

TOP Health Care Benefits Trends for 2007

BY JULIE BOS



Like it or not, today's industry **trends** are driving your benefits **strategy**—and your ability to retain a quality workforce. Get to **know** those trends and you'll be better **prepared** to make them work for you.

RISING HEALTH CARE COSTS. Spiraling insurance premiums. A deluge of consumer-driven savings and payment accounts. The landscape of health care benefits continues to change at lightning-fast speed—leaving many companies struggling to find their way.

What can your company do to navigate the complexities? First, get to know the industry issues and what's driving them. Then, forge a plan of attack that works for both your employees and your company.



FINALLY, AN INTEGRATED WELLNESS PROGRAM WITH A HEALTHY CHANCE AT SUCCESS.

Workscope Introduces Dynamic Wellness Programs.

While a good wellness program is a great benefit for both the company and its people, it's not much good to anyone if the employees don't join.

Workscope offers an integrated web-based wellness program that succeeds where others fail for three reasons. First, it offers dynamic Health Risk Assessments (HRA) at enrollment with real-time incentives integrated with payroll—so employees see how personal health choices deliver real financial benefits. Second, it's fast and empowering—employees fill out their HRA and immediately see the results, risks, options, and impact of their choices. And finally, integrated access to the latest health information, historical data, and modeling tools, helps them stay actively engaged in lifestyle and coverage choices.

workscape[®]

7 Steps to
a Healthier
Wellness
Program

START GETTING YOUR WELLNESS INITIATIVE IN SHAPE BY READING "7 STEPS TO A HEALTHIER WELLNESS PROGRAM" AT WORKSCOPE.COM/WEELLNESS OR CALL 1.877.975.7227

COMPANY PROFILE



Aetna is one of the nation's leading diversified health care benefits companies, serving members with information and resources to help them make better informed decisions about their health care. Aetna offers a broad range of traditional and consumer-directed health insurance products and related services, including medical, pharmacy, dental, behavioral health, group life, long-term care and disability plans and medical management capabilities. Our customers include employer groups, individuals, college students, part-time and hourly workers, health plans and government-sponsored plans.

www.aetna.com

© 2007 Aetna Inc. Plans are offered by Aetna Life Insurance Company. Health and dental insurance plans contain exclusions and limitations.

It's absolutely **critical** for employers to get people educated and **excited** about FSAs, HRAs and HSAs, because these programs **help** working families lower the **cost** of living by lowering the cost of necessities—starting with **health care**.

Here are several trends that leading companies will be addressing this year:

Trend #1: Increased adoption of consumer-driven health care strategies and payment options.

Between 2000 and 2005, employer's health care costs went up by 74 percent. And yet, wages during that same period merely kept up with inflation—rising by only 14 percent.

As an employer, this gap poses a real threat to your ability to keep wages on pace with inflation and growth. It also makes your mission clear: Control health care costs so you can protect your most effective tool for attracting and retaining talent—employee wages.

"The way you control costs is by making them more visible to consumers and empowering consumers to make the appropriate cost trade-offs," explains Jon Kessler, chairman and CEO of WageWorks, one of the nation's largest provider of health care savings and spending accounts.

"In the past, this was done by raising deductibles, raising co-payments and putting a few web tools out," he says. "Now, employers want to go beyond that. They want to give employees tangible ways to fight back—and that's where things like flexible spending accounts (FSAs), health reimbursement arrangements

(HRAs) and health savings accounts (HSAs) become extremely relevant."

Despite their growing popularity, these strategies are still far from mainstream. According to WageWorks, only about one in five employees have an FSA, indicating a lack of knowledge about their benefits and a possible shortfall in educational guidance. This figure is up from about one in 10 five years ago, but still suggests the industry has a long way to go.

In an effort to boost employee satisfaction, many employers have also turned to health care payment cards, like the American Express Benefits Plus card and the Visa Health-care card.

Here's how they work: Cardmembers simply present the payment card at any health care merchant location and the purchase amount is deducted directly from their benefit accounts. Not only is this option fast and convenient, it eliminates the time-consuming process of paying with cash or checks and then filing for reimbursement.

