



# “Benefit Briefs”

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“Newsbrief concerning employee benefits”



**LAPPAN AGENCY, INC.**

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## Incidence of Cancer

Cancer is the second-leading cause of death in the United States, after heart disease. The incidence is expected to increase with an aging population.

The costs for cancer care topped \$124 billion in 2010 in the United States, led by breast cancer, according to the National Cancer Institute (NCI). That number is expected to rise as more advanced treatments -- targeted therapies that attack specific cancer cells and often have fewer side effects -- are adopted as the standards of care. The NCI projects those costs to reach at least \$158 billion by 2020. Until recently, almost all cancer drugs were administered intravenously.

Today, about a quarter of them can be given orally, which means fewer visits to the doctor. But pills are often more expensive, have higher co-payments, and are reimbursed by insurers at lower rates than IV drugs. A recent report based on a database of pharmacy claims paid by private insurers and Medicare indicated that those with higher co-payments quit their drugs more often. Patients with co-payments of more than \$500 were four times more likely to abandon treatment than those with co-payments of \$100 or less. Claims with the highest co-payments had a 25 percent abandonment rate, compared with 6 percent for co-payments of less than \$100.

Cost of care is a concern as rates of medical debt are growing, mainly among the insured. According to the American Cancer Society (ACS), 1 in 5 privately insured Americans with chronic conditions have problems paying their medical bills. When out-of-pocket spending for medical care exceeds 2.5 percent of income, financial burdens become substantial. The impact a weak economy exhibits a dramatic decline in cancer treatment during times of high unemployment. Based on data from 1973 to 2007, the latest year for which data were available, every 1 percent increase in unemployment was associated with a 7.4 percent decrease in diagnoses, a 16.8 percent decrease in radiation treatment and a 23.9 percent decrease in surgery.

## Eye Exams lead to Prevention

Employees are more likely to have an eye exam than a physical exam. If more employees go in for a routine eye exam, the result can be more early detection of high cholesterol, hypertension, and many other conditions that might otherwise go undetected. Early detection followed by early intervention helps keep medical costs down. Rising participation rates during a time of economic uncertainty indicate that employees value their vision care plans too. A 2010 survey of 88 million people (out of the estimated 155 million people with a vision care plan) who had vision care plans through members of the National Association of Vision Care Plans found that participation increased about 3.2% from 2008 to 2009 - at a time when economic conditions were at their worst.

Employers should view eye care as part of their wellness benefit. Wellness and early detection go together and early diagnosis of problems that are preventable can help manage conditions better. Conditions such as diabetes, glaucoma and high blood pressure can be detected early. Workers comp claims also can be reduced in a workplace where employees work at computers extensively, which can lead to chronic fatigue symptoms.

Vision is not just an employee benefit in most cases as the spouse and dependents also benefit. Proper eyewear can help the kids do better in school.

## Fact Corner

Cancer remains the leading cause of premature death and is a leading cause for long-term disability claims in the workplace. Cancer, however, is a treatable illness; 62% of people are expected to survive for five years after their diagnosis.

## Behavior

World Health Organization's report that 80% of heart disease and diabetes—and 40% of most cancers—are preventable by reducing key risk factors. However, in a recent survey, a high % of respondents believe that most diseases are preventable, but over 50% of those surveyed indicated that they demonstrate three or more unhealthy behaviors on a regular basis, such as low levels of physical activity, use of tobacco and lower consumption of fruits and vegetables, all of which are disease risk factors.

## Wellness Dollars – Well Spent

According to a 2010 Harvard University study, for every dollar spent on wellness programs, medical costs fall by about \$3.27 and absenteeism costs by \$2.73. In addition, the Towers Watson *2009/10 Staying@Work* report shows that employers with highly effective wellness programs have performed more than 55% better than their industry peers, achieved higher average revenue per employee and have seen less absence, disability and total turnover, as well as lower annual medical costs

## Highlights—HSA's

For 2012 the annual contribution limits will be increased from 2011 levels: \$3,100 for an individual with self-only coverage and \$6,250 for an individual with family coverage. The minimum annual deductible for a qualified high deductible health plan in 2012 will be not less than \$1,200 for self-only coverage or \$2,400 for family coverage.

