



TRENDS Latest Happenings In Today's World

Health Care Taking Bigger Piece Of Nation's Pie

Health care costs, which include everything from hospital and doctor bills to the cost of pharmaceuticals, medical equipment and home-health care, now consume 16 percent of the nation's economic output - the highest proportion ever, according to the

Department of Health and Human Services. The rate of increase in America's health care costs has continued its trend to outpace inflation and wages. There was a 7.9 percent jump in 2004 for national health care costs compared to only a 2.7 percent increase for national inflation and a near zero gain in hourly wages.



Employees Enlarge Retirement Contributions

The importance of saving for retirement seems to be reaching more and more Americans. Workers increased their average contribution to their employer-sponsored 401(k) plans from 8.4 percent in 2004 to 9.9 percent in 2005. The percentage of



BENEFIT BEAT

Keeping A Good Eye on What's Working

Shape Up or Ship Out



Last year, a company in Michigan made national news by firing employees who refused to try to quit smoking. The same company recently instituted that employees who refuse to take mandated medical tests and physical examinations would see their monthly health insurance premiums jump up \$65.

There is a great deal of contention over this issue, mainly that the personal rights of employees are being compromised and that these employees can be fired or fined for engaging in legal activities, like smoking, outside the workplace. On the other side of the argument are the rights of companies to utilize incentives to improve not only their employee's health but also their own bottom line.

Although you can't legally require someone to get fit or lose weight, an employer can require employees to

participate in a health program. For instance, if a population of participants is obese, an employer can raise their insurance premiums if they don't agree to participate in a wellness program. These programs are intended to be an incentive rather than a punishment, but some workers' rights groups would argue that they are used as a method to discriminate against unhealthy people. And although Federal law currently forbids employers from discriminating against workers if genetic testing suggests they're susceptible to certain diseases, this is a possibility that workers' rights groups don't want to confront in the future.

With the rise in popularity of consumer-directed plans and accountability being placed on the individual, the trend of companies instituting regulations and penalties to employees that choose to live unhealthy lives is sure to continue.

In the News

New Mothers Quick to Return to Work

According to a Census Bureau report, more women are delaying childbirth, taking maternity leave and staying in the workforce after having a child. The percentage of women who worked full-time during their pregnancy increased from 40 percent in 1970 to 57 percent in 2000. This trend coincided with an upsurge in employers allowing flexible schedules and maternity leaves. The length of departure from work and time it takes to return has also narrowed over time. In 2000, 56.6 percent of pregnant employees stopped working less than one month before the birth. About 26 percent of mothers quit their job around the time of birth in 2000, down from 36 percent in 1981. Among women who had their first child between 1996 and 1999, 4 percent returned to work within the first month. Fifty-one percent were working within four months of giving birth. All of these trends have led to the average age of first-time mothers jumping from 21.4 years in 1970 to 24.9 years in 2000. Also, the proportion of first births that were to women aged 30 and above tripled between 1960 and 2000, from 7 percent to 22 percent.



Census reports show that women are having their first child later in life.

employees saving for retirement outside the workplace rose from 58 percent in 2004 to 66 percent in 2005. Contributions will likely continue to climb in 2006 due to a federally mandated default that directs employers to deposit relatively small amounts of \$1,000 to \$5,000 into IRAs.

¿Habla Español?

Being bilingual in America enables you to communicate with the continually growing Spanish-speaking population, and health care professionals are realizing the importance of this trend. Some hospital systems have begun providing in-house classes in "medical Spanish" for hospital

employees. Also, many doctors and health care professionals are taking private Spanish classes in order to provide the same level of care to all patients. Clinics around the country see the value of being bilingual and now advertise their capabilities in Spanish-language publications.





DID YOU KNOW? *New Ideas for Healthy Consumers*

Understanding Dietary Claims On Food Labels

Claims for Calories:

Calorie free: less than 5 calories per serving

Low calorie: 40 calories or less per serving

Claims for Fat:

Fat free: less than 0.5g of fat or saturated fat per serving

Saturated fat free: less than 0.5g of saturated fat and less than 0.5g of trans fatty acids

Low fat: 3g or less of total fat

Low saturated fat: 1g or less

Reduced fat or less fat: at least 25% less

Claims for Sodium:

Sodium or salt free: less than 5mg per serving

Very low sodium: 35mg or less

Low sodium: 140mg or less

Reduced sodium or less sodium: at least 25% less per serving

Claims for Cholesterol:

Cholesterol free: less than 2mg per serving

Low cholesterol: 20mg or less

Reduced cholesterol or less cholesterol: at least 25% less cholesterol

Claims for Sugar:

Sugar free: less than 0.5g per serving

Reduced sugar: at least 25% less per serving

Claims for Fiber:

High fiber: 5g or more per serving

Good source of fiber: 2.5g to 4.9g per serving

Dogs Sniff Out Cancer

A California clinic released a study detailing how they trained five dogs to detect lung cancer through patients breath with 99 percent accuracy. It has been known that tumors emit small amounts of alkanes and benzene derivatives not found in healthy tissue. Dogs, whose noses can pick up traces of odors in the low parts-per-billion range, have been used in similar illness-detecting studies but never with the consistency of the breath test study.

Cancer experts say they are skeptical of the results, but intrigued. What has been proven is that there are detectable differences in the breath of cancer patients and now science needs to figure out exactly what mix of chemicals the dogs are reacting to.



Pre-diabetes Health Tips

Before people develop type 2 diabetes, they almost always have "pre-diabetes" -- blood glucose levels that are higher than normal but not yet high enough to be diagnosed as diabetes. There are 41 million people in the United States, ages 40 to 74, who have pre-diabetes. Recent research has shown that some long-term damage to the body, especially the heart and circulatory system, may already be occurring during pre-diabetes.

Research has also shown that if you take action to manage your blood glucose when you have pre-diabetes, you can delay or prevent type 2 diabetes from ever developing. There is a lot you can do yourself to know your risks for pre-diabetes and to take action to prevent diabetes if you have, or are at risk for, pre-diabetes. And although some medications may delay the development of diabetes, diet and exercise work better. Just 30 minutes a day of moderate physical activity, coupled with a 5-10% reduction in body weight, produced a 58% reduction in diabetes.

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