"It's absolutely critical for employers to get people educated and excited about FSAs, HRAs and HSAs, because these programs help working families lower the cost of living by lowering the cost of necessities—starting with health care," says Kessler. "If employers can do that, they have the

It's scary to think that we would ever provide an inferior product. Or that we would under deliver and disappoint our customers. Those are the kinds of things that keep us up at night. That's why we do everything we can to make sure our customers are taken care of. We tailor our plans to better fit their specific needs. Everything we do is designed to work in their best interest. Because satisfying the customer is second nature to us. It's in our DNA. So, if caring too much is our biggest fault, we can live with that.

our fears



Our dental and eye care plans tailored to enhance lives. We're Ameritas. **We're for people.™**

COMPANY PROFILE



Founded in 1993 by pharmacists, Prescription Solutions offers comprehensive pharmacy benefit management services to clients nationwide. Our goal is to impact total healthcare costs – not just pharmacy – while improving quality of life and increasing patient satisfaction. Integrating your pharmacy and medical benefits is the only way to ensure you get real value from your health care benefits: improved outcomes at the lowest attainable cost. It's an approach that enables us to provide short-term savings and long-term results – healthier employees, fewer sick days, increased productivity.

www.rxsolutions.com

877-309-5345

foundation for a great long-term health benefits strategy.”

Trend #2: More benefits information online.

Many savvy employers already use the web to communicate the latest benefits changes—and more are jumping online every day.

The new trend, however, relates to how this channel is being used.

“When it comes to benefits enrollment, an automated transaction is no longer good enough,” explains Darryl Ashley, Workscope’s senior vice president and general manager of outsourced benefits administration. “That transaction has to be wrapped with all kinds of interactive modeling and decision-support tools that can steer employees in the right direction for them—whether it’s taking a health risk assessment or using health savings accounts.”

“Online modeling, for example, lets employees determine their health-plan preferences—say, between a doctor that is right next door and a low-cost plan, or between a high deductible or a better prescription drug benefit,” he says. “Ultimately, this tool compares this information against an employee’s available options and helps them make a decision—perhaps even prompting them to put a certain amount of money in a spending account.”

The internet can also enable

employees to:

- Visit drug store Web sites to review products that are eligible for use in their HSA or FSA
- Compare their personal information to national averages, and calculate their estimated health care costs for budget-planning purposes
- Trace their medical claims and reimbursements in real-time
- Review online physician report cards that grade their quality of care

Trend #3: Moving beyond mandatory generic prescription drug plans.

As an employer, here’s the challenge you face: On one hand, you can effectively lower health care costs by forcing employees into generics and lower-cost medications. On the other hand, if you push too hard, you run the risk of employee dissatisfaction and poor plan participation.

Many employers are wisely seeking middle ground.

In so doing, they are giving people strong incentives to go with less expensive opportunities (e.g., multi-tiered co-payments, no coverage for non-generic items). Yet at the same time, they recognize the need to let employees purchase what they want.

So they simply set appropriate pricing signals—indicating that name-brand medicines come at a higher cost, while many generics (and name-brands

On one hand, you can effectively **lower** health care **costs** by forcing employees into **generics** and lower-cost medications. On the other hand, if you **push** too hard, you run the **risk** of employee **dissatisfaction** and poor plan participation.

When it comes to dental benefits,
nobody protects you like Delta Dental.



There are a lot of reasons why Delta Dental is the leader in oral health. We offer a wide choice of innovative products to fit your company's needs. Access to care is easy with a provider network that includes three out of four dentists in the U.S. And, our innovative cost - saving measures saved our groups nearly \$4 billion last year alone. So, if you're looking for the best in dental benefits, look to Delta Dental. We've got you covered. For more information, log on to deltadental.com.

COMPANY PROFILE



For more than 50 years, Delta Dental has helped make dental care more accessible and affordable to millions of Americans. As the largest and most experienced dental benefits carrier, we deliver innovative, customized solutions that help companies realize the best value for their benefits dollar. Promoting good oral health is our passion, and we work with organizations to find ways to engage employees in optimizing oral health. Our commitment to advancing solutions for great oral health extends beyond our 47 million enrollees and 81,000 account groups and into the communities we serve as we strive to promote better oral health for all.

www.deltadental.com

Make sure your overall benefits **strategy** takes a **holistic** view of health care and absence **management**—then design your benefits strategy around this **integration**.

coming off of patent) offer a more affordable alternative.

Trend #4: Greater integration between health care and absence management programs.

It's no secret that employers want a healthy workforce. After all, healthy employees are happier and more productive workers—who also happen to keep health care costs down.

That's why more and more employers are coordinating their efforts between health care and absence management programs.

