



The ViewsLetter

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Routine Oral Exams May Save Lives

The eyes may be the windows to the soul, but your mouth may be a mirror of your overall health and well being. Many people visit their dentists regularly merely because they want healthy teeth. The reality is that regular dental exams can also detect a number of medical problems. Since people tend to see their dentists more frequently than they see their medical doctors, dentists are more likely to detect serious medical conditions in the early stages when they can be treated successfully.



More than 120 systemic diseases cause symptoms dentists can recognize in the mouth. A thorough oral exam can detect a number of these medical conditions, including:

- Nutritional deficiencies
- Microbial infections
- Immune disorders
- Certain injuries
- Diabetes

- Anemia
- Heart disease
- Some cancers

Various organizations are educating dentists and periodontists about the important role

they play in their patients' health. A case report published in the *Journal of Periodontology* told of a periodontist who helped diagnose his 53-year-old patient with leukemia thus enabling the patient to start chemotherapy early. The patient had con-

sulted with his dentist about gum swelling, and his dentist referred him to the periodontist who biopsied the tissue which resulted in the diagnosis.

Swelling gums could indicate something as common as a mild case of gingivitis to something as critical as leukemia or diabetes. People should consider their semi-annual dental exam an important element in maintaining good overall health.

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Reach us on the web at the McGrawWentworth web site. Check it out at www.mcgrawwentworth.com. Additional copies of the ViewsLetter are available on our website under MW Resources.

About the ViewsLetter

We welcome you to the fourth quarterly issue in Volume Seven of the McGrawWentworth ViewsLetter. It is our mission to be the leader in the employee group benefits brokerage and consulting industry to mid-sized organizations.

We have established the ViewsLetter as an integral part of our commitment to keep

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

We welcome your comments and suggestions regarding the ViewsLetter. You can pass your comments directly to your McGrawWentworth Account Director or Account Manager, or you can reach us at www.mcgrawwentworth.com.

Routine Oral Examines May Save Lives, cont.

Organizations can also affect employee health by offering to cover brush biopsies under their dental program. Dentists can detect oral cancer and pre-cancerous cells by using this simple diagnostic test. The average brush biopsy costs between \$65 and \$75 with lab costs often covered by the medical plans. Delta Dental estimates self-funded client claims will rise by only 0.05% if brush biopsies are covered.

Oral cancer may not get the press attention that breast and colorectal cancer receive, but the statistics are grim:

- Approximately 31,000 Americans are diagnosed with oral cancer each year (sixth most common cancer in the United States); more than 9,000 die from the disease.
- The five year survival rate is only 57%.
- The mortality rate has remained steady for the last forty years.

- Oral cancer is one of the most expensive cancers to treat. The average cost for treating an advanced case is roughly \$200,000.

The statistics are grim primarily because oral cancer is almost never caught early. However, early detection has significant impact. When it is detected early, oral cancer has an 81% survival rate. If it is detected in a pre-cancerous stage, the full blown development of the disease can be prevented.

Risk factors will increase an individual's chance of contracting oral cancer. Seventy-five percent of oral cancer patients have at least one risk factor:

- Smoking
- Chewing tobacco
- Drinking regularly

However, 25% of oral cancer patients have no identifiable risk factors.

The brush biopsy is a new way to diagnose oral cancer early and lessen the

severity of the disease. Oral cancer lesions can be too small for the dentist to see. The brush biopsy involves using a simple brush to collect tiny red and white spots that can be tested for pre-cancer and cancer cells.

DaimlerChrysler was the first major corporation in the United States to offer the brush biopsy as a benefit under its UAW employee dental plan. Delta Dental is covering the brush biopsy as a standard of care.

If you are taking a serious look at your medical and dental plan benefits, consider covering the brush biopsy annually under the dental or medical plan. If this screening tool detects even one oral cancer in its early stages, it can have a significant effect on medical claims for cancer treatment as well as a measurable impact on the patient's quality of life.

MW

Medical Illiteracy – Major Roadblock in Consumerism

As companies try to encourage their employees to become savvy health care consumers, they need to consider their employees' health literacy. Everyone agrees employees need to become more aware of the cost of various services. Most consumer plans offer the employee a fund to be used for necessary services but at some point, employees can face significant out-of-pocket cost.

Many people are not comfortable in the role of consumer when health care services are involved. Consumer-driven plans help participants assess health care needs and make responsible care decisions. However, buying health care is not like buying a

DID YOU KNOW?

- One in seven American families has problems paying medical bills.
- Insured families have difficulties paying their medical costs as employers shift more cost to employees to manage alarming increases.
- Out-of-pocket costs increase as income rises.
- Big medical bills affected patient behavior.
- About one-third of families with large medical expenses did not seek care last year.
- Nearly one-third of patients did not fill their prescriptions.

Source: *Wall Street Journal*, June 2004

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Medical Illiteracy - Major Roadblock in Consumerism, cont.

car, kitchen cabinets or any other consumer goods. Most people do not have the information they need when they buy health care services. They are illiterate when it comes to their health.

