

The ViewsLetter

VOL. Two • No. 3

October 1999

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Alternative Medicine and Employer Health Plans

It has always been critical that employer sponsored health coverage evolve to address the needs of employees, legislative mandates and social attitudes. Mental health benefits, domestic partner benefits, maternity stays, fertility and prescription drugs have all been recent priorities. An emerging - and potentially challenging - controversy may be employer health plan coverage for alternative medicine.



ing capacity within. It assumes a connection between mind, body and spirit and the need for overall balance to promote well-being.

Being sick is not a prerequisite for seeking alternative care. Unlike conventional medicine, alternative care therapies generally take a proactive approach to health and well-being.

The measure of personal responsibility in alternative care encourages activity that can lead to prevention of illness and maintenance of health. The "forecast, prevent and manage" paradigm of care seems to lend itself best to treatment of chronic illnesses such as diabetes, hypertension and heart conditions.

WHAT IS ALTERNATIVE CARE?

Many alternative care practices have endured for hundreds, even thousands of years. The demand for, and use of, alternative care has made it necessary for increased attention by medical societies, government regulatory agencies, employers and insurers.

CATEGORIES OF ALTERNATIVE CARE

Since alternative therapies are so numerous, they are sometimes classified in groups, such as in Table One on the following page.

Despite the vast spectrum of therapies in alternative care, the modalities share certain characteristics. A common holistic approach to care couples traditional medicine with a belief in the innate and powerful heal-

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About the ViewsLetter

We welcome you to the third issue of the 1999 McGraw Wentworth ViewsLetter. We have established the ViewsLetter as an integral part of our commitment to keep you

informed of benefit trends, legislative initiatives and marketplace developments that may affect your group benefit programs.

YOUR QUESTIONS

Q. I understand that the IRS has made adjustments to the tax owed on the amount of life insurance benefit that we provide our employees that exceeds \$50,000. What has changed?

A. Effective July 1, 1999, the IRS has reduced the tax on employer-paid group term life insurance for benefit amounts over \$50,000. Table I rates used to determine the imputed income tax levels were last changed in 1983.

Currently, an employee is taxed on the value of any employer-paid policy over \$50,000 because the IRS treats the benefit as income to an employee.

Improved mortality rates among workers and the increased percentage of women in the workforce are two reasons for the change to the Table I rates. The latter effects these rates because women have a longer life expectancy than men.

The chart below shows the new annual tax rate for every \$1,000 of death benefit over \$50,000 on group life insurance policies.

Clearly, the new reduced Table I rates will in-

Age	Annual Rate	
	Current (71-69099)	New (71-123199)
Under 25	\$.96	\$.60
25-29	.96	.72
30-34	1.08	.96
35-39	1.32	1.08
40-44	2.04	1.20
45-49	3.48	1.80
50-54	5.76	2.76
55-59	9.00	5.16
60-64	14.04	7.92
65-69	25.20	15.24
70+	45.12	24.72

crease the attractiveness of group term life coverage to eligible employees. You should discuss the implications of the change for your group plan with your McGraw Wentworth Account Director or Account Manager.

Alternative Care, cont.

TABLE ONE: ALTERNATIVE THERAPY GROUPS

Systems of Healing	Acupuncture, Homeopathy, Naturopathy, Native American Healing, Ayurveda
Manual Healing	Chiropractic Medicine, Massage Therapy, Reflexology, Rolfing, Alexander Technique
Dietary Healing	Herbal Medicine, Clinical Nutrition, Megavitamins, Macrobiotics
Mind / Body Control	Yoga, Relaxation Techniques, Meditation, Biofeedback
Energy Healing	Electromagnetics, Light Therapy, Therapeutic Touch, Reiki, Spiritual Healing

The medical conditions for which alternative care is sought most frequently are: neck and back problems, anxiety, depression, headaches, digestive problems, fatigue, arthritis, and insomnia.

The number of people already using alternative care may surprise you. Dr. David M. Eisenberg published studies in 1990 in The New England Journal of Medicine and in 1997 in The Journal of the American Medical Association. There are two startling revelations for employers:

1) In 1997, visits to alternative care practitioners exceeded visits to all primary care physicians; and

2) Also in 1997, Americans spent nearly as much out-of-pocket money for alternative care as they did for all physician services.

Who is seeking (and paying for) this care? The typical user, according to Eisenberg's data, is an individual age 35-49, college educated, living in the West and making over \$50,000 per year. Does this sound like the employee you are trying to attract or retain?