"I think the industry is really coming around to the notion that health, productivity, behavior and absenteeism really are all connected," says Caren Kittredge, head of Disability Products at Aetna. "We're starting to see more companies focus on wellness programs—such as smoking cessation, vision care and weight loss—because they're beginning to understand they help drive a more healthy workforce.

Other industry experts agree.

"Lost workdays for employers can cause decreased productivity with a negative impact to the bottom line," says Dr. Ronald Leopold, MetLife vice president and national medical director. "Lost workdays for employees can mean a negative impact to their personal finances—especially alarming at a time when they are also facing a spike

in out-of-pocket medical expenditures due to an illness."

By understanding the link between medical expenses and disability absences, your company can leverage the right resources at the right time to help keep employees healthy and at work. For example, you can work to ensure that short-term disability (STD) claimants have access to health and medical information resources to prevent more serious (and costly) conditions down the road. This information can also help employees make informed decisions regarding their workplace benefits options and personal risk exposures.

How can your company make this focus a priority?

According to Kittredge, make sure your overall benefits strategy takes a holistic view of health care and absence management—then design your benefits strategy around this integration.

Another tip is to work with a health care provider that shares your thinking. Choose a partner who can integrate health and absence/disability plans for you, and if your current carrier is not up to par, consider making a switch to one who is.

Trend #5: Growing popularity of "health coaching" services.

Some industry spokespeople believe that as much as one-third of the health

We
want
you to
know

Aetna HealthFund®



How do you measure the savings? In millions.

A new study of consumer-directed health plans shows that fully replacing existing plans with Aetna HealthFund saved companies an average of \$1 million for every 1,000 members over a three-year period. And these savings were achieved without compromising the quality of care. To learn more about these impressive results, call your broker, consultant or Aetna representative, or visit us at aetna.com.

We want you to know®



Health
Dental
Pharmacy
Behavioral Health
Disability
Life

©2006 Aetna Inc. Plans are offered by **Aetna Life Insurance Company**. Health insurance plans contain exclusions and limitations. Aetna study (10/06) of 1.6MM enrolled Aetna members in all types of benefits plans, covering claims period from Jan 2003-Dec 2005. Does not guarantee similar results for any particular employer.
2006166

COMPANY PROFILE



Backed by a nationwide network of sales professionals, Ameritas Group offers flexible, affordable dental and eye care coverage today's employers demand. Highlights include superior customer service, choice of plan designs, dental maximum roll-over, quality PPO network, accurate and fast claims-paying system, and consistently high ratings from industry analysts.

Our clients benefit from our more than 30 years of experience in providing group dental plans and more than 20 years in providing group eye care plans. Through the years, we've honed our skills and improved our systems. We don't have a one-size-fits-all plan. We understand our customers' needs, so we tailor our programs to fit.

Ameritas Group, a division of Ameritas Life Insurance Corp. (a UNIFI Company), underwrites and reinsures dental and eye care plans and provides customer relations to more than 41,000 employer groups and individuals, covering more than 3.5 million insured members. Ameritas Group's headquarters is in Lincoln, Nebraska. In New York, products are sold through First Ameritas Life Insurance Corp. of New York. For more information on Ameritas Group and our products, please visit ameritasgroup.com or firstameritasgroup.com.

On-site clinics represent a very interesting opportunity to **provide** better **service** at lower costs—particularly in **environments** that are occupational-health **intensive** like manufacturing companies.

care delivered in this country is unnecessary, either because people aren't properly managing their health risks (e.g., high blood pressure, diabetes), or because they're making poor decisions about when and how to use available health services.

This has led to a rise in businesses that specialize in "health coaching"—the process of helping people better manage all aspects of their health risks and work more closely with their doctors when making health care decisions.

One such company is Health Dialog.

"Our goal is to help employees build their knowledge and skills so they can take more responsibility for their own health," says Tony Merlo, client services national practice manager. "We also want to assist them in developing a better partnership with their physicians so they can address the root causes of their conditions, improve their health status and reduce unnecessary use of the health care system."

"We take a very holistic—or whole person—approach," he says. "We don't just focus on diabetes or blood pressure; we work on cross-managing all aspects of people's health and by helping steer them to make decisions wisely."

This often means promoting participation in wellness programs. But that's just the start.

The ultimate goal is sustained behavior change that makes a real difference in a person's lifestyle and health.

"It's very difficult for individuals to change behavior, and they need a lot of support and encouragement to do so," adds Merlo. "Employers need to offer incentives that tie through to people taking action and getting results."