To become health literate, employees must be able to obtain and understand the information and services they need to make reasonable health care decisions. Overcoming this illiteracy should be a focus of consumer-driven health plans.

Health care literacy requires reading, writing, listening, speaking and arithmetic skills as well as knowledge. These skills enable employees to discuss health issues with providers, to read and understand information regarding their health and to use thermometers, diabetic tests, and other medical tools. Health illiteracy can take many forms:

- Functional illiteracy
- Insufficient knowledge
- Cultural diversity
- Emotional issues

Functional illiteracy: Between 40 and 44 million Americans are functionally illiterate. This means they have a fair amount of trouble reading. If organizations create only written tools to help employees manage their health care, the functionally illiterate will be unable to use the resources effectively.

Insufficient knowledge: Most people are not doctors and are not comfortable assessing their medical conditions or even asking doctors whether recommended treatments are necessary. While some tools related to consumer-driven plans might help us learn more about our medical conditions, learning how to

talk with our physicians regarding diagnoses may be an even bigger hurdle to jump.

Cultural diversity: Many Americans have diverse cultural backgrounds. This diversity can hinder health literacy. Ethnic backgrounds can affect medical care. Not only can language barriers become an issue, ethnic customs can affect an individual's perception of health, illness and various treatments.

Emotional issues: Seeking medical care can become an emotional experience for many. When diagnosed with a potentially serious medical disorder, many of us find it difficult to discuss with our physicians whether the recommended treatment is appropriate and how much it will cost. Once mortality becomes a question, any training provided to decrease health care costs will be forgotten.

Therefore, merely providing tools to employees to research medical issues may not be enough to change behav-

iors related to seeking health care. Plans need to consider the many forms of health illiteracy and provide a wide range of tools to help employees through the health care challenges they face. In some instances, medically trained health coaches may be a terrific resource for patients who are emotionally affected or who don't know enough about their condition to make wise decisions.

While the concept of consumer-driven plans is sound, the health illiteracy issue may create hardships that need to be fully considered. Organizations that adopt consumer-driven health plans will lead the country in improving our nation's health literacy. **MW**

TREND TIDBITS

- \$ PPO rates with prescription coverage are projected to rise by 13.1% or 12.6% without prescription benefits for 2005. Interestingly, high deductible PPO plans are experiencing a higher trend of 13.5% with prescription coverage and 13.1% without prescription coverage.
- \$ HMO plans have the most favorable trend rates for any plan type for 2005; an 11.8% increase without prescription coverage and a 12.4% increase with prescription coverage.
- \$ Point of service rates are increasing by 12.5% without prescription coverage and 13% with prescription coverage.
- \$ Carve-out prescription drug plans for retail services are increasing by 15.2% and 15.5% for mail order.
- \$ Dental plan rates have remained relatively stable with DMO rates rising by 4.8%; dental PPOs by 6.7% and indemnity plans by 4.8%.

Source: 2005 Segal Health Plan Cost Trend Survey

Your Questions

Q. *I am always confused about how Medicare entitlement affects the COBRA rights of qualified beneficiaries. Can you please explain how Medicare entitlement can affect the COBRA rights of qualified beneficiaries?*

A. Medicare entitlement affects the COBRA rights of qualified beneficiaries in a number of ways. Medicare entitlement means the employee is enrolled in Part A or Part B. Simply being eligible to enroll is not considered entitlement.

In order to determine the effect of Medicare entitlement on COBRA, you need to know each qualified beneficiary's Medicare entitlement date:

- **Medicare Entitlement Before a Qualifying Event.** If a qualified beneficiary becomes entitled to Medicare before the COBRA election date, he or she has the right to elect COBRA if there is a qualifying event and a loss of coverage. The maximum benefit period is 18 months.

For example, if the employee turns 65 and becomes entitled to Medicare on January 1 and then retires on May 1 of that year, he or she may lose health insurance coverage on May 1 because retirement is considered a qualifying event. In this situation, the

employee may elect COBRA and continue coverage for the 18-month maximum benefit period.

Covered Employee's Medicare Entitlement Within the 18-Month Period Before a Qualifying Event.

If a covered employee becomes entitled to Medicare within the 18-month period before a qualifying event such as termination of employment or reduction of hours, the covered employee's spouse and dependent children (but not the covered employee) are entitled to an extension of the COBRA continuation coverage period. The COBRA coverage period will last for a maximum period that ends 36 months after the employee's Medicare entitlement date, if these individuals are considered qualified beneficiaries under COBRA

For example, an employee turns 65 on January 1 and retires May 1 of that year. The employee loses company health care coverage on May 1 because the retirement is a qualifying event. The employee elects COBRA for himself and his spouse. His maximum COBRA coverage period would be 18 months, but his spouse can continue coverage for 31 months

(barring any COBRA terminating events). The spouse is eligible for the greater of 18 months from the qualifying event date (May 1) or 36 months from the Medicare entitlement date (January 1). In this example, 36 months from the Medicare entitlement date results in a 31-month maximum coverage period.

