



# The ViewsLetter

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## The Costly Commute

The rising cost of gas has everyone's attention these days. With gas just under \$4 a gallon in most areas, the increased cost of commuting affects budgets all over the state. In some extreme cases, employees are looking for jobs closer to home to make the drive to work more affordable.

Employers are also concerned about the impact of increasing gas prices on their employees. Driving to and from work may be more expensive than you think. In fact, the high cost of the commute surprises people. The following websites contain a cost calculator to help determine the cost. They take into account fuel cost, vehicle cost, and so on:

- <http://www.commutesolutions.com/howmuch.html>
- <http://www.commuterpage.com/Userweb/CostCommuting/CostCommuting.htm>

Employers are now offering options to help employees save money on their commute. The following are great options to consider if your organization wants to help employees decrease their commuting costs:

- **Work at Home Arrangements:** These arrangements don't work for all industries, but in some situations, an employee can work efficiently from home. In fact, many Southeastern Michigan employers offer this option. For the most part, their employees work from home once (or sometimes even twice) a week. This arrangement benefits employees and employers alike. Employees save one day of gas and vehicle wear and tear and in some cases day care cost. Employers find employee loyalty is much higher. Some employers even report that employees are more productive when they work from home. Working at home may require updated



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## About the ViewsLetter

We welcome you to the third quarterly issue in Volume Eleven of the McGraw Wentworth 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 McGraw Wentworth Account Director or Account Manager, or you can reach us at [www.mcgrawwentworth.com](http://www.mcgrawwentworth.com).

## The Costly Commute, cont.

technology, but it might not be as difficult as you would think.

- **Shortened Work Week:** If working from home is not an option in your organization, consider a shortened work week. Allow employees to work four 10-hour days instead of five 8-hour days. The employees may have to put in longer days during the week but in return they have a three-day weekend. Most employees really embrace this approach. They save a day of commuting cost and have an extra day off. A four-day work week also saves your organization a day's worth of utility and energy costs.
- **Flexible Work Schedule:** Many businesses cannot allow employees to work from home or to have a four-day work week. These employers may want to consider a flexible work schedule. Flex schedules typically require employees to be in the office at set core business hours, but they can vary their start and end times to accommodate their own needs. Flex hours may not seem like a fuel saving benefit, but if

employees can set their work hours to avoid rush hour traffic, their commute will be more fuel efficient.

- **Carpooling Accommodations:** Employees may share rides to work. Carpooling tends to be more common in larger cities with large numbers of workers commuting to the city. These cities often have special carpool lanes for cars with multiple occupants.

The rising price of gasoline has renewed employee interest in carpooling to save money. Many employers are using technology to introduce workers to others that live close by and may want to form a carpool. Their employees can enter a link on the company's intranet site, indicate their address and their need to find carpoolers. Many employers also tie the carpooling programs to a flexible work schedule, so carpoolers can arrange their schedules to make carpooling practical for everyone.

- **Bike Stipends:** Some employers are aggressively encouraging employees to use pedal power by

offering rebates on new bikes. Others are partnering with local bike shops to get employees substantial discounts on bike purchases. Employers are also making changes to accommodate bikers, such as showers and secure areas to store bicycles during the day.

- **Gas Cards:** Many employers are including gas cards in their recognition and reward programs to directly offset the increasing cost of gasoline.

Even the Governor of Michigan is practicing gas-saving commuter alternatives. She bikes to work when she can, and recently she even took the bus to work one day. Although most employees are paying more attention to their fuel consumption needs, high gas prices are still a problem for them. Some employers are not embracing any of the options above to help employees save money at the pump. As a result, their employees are cutting back on entertainment and other expenses to afford the cost of driving to work.

Some employers offer Section 132 plans as a fringe benefit. These programs offer tax breaks on certain transportation expenses. Section 132 plans have been available for quite a while, but not many employers have adopted them yet.

This benefit works similarly to a medical flexible spending account without a "use it or lose it" rule. Before the beginning of the plan year, employees may set aside a certain amount to pay for covered transportation expenses needed to commute to work. The IRS allows separate accounts to be set up for the two covered expenses under this plan.