The cost of medical treatment is among the many concerns you may have if you, a friend, or family member is diagnosed with cancer. Because bills and debt can add up quickly, people may want to seek financial help soon after being diagnosed with cancer.

### **Finding financial support resources**

In addition to information from the social workers and other health care providers, here is a list of resources to begin finding financial support.

### **National service organizations**

The [Cancer Financial Assistance Coalition](#) (CFAC) is a group of national organizations that provide financial help to patients. CFAC educates patients and providers about existing resources through a searchable database of financial resources.

CancerCare's [financial assistance programs](#) (800-813-4673) provide limited grants for people with certain types of cancer.

The [HealthWell Foundation](#)® is a 501(c)(3) non-profit organization established in 2003 that is committed to addressing the needs of individuals with insurance who cannot afford their copayments, coinsurance, and premiums for important medical treatments.

The [National Foundation for Transplants](#) (800-489-3863) provides fundraising assistance for patients needing transplants, including bone marrow and stem cell transplants.

The Leukemia & Lymphoma Society's [patient financial aid program](#) (800-955-4572) provides limited financial assistance to patients with significant need to help defray treatment-related expenses.

### **Local service organizations**

A social worker or the local telephone directory should have a list of organizations. Many hospitals and clinics also maintain a list of service organizations in the community. The [American Cancer Society](#) (800-227-2345) and the local [United Way](#) office can also direct people to services in their community. General assistance programs providing food, housing, and other services may also be available from the county or city Department of Social Services (check the local telephone directory for contact information). Some hospitals also have private funds available for patients in need. Often, cancer advocacy and patient information groups have resources for patients. Get a list of [patient information resources](#) to connect to cancer organizations nationwide.

### **Travel and housing assistance**

[Air Care Alliance](#) (888-260-9707) offers a central listing of free transportation services provided by volunteer pilots and charitable aviation groups.

[Air Charity Network](#) (877-621-7177) coordinates free air transportation for people in need.

[Angel Flight Samaritans](#) (800-296-1217) provides long-distance travel for people with cancer and their families in need of travel.

The [Corporate Angel Network](#) (866-328-1313) arranges free air transportation for people with cancer traveling to treatment using empty seats on corporate jets.

[Joe's House](#) (877-563-7468) is a nonprofit organization providing a nation-wide online service that helps cancer patients and their families find lodging near treatment centers.

The [National Association of Hospital Hospitality Houses](#) (800-542-9730) is an association of more than 150 nonprofit organizations that provide lodging and support services to families and their loved ones who are receiving medical treatment away from home.

[Ronald McDonald House Charities](#) (630-623-7048) offer free or reduced-cost lodging for families of seriously ill children who are receiving treatment at nearby hospitals.

### **Medication and treatment cost assistance**

[Chronic Disease Fund](#) (877-968-7233) helps underinsured patients with a chronic disease obtain medication.

[NeedyMeds.com](#) is an information source on companies that offer patient assistance programs. These programs help those who cannot afford medications to obtain them at no or low cost through the manufacturer.

[Partnership for Prescription Assistance](#) (888-477-2669) helps qualifying patients who lack prescription drug coverage obtain the medications they need.

The [Patient Access Network Foundation](#) (866-316-7263) assists patients with out-of-pocket costs associated with their treatment.

[Patient Services, Inc.](#) (800-366-7741) provides assistance with insurance premiums and co-payments for people with chronic diseases.

[RxHope.com](#) (732-507-7400) helps patients obtain free or low-cost prescription medications.

### **General financial information**

The [Patient Advocate Foundation](#) (800-532-5274) provides education, legal counseling, and referrals for people with cancer who need assistance managing insurance, financial, debt crisis, and job discrimination issues.

