

In This Issue

In this eighth issue of the McGraw Wentworth Benefit Advisor for 2001, we will explore the growing trend of Complimentary and Alternative Medicine (CAM) benefits in the business world. We will discuss reasons why employers should examine the possibility of offering these benefits as well as why they may not want to. We will discuss various strategies employers may use to offer CAM and the different types of alternative medicine currently in use in today's marketplace.

We welcome your comments and suggestions regarding this issue of our technical bulletin. For more information on this Benefit Advisor, please contact your Account Manager or visit the McGraw Wentworth web site at www.mcgrawwentworth.com.

“Alternative Medicine” YOU JUST MAY WANT TO TRY IT

The popularity of Complimentary and Alternative Medicine (CAM) has proven to be on the rise for several years now. According to the National Center for Complimentary and Alternative Medicine (an office of the National Institute of Health), the increase in the number of Americans using complimentary and/or alternative medicine services increased from approximately 33% in 1990 to over 42% in 1997. In 1998, the Journal of the

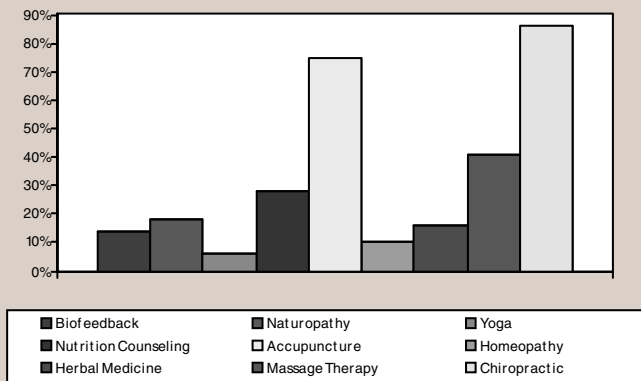
American Medical Association estimated that approximately “83 million people in the U.S. spend \$33 billion each year on alternative therapies” - further proof of the increased impact CAM is having on consumers. Americans’ interest in CAM benefits translates to a need for increased awareness on the part of employers and insurers. They seem to slowly be taking an active interest.

Types of CAM Benefits

There are a number of CAM benefits. According to the “Health Benefits for Alternative Medicine” survey conducted

by the International Foundation of Employee Benefit Plans, the most frequently offered alternative care benefit is chiropractic care (86% of respondents). The next most popu-

Types Of CAM Benefits Used By Survey Respondents



Source: September 1999 survey results published by the International Society of Employee Benefits Specialists

lar benefit according to the survey is acupuncture (75%).

Some of the most common, in addition to chiropractic and acupuncture benefits, include:

- *Massage therapy*
- *Herbal medicine/therapy*
- *Homeopathy*
- *Nutrition counseling*
- *Yoga*
- *Naturopathy*
- *Biofeedback*

NOTABLE THOUGHTS

Nothing will benefit human health and increase the chances for survival of life on Earth as much as the evolution to a vegetarian diet.

ALBERT EINSTEIN (1879-1955)

Why Hesitate?

Employers, and in many cases insurers, are hesitant to offer CAM benefits for several reasons:

- *There is a lack of sufficient proof of the effectiveness of CAM therapies due to inadequate clinical research.*
- *There is a lack of cost and utilization data.*
- *There is a lack of guidelines for physician certifications and licensing requirements, which can lead to a variation in practitioners' skills due to varying education levels and backgrounds.*
- *There is a concern over the possible side effects and complications associated with CAM therapies.*
- *There is ignorance and negativity toward CAM therapies.*

Of the obstacles listed above, a September 1999 survey conducted by the International Society of Certified Employee Benefit Specialists concluded that ignorance and negativity is the biggest obstacle facing employers who provide CAM benefits (35% of respondents). For those who do not use CAM benefits, inadequate clinical research was the biggest obstacle (44% of respondents). The above issues are legitimate concerns that should not be taken lightly, but there are still reasons to explore all options.

Why Consider Offering CAM Benefits

Although there are several reasons why employers and insurers alike are hesitant to provide CAM benefits, there are other reasons to consider offering the services:

- *Employees/consumers are requesting CAM benefits on a more regular basis.*
- *CAM benefits can be used by employers as recruiting and retention tools. With today's tight labor market, employers are always looking for ways to have a competitive edge.*
- *The increase in costs and dissatisfaction with traditional care makes CAM a more attractive option.*
- *Diversity in the workplace requires meeting more widespread needs.*
- *CAM can be more effective and less invasive.*
- *Baby boomers are focusing more attention on preventive care instead of just disease resolution. CAM benefits in general seem to focus more on the whole body and not just the ailment in question.*



- *There is greater consumer awareness due to access to tools such as the Internet.*

Strategies to Offering CAM

The International Foundation of Employee Benefit Plans (IFEFP) conducted a survey which found that 86% of the employers offering CAM benefits do so through health plans using various strategies.

- ***Through discounted products (affinity plans):*** *Discounted products provide direct access to a network of credentialed providers without altering plan coverage or impacting premiums. Members receive discounts on providers' fees automatically (often up to 25%) with no limits on the number of visits. This is an employee-pay-all benefit.*

A strong example is the newly introduced HAP program, HAP Advantage, which began on January 1, 2001. It connects

HAP members with the largest national network of CAM benefit providers (American Specialty Health Networks).

Members are able to visit these providers at a 25% discount when they show their ID card. There is no limit on the number of visits. In addition, HAP is providing health and wellness products available for purchase, such as vitamins and skin care products.

Additionally, Blue Cross Blue Shield of Michigan and Blue

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Care Network have begun offering Naturally Blue to their members. Naturally Blue provides discounts on various alternative medicine services and products. When visiting a Naturally Blue provider, members receive a 20% discount on services such as acupuncture, massage therapy and nutrition counseling. In addition, there is no limit to the number of visits or the number of times the discount can be used.

Discount programs are an easy segue for employers who are concerned about providing access to CAM benefits.

- **Through informal programs and classes at the worksite or at health clubs.**
- **Through covered benefits provided by employer-sponsored plans either as a core or noncore benefit:**
 - *Core (combo) benefits: integrated into traditional plans as one plan, therefore streamlining administration*
 - *Noncore benefits: an add on to traditional plans in the form of a rider or supplemental plan*

- **Through managed care products:** *Managed care products, unlike discounted products, do require an increase in premiums (anywhere from \$6 to \$10 per member per month added onto the premiums). There are two types of managed care products:*



- *Multispecialty rider: allows employer to choose whether to purchase this type for their employees*
- *Embedded benefit: the health plan builds the cost of CAM into the standard premium and provides the benefits to all members*

- **Through a set annual dollar limit (i.e. \$250 per member per year).**

Where do we go from here?

The growing popularity of alternative medicine care clearly indicates a need for employers to recognize the role CAM could play in the busi-

ness world. For employers, the decision is based on the business, but there are other factors to consider. Lack of clinical research, cost and

utilization data are key issues hindering employers from jumping into the alternative medicine arena. On the other hand, the tight labor

market and increased employee demand warrant employers to take a hard and fast look at CAM. Employers want to keep their employees happy and attract the highest quality talent they can. CAM can add value to the benefits the employer offers.

There does not seem to be a set guideline or trend that employers are following when it comes to CAM. However, there is a definite increase in interest on the part of insurers, employers and consumers alike. Keep your eyes and ears open. This is only the beginning of a new trend in benefits. *MW*

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