Trend #6: More on-site clinics in workplaces.

To ease access to appropriate health care, more and more companies are opening their own on-site clinics.

But this option may not be wise for everyone. First is the matter of scale.


"Unless you're planning a part-time clinic, where physicians just come in a few hours a week, you need a fairly large population—anywhere between 1,200 and 2,000 people in order to justify a full-time practice," says Merlo.

Then there's the issue of access.

"It's got to be more convenient for an employee to use the on-site clinic than to use their regular physician," he says.

If these criteria's are met, however, the notion of an on-site clinic can be a good one.

"I think that on-site clinics represent a very interesting opportunity to provide better service at lower costs—particularly in environments that are



Well trained in the art of flexibility.

Specialty Pharmacy. If you're not already, you need to get serious about addressing this area. Injectable medications are expensive. Some can run upwards of \$250,000 a year—so you need a plan that can conform to your employees needs—providing maximum value for you and maximum health benefits for your employees.

Prescription Solutions Specialty Pharmacy program is comprehensive, bending far beyond simply covering the cost of drugs. We're focused on safety, medication compliance and convenience. Our Care Management program helps members manage their disease—not just their medication. Our patient care coordinators review each case, answering questions and reaching out to members to make sure they're informed and educated about their medications. We even have a comprehensive Disease Therapy Management Program* that bends over backwards to offer additional personalized care to high-risk patients with specific conditions. So you see, a PBM that delivers exceptional Specialty Pharmacy is not such a stretch after all.

877.309.5345 • www.rxsolutions.com



*Currently available for Hemophilia, Hepatitis C, Multiple Sclerosis, Respiratory Syncytial Virus, Rheumatoid Arthritis, von Willebrand Disease, Anemia (Web-based only) and Growth Hormone Deficiency (Web-based only). Prescription Solutions reserves the right to add or discontinue programs at any time.

COMPANY PROFILE



Workscope's comprehensive Outsourced Benefits Administration solution provides a wide range of Web-based, self-service applications and integrated services-backed by 24x7 support from our U.S.-based HR ServiceCenter. By automating all aspects of benefits administration-enrollment and eligibility, compliance, spending account administration, decision support, employee communications, vendor management, and more-our solution enables HR to reallocate resources to strategic priorities without jeopardizing service quality.

If CDH is on your plate of deliverables, put your employees on a path to make better decisions, healthier living, and reduced medical spending with a solution that offers an integrated Wellness Program. Workscope has partnered with WebMD®, to deliver health and benefit decision-support tools which enable more informed benefit, treatment, and provider decisions.

Whether you need to service geographically diverse employee populations, administer multiple benefit plan options, or manage complicated eligibility rules and unique plan features, Workscope's Outsourced Benefits Administration solution offers the depth of functionality and breadth of services needed to meet all your requirements. Plus, Workscope's extensive HR experience and domain expertise, combined with our unique integrated service delivery model, enable us to deliver premium service to each employee segment at the lowest possible cost.

www.workscope.com
877-975-7227

The **consumer-driven** health care movement can only **succeed** in cutting costs in so far as it **doesn't** introduce financial **barriers** that may **limit** patient **access** to necessary care.

occupational-health intensive like manufacturing companies," says Kessler. "An on-site clinic can also assist with medication monitoring and pharmacy

compliance, because if someone hasn't come in for two months for their medication, you pretty much know they aren't taking it."

Top Tips on Communicating Healthcare Benefits

Whether you're introducing a new benefit or changing existing ones, consider these ways to make sure your employees are informed:

Focus on year-round communication.

Open enrollment shouldn't be the only time you communicate about benefits. Consider these ideas for boosting frequency:

- **MONTHLY STATEMENTS**—Offer regular statements (similar to credit card bills) that provide benefits information in a format that's easily understood.
- **USE EVERY OPPORTUNITY FOR EDUCATION**—Take advantage of instructional moments—such as explanation of benefits (EOB) statements and the activation of health care spending cards—as an opportunity to communicate.

Brand your internal health programs.

Employees will understand and accept benefits programs sooner if they recognize them as familiar brands. Take the time to create a brand name and collateral around your wellness programs; then communicate the message frequently and consistently.

Use creative media channels to cut through the communication clutter.

Branch out and use mechanisms like streaming video, intranet advertising, creative e-mails and deep links from home pages in order to get employees' attention.

Use cross-promotion strategies.