## Recent HR Survey Results

Engaging employees will be the greatest human resources challenge facing employers over the next three to five years, according to a member survey by the Society for Human Resource Management. Sixty-nine percent of the respondents say engagement would be “very important.” Running a close second is employee retention, cited by 63%. Recruitment and managing organizational culture were deemed very important issues by 53% and 51%, respectively. When asked to rank their greatest workforce management challenges, more than three-quarters of HR pros say handling multiple generations (85%) and multiple cultures (84%) are important or very important. Harnessing the power of social networking technologies ranks third (72%), followed by the global diversity of today’s companies (62%). SHRM notes that larger companies are more concerned with global diversity while public employers rank dealing with multiple cultures higher on their list of challenges.

### Recognition programs

The survey shows that recognition programs are widespread; 80% respondents have an employee recognition program in place. Here’s what is recognized or rewarded:

- Years of service (58%)
- Going above and beyond with an unexpected (not regular) work project (48%)
- Successful performance related to the organizational financial bottom-line (43%)
- Exemplary behavior that aligns with values (37%)
- Completion of regular work projects with high quality results (9%)
- Completion of regular work projects at a faster than usual pace (2%)

Despite the widespread use of recognition programs, only 13% of employers measure their ROI, saying that doing so is difficult. The lack of measurement dovetails with the HR pros’ apparent concerns about the effectiveness of their recognition programs. Asked if employees feel that the level of recognition they receive is adequate, fewer than one-third (31%) of survey-takers say yes.

Asked about the methods used to track employee engagement, 71% of human resource professionals say the employee exit interviews are a key tool. The second most used tool is the employee retention rate, followed by vendor-administered employee engagement surveys/analysis.

“Notable, though small, is the 11% percent of respondents who said their organization follows employee social media activity — employee comments on internal and external company forums — to track employee engagement,” states SHRM.

## Key Finding overview from recent Towers Watson Survey on Retiree Medical Coverage

### Reform changes are driving action

Of the key factors driving employers to reassess their retiree medical strategy:

- 87% cite new federally subsidized insurance options under reform for pre-65 coverage.
- 73% cite the excise tax.

•58% of employers are swayed by coverage enhancements for retiree prescription drug coverage, such as closure of the Part D coverage gap (the “donut hole”) beginning in 2011.

### Employers are stepping away from group sponsorship for Medicare retirees

Five percent of employers have stopped offering group plans to Medicare-eligible retirees, while 36% are considering an exit from sponsorship for Medicare retirees within the next two years. Another 18% of employers offer or plan to introduce insured Medigap plans in lieu of Medicare supplement plans as a further step away from group plan sponsorship. An increasingly common route to exit is the use of a Medicare Coordinator — a third-party intermediary providing enrollment support for retirees leaving group coverage and electing individual insurance plans.

### Most employers will continue pre-Medicare subsidies and sponsorships over the next several years, but will evaluate their future role as health care reform takes effect

Approximately 80% of responding employers currently provide a subsidy for pre-Medicare coverage, and the majority plan to continue this subsidy. About 46% of employers subsidizing coverage have capped their subsidy. Of this group, 63% report that 2011 plan costs exceed their subsidy cap, and another 15% expect plan costs to exceed the cap within the next two years. Many of these employers are likely to critically rethink their role after 2013, when the impact of health care reform on pre-65 retiree medical coverage becomes clearer. In the meantime, capped subsidies are driving up pre-65 retiree contributions and leading to delayed retirement for older active employees.

### What’s next?

Almost 60% of employers are rethinking their role in providing retiree medical or plan to do so in the next two years. For employers looking to move away from retiree health plan sponsorship, reform presents new opportunities to facilitate the exit pathway in a socially responsible way while ensuring both pre-65 and Medicare retirees have access to affordable coverage.

Please note that 76% of the respondents were from the for-profit sector and 20% were from the non-profit sector.