- **Medicare Entitlement After a Qualifying Event.** In contrast, if a qualified beneficiary becomes entitled to Medicare after electing COBRA, the COBRA statute generally permits a plan to end his or her COBRA coverage as of the Medicare entitlement date, that is, before the end of the maximum COBRA coverage period. This rule does not, however, affect the COBRA rights of a qualified beneficiary who is not entitled to Medicare (for example, the spouse or dependent child of the Medicare-entitled qualified beneficiary). Remember, the final COBRA regulations require a plan administrator to notify the beneficiary when coverage ends early.

For example, an employee retires on May 1, loses health care coverage and elects COBRA on July 15. The employee becomes eligible for

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Your Questions, cont.

Medicare on October 1. Because entitlement to Medicare serves as a COBRA terminating event, the individual's COBRA should end on October 1. The plan administrator should notify the employee of the termination. Any dependents who became qualified beneficiaries when the individual retired may continue their COBRA for the full 18 months, assuming they do not experience a COBRA terminating event.

- **Medicare Entitlement as a Qualifying Event.** Medicare entitlement is one of the events that qualifies a covered employee's spouse and dependent children (but not the covered employee) to elect COBRA if they lose coverage as a result of the entitlement. However, federal law will not allow a plan to terminate health care coverage simply

because an individual becomes entitled to Medicare; therefore, we would not expect this situation will occur even though it is addressed by the COBRA regulations.

- **Medicare Entitlement as a Second Qualifying Event.** According to recent final COBRA regulations, if an active employee does not lose health care coverage when becoming entitled to Medicare, then Medicare entitlement cannot be considered a secondary qualifying event for COBRA purposes. Therefore, plans are not required to extend the maximum coverage period to 36 months for dependents.

For example, an employee retires on May 1, loses health care coverage and elects COBRA on July 15 for himself and his spouse. The individual becomes entitled to Medicare on October 1.

The entitlement to Medicare serves as a COBRA terminating event and the employee's COBRA should be terminated on October 1. The plan administrator should notify the employee. However, the employee's spouse can still continue coverage until the end of the original 18 month maximum benefit period. The Medicare entitlement is not considered a secondary qualifying event and the maximum benefit period should not be extended beyond the original 18 months.

The effect of Medicare entitlement on COBRA coverage and the maximum continuation period is very confusing. Your organization should clearly explain COBRA rights to your employees when they become entitled to Medicare before, during or after a qualifying event. **MW**

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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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Electronic Enrollment - Do you know what you need?

Our recent McGraw Wentworth Mid-Market Benefits Survey indicates that 16% of the survey base currently collects open enrollment elections electronically and 25% are considering electronic enrollment in 2005. Electronic enrollment is often billed as a paperless practice that can save organizations substantial time in managing enrollment and employee change. However, product capabilities are often oversold; the end result is a product that may not meet your organization's needs. Before you buy an electronic enrollment and data management system, consider the following.

First, identify key areas of the process you would like to automate:

- Perhaps you have employees located in 20 states and you need to handle the open enrollment and new hire communication process electronically to save time and money.
- Perhaps your department has downsized and you can manage new hires and employee changes throughout the year, but open enrollment is impossible with your reduced staff.

Each organization has different needs when it comes to electronic data management; examine your organization's priorities before you look into electronic solutions.

Next, determine your budget. Unfortunately, you may not have the funds to buy enrollment software. Even with no budget, however,

you can adopt some electronic efficiencies. You can develop an Intranet site to post key information on benefit plans, instructions on making changes and most forms needed to administer benefits. In addition, you may be able to deliver open enrollment information electronically.

Finally, if you are interested in buying enrollment software or adding modules to an HRIS system to allow employee self-service, evaluate your options carefully. Many electronic data options are sold promising great flexibility with minimal management required. In reality, most systems require a fair amount of maintenance. The systems are not magic; they require content management and data audits to ensure accuracy.

Another aspect to consider is the level of support your electronic enrollment vendor offers. Many vendors simply sell you software and expect you to build the website and manage the data. Other vendors will offer an implementation team and ongoing customer service to help you manage your site.

Once you make a decision, take the following steps to identify potential problems before you offer the site to all of your employees for open enrollment:

- **Begin with a test phase.** During the test phase, use the site to enroll new hires and process any necessary changes. You will most likely identify glitches in the software that need to be corrected before you open the site to all employees.

- **Add a new hire phase.** Once you patch the test phase glitches, you can open the system on a limited basis to newly hired employees to enroll for benefits. Monitor the enrollments closely to determine whether any additional problems arise.
- **Launch an open enrollment.** Once you are confident the enrollment software is working properly, use it for your next open enrollment.

Remember, you will need to conduct regular audits of your enrollment and payroll records to make sure the data is accurate. Although no system is perfect, electronic enrollment can save time and improve the efficiency of your status change and enrollment process. **MW**