When it comes to benefits enrollment, use every opportunity to make the sale. For example, use your face-to-face time at a health fair to also drive home the need for good retirement benefits.

Compare (even rising) premiums to hard costs.

Employees may need help understanding that even rising insurance premiums are cheaper than paying for services out-of-pocket. The more you can spell out the cost-savings, the better.

On-site clinics can make a lot of sense. But it takes a feasibility study to know if your company has the scale, the access and the need to warrant the expense.

Trend #7: New, innovative plans that put employees in control.

With the rise in a consumer-driven mentality, more and more carriers are now offering plans that give employees more choice and rewards.

For example, the Ameritas Group (the dental and eye care division of Ameritas Life Insurance Corp.) introduced a revolutionary dental program called Dental Rewards that rewards employees who practice good dental hygiene and visit their dentist regularly. With the program, those insured earn the opportunity to accumulate additional funds toward more costly dental procedures.

Last year, the same company introduced another first: a program called Fusion that offers dental and eye care benefits in one convenient plan.

“Now, insured employees can use their employee benefit dollars for the services they decide are their highest priority—dental, eye care or both,” notes Karen Gustin, vice president of group marketing and managed care for Ameritas. “We’ve taken two comprehensive ancillary benefits plans and fused them together to provide the ultimate in choice and control.”

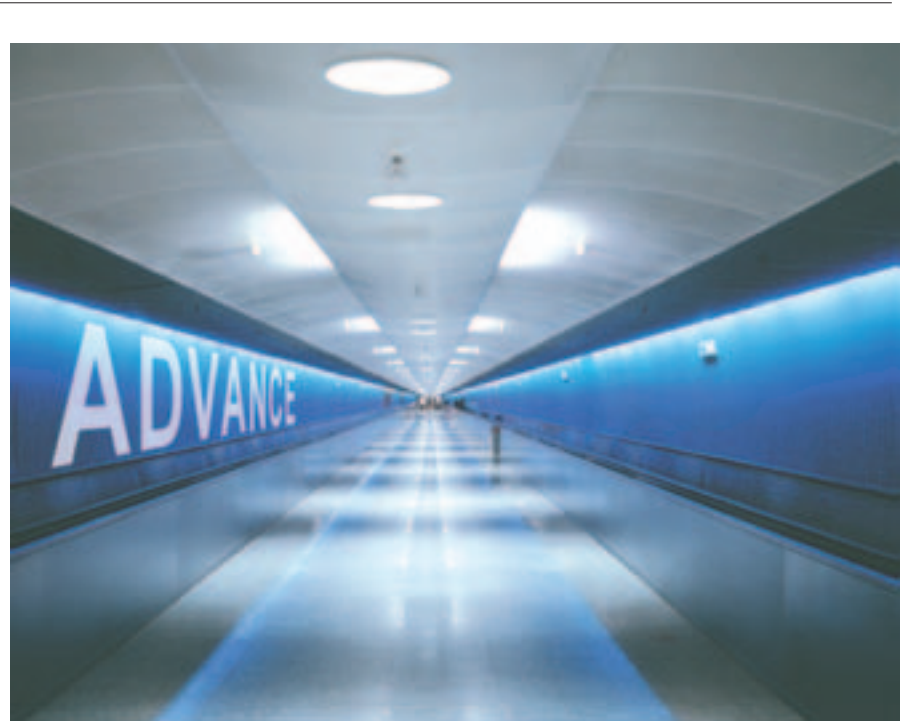
Cost vs. Care

At the end of the day, health care benefits trends will continue to be influenced by the tradeoffs between cost and care.

“The consumer-driven health care movement can only succeed in cutting costs in so far as it doesn’t introduce financial barriers that may limit patient access to necessary care,” says Lonny Reisman, MD, CEO of ActiveHealth Management. “Benefit plan design should be tailored to the unique clinical characteristics and need of the individual consumer, allowing co-pays and deductibles to

be adjusted so as to provide access to essential medical services.”

As you continue to fine-tune your company’s health care benefits strategy, keep these trends in mind. And seek out innovative solutions that can help you ensure success. ■



It is our ultimate goal.

To move the healthcare system forward.

To bring about changes in a real and lasting way.

This is why our state-of-the-art analytical tools are second-to-none.

Why our Health Coaches are unequalled in knowledge, expertise and training.

No firm is more intensely motivated to make things better.

healthdialog.com

 **Health Dialog**
Understand. Collaborate. Advance.