Consistent with that study are 1997 survey results, based on a random sample of U.S. households, showing that 67% of adults consider the availability of alternative care in choosing a health plan as being "im-

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NOTABLE THOUGHT

"It is unwise to be too sure of one's own wisdom. It is healthy to be reminded that the strongest might weaken and the wisest might err."

Mahatma Gandhi (1869-1948)

Alternative Care, cont.

portant" or "very important." Moreover, 45% said they would be willing to pay more for their health coverage if it included access to alternative care.

Measuring the effectiveness of alternative care is difficult, and the body of evidence for this emerging field is limited. However, the National Institute of Health (NIH) recently found clear evidence of acupuncture's efficacy in treating a number of conditions, including rehabilitation from stroke.

EMPLOYER CONSIDERATION

Although employers and insurers remain cautious about alternative care, a growing number are entering this new area. The driving force is largely financial – the ability to offer a highly competitive benefits

package and the potential to reduce short and long-term health care costs.



Employer options include adding discounted access programs paid for entirely by employees, the purchase of riders that provide access or reimbursement for certain services or offering stand alone plans that are designed to integrate alternative care networks with existing benefits.

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DID YOU KNOW?

Executive benefits and perks are designed to attract, motivate, and retain key employees. Highlights from the 1998 Hay Benefits Report on Executive Benefits and Perquisites include:

42% of organizations extend employment contracts to executives, compared to 39% in 1996 and 37% in 1994.

Country club and athletic club memberships for executives remain popular, with 31% of organizations paying for country clubs and 18% for health clubs. These percentages have remained constant since 1990.

The popularity of nonqualified deferred compensation plans varies depending on the industry. 55% of financial organizations offer such plans, while only 27% of organizations in the service industry offer them.

Company cars or car allowances are provided to 64% of executives, down from 71% in 1994.

The use of cellular or car phones has increased dramatically due to increased demands on executives and improvements in technology. In 1998, 49% of executives utilized car phones.

Personal financial counseling continues to be important to executives. 30% of companies participating in the survey offer this benefit to their executives.

Employee Surveys

Employers currently struggle with the challenge of maintaining/increasing employee satisfaction and retaining qualified employees in an exceedingly competitive job market. A tool that is becoming increasingly popular in measuring employee morale and commitment to the organization is an employee attitude survey. Organizational research has shown that employee attitudes affect critical business outcomes, including revenue, profitability, customer loyalty and employee retention. As a result, an employee attitude survey can not only measure employee opinions and their link with work motivation, it can also identify how well an organization is working toward its strategic objectives.

A critical component to successfully administering an employee attitude survey is to establish a comprehensive action plan before initiating the process. Steps to consider in the process include the preparation, design and administration of the survey. Identifying the scope and expectation of the survey, the appropriate target market and the communication and feedback process will assist in achieving the desired end result. The employer must ensure that the survey is presented in a positive manner to alleviate skepticism in employees' minds. Employers should also explain the pur-

pose of the survey before requesting employee participation and as-



sure employees that responses will remain anonymous if they expect to get honest feedback.

Analyzing data, summarizing the findings and translating the results into action plans are also critical steps in the process. The responses should be reviewed on a broad level to identify basic trends within the organization as well as on an in-depth level to determine patterns that have developed within individual departments, among employees with different levels of seniority, etc. It is important to identify meaningful patterns and trends to assist in targeting specific internal action planning initiatives.

After the results are used to formulate action plans, employers should evaluate their initiatives periodically to confirm successful implementation of various plans and to make adjustments if needed.

In addition, a successful employee attitude survey must include sharing the results with employees. When the findings of a survey are shared and the employees see changes consistent with the results, they experience satisfaction regarding their role in influencing positive change within the organization. Conversely, if an expectation is created through the survey process, but the results are not addressed, it can have a seriously detrimental impact on employee morale.

Signals within your organization that may prompt the use of an employee attitude survey include decreasing company productivity, a significant change within the organization such as an expansion, merger, or change in management team, or the need to allow employees to express themselves in a systematic and confidential manner. Survey topics include those in Table 3 on the next page.

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NOTABLE THOUGHT

"Experience is not what happens to you; it's what you do with what happens to you."

Aldous Huxley

Surveys, cont.

TABLE TWO: SURVEY ISSUES

Pay & Benefits
Supervision
Management
Career Development
Company Policies & Practices
Job Satisfaction
Job Pressure
Work Efficiency
Product/Service Quality
Work Motivation

An employee attitude survey can be a winning scenario for all parties involved, provided the survey is administered in a well-planned manner. Employees appreciate the opportunity to express their opinions and they value management's commitment to employee concerns.

Meanwhile, the organization benefits from identifying its unique strengths and opportunities for growth, which, if addressed appropriately, can increase the company's profitability and competitive edge in the marketplace.

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INTERNET HEALTH RESOURCES

Health A to Z

<http://www.healthatoz.com>

Includes a search engine that retrieves subject-specific websites and abstracts and delivers biweekly news reports. Listings of categorized sites are also included.

Web MD

<http://www.webmd.com>

WebMD is an Internet-based healthcare network that connects physicians, hospitals, third-party payors, and consumers to a virtual world of medical information, tools, and services.

Mayo Health Oasis

<http://www.mayohealth.org>

Mayo Clinic site with current health news, library of newsletter articles, information about many diseases and conditions, and a searchable database of over-the-counter and prescription drugs. Sign up for e-mail newsletters.

InteliHealth

<http://www.intelihealth.com>

Offers personal health information compiled from sources such as Johns Hopkins University and Aetna Healthcare. Visitors can ask for expert advice and read medical journals in this site.

Dr. Koop.com

<http://www.drkoop.com/>

Visit the virtual pharmacy, get health news, ask the doctor a question, join a chat room or forum, or find out information about health topics.

web.health.gov

<http://www.health.gov/>

Includes links to dietary supplement commissions, environmental health committees, and community prevention services. Lists related HHS offices.

kidsDoctor

<http://www.kidsdoctor.com>

KidsDoctor is a search engine of articles about kids' health. Users can enter key words to search for topics including allergies, fever, cold sores and epilepsy.

Internet Health Library

<http://www.health-library.com>

Searchable health website database. Topics include dental health, children's health, alternative medicine and more.

MedicineNet

<http://www.medicinenet.com>

Information on topics such as diseases and treatments, body rhythms and first aid. Also offers a pharmaceutical reference guide, a medical dictionary and doctors' answers to user questions.

On Health

<http://www.onhealth.com>

Health information site geared toward consumers. News and features, reference information, symptom analyzer, clickable index of health conditions, Reuters health headlines and glossary.

Technical Corner

"Take two aspirin and email me in the morning?"

Sound revolutionary? Not for the employees of an Arkansas-based corporation. Their employer initiated a physician email service as part of their benefit package. The service is through UAMS, the medical health care campus of the University of Arkansas system.

The e-doc system reflects the broad changes taking place within the nation's medical delivery system. Through the e-doc system employees are able to email questions to board-certified physicians at UAMS. The participant receives advice and/or consultation within 24 hours.

The concept of email medical consultation is logical. More than 63% of nearly 10,000 physicians surveyed by the Healthcon Corporation during the past 3 years say they use email daily, while 33% use it to communicate with patients. Doctor-patient communication via email has soared 200% in the past year.

The most common services provided by the UAMS e-doc program are assessments of acute systems, nutrition/fitness advice, suggestions on how to treat minor illnesses such



as, chicken pox, flu, pink eye or poison ivy. These services are currently free of charge, unless there is a cost for a prescription. If the physician is unable to help the participant he/she will refer them to a specialty doctor in their area.

Cyber-care does raise concerns with regard to the liability associated with offering advice over the internet. To alleviate some of that risk, UAMS requests participants to sign consent forms at the time of

enrollment. The consent form includes a disclaimer explaining that e-doc is not a replacement for face to face consultation, exams or office visits. It is a tool to improve regular, routine care.

When UAMS was asked about the concern of sending confidential information over the internet, they said they discourage sending highly confidential information because of security issues. "Although most people don't feel like there's anyone out there hacking at their email", university researchers are currently reviewing more viable forms of computer encryption."⁽¹⁾

UAMS indicates that the current pricing model is under review. Although e-doc is free to the participants, the employer pays a monthly fee per participant. Alternatives under consideration include development of an employee fee for service model, including incentives to encourage appropriate use of the e-doc program.

(1) Employee Benefit News, July 1, 1999

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THE VIEWSLETTER

Our newsletters are written and produced by the McGraw Wentworth staff and are intended to inform our clients on general information relating to employee benefit plans. They are not intended to provide either legal or tax advice. Consult your legal counsel or tax advisor in matters that directly affect your benefit plans.

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