### DID YOU KNOW?

- Eighteen percent (18%) of women and 6% of men get migraine headaches - over 32 million people in the United States get migraines.
- People are bedridden more than 112 million days a year as a result of migraine headaches.
- Migraines cost American employers \$13 billion annually because of reduced productivity and missed work.
- Migraine headaches can last from four to seventy-two hours.

Source: 2008 National Migraine Association

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## The Costly Commute, cont.

The first account is for mass transit expenses and eligible expenses are reimbursed up to \$115 a month. These expenses would include any pass, token, fare card, voucher or any other item that entitles the employee to use mass transit to travel to and from work. When a transit voucher program is readily available, federal regulations prohibit employers from offering cash reimbursements for transit benefits. However, the regulations do allow cash reimbursement when the reimbursement is for any transit pass, voucher or similar instrument used to buy a transit pass that is not readily available.

Mass transit is defined as a public transportation system or a private enterprise provided by a company or individual whose business is transporting people in a commuter highway vehicle. Such a vehicle must have a seating capacity for six or more adults (not including the driver) and at least 80% of the ve-

hicle mileage must be from transporting employees to and from their place of work. The vehicle must carry at least three passengers. An employer, a third party or even an employee can own or lease commuter highway vehicles.

The second account can be set up for parking expenses up to \$220 a month. Under this plan eligible parking expenses include parking a vehicle in a structure near an employee's work place or parking at a location from which an employee commutes to work, such as a train station.

The transit and parking accounts are mutually exclusive – the funds in these accounts do not intermingle. If an employee cannot use the funds in either account by the end of the plan year, the balances simply roll over into the following year. The employee must adjust the annual election based on the balance left in the account because the IRS has set monthly limits

to the tax benefits available in each account.

The eligibility for these accounts is similar to Section 125 plans. These benefits can be offered only by employers to employees. Common law employees and officers of corporations are eligible participants; sole proprietors, partners in a partnership, independent contractors or 2% or more shareholders in a subchapter S corporation are not eligible for transportation fringe benefit plans. These accounts do not have non-discrimination requirements.

Transportation plans provide tax-favored funds for expenses that many employees incur in their daily commute to work. Paying these expenses with tax-free dollars can save employees some money on their commuting expenses.

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## YOUR QUESTIONS

- Q.** Does access to a wellness program disqualify employees from contributing to an HSA? Our company is planning to launch a wellness program at the beginning of next year. We currently offer a high deductible health plan option with an HSA. I understand that health coverage other than a high deductible health plan may be considered comprehensive health care. Is that always the case?
- A.** You are right to be concerned. Comprehensive health coverage that is not a high deductible health plan can disqualify an employee from contributing to an HSA. So the key question becomes, will the IRS view the wellness plan as comprehensive health benefits? And that, of course, depends on how the wellness program is designed.

According to IRS guidelines, an employee will not fail to be HSA-eligible solely because he or she is covered under a wellness program, so long as the program "does not provide significant benefits in the nature of medical care or treatment," and therefore, is not considered a "health plan" for purposes of the HSA eligibility rules.

Review the scope of your wellness plan. Certain benefits, such as most biometric screenings and other preventive services, are not considered significant medical care or treatment. In fact, most wellness programs focus on prevention. It is highly likely that your wellness program would be considered preventive; thus it will have no effect on whether or not your employee can contribute to an HSA.

# Convenient Care Clinics Catch On

More recently, Steven LaTourette, a Republican from Ohio, introduced the Commuter Relief and Fuel Efficiency Act of 2008. This bill would kick in whenever the average price of gas across the country exceeds \$2.75 per gallon. It would reimburse drivers for some of their commuter costs. The reimbursement would be for a maximum of 30 miles a day, 5 days a week. The standard reimbursement would be four cents a mile, but if you drive a vehicle with a 35-mile a gallon or better fuel rating, your reimbursement would be five cents a mile. The Federal Highway Administration would administer this program based on state vehicle registrations. The states would then reimburse drivers. This act would certainly provide some relief from commuting cost, but it has a long way to go before it becomes the law.

Commuter costs are not likely to ease up anytime soon. The rising cost of the commute affects families, especially for employees living paycheck to paycheck. Any plan you can consider to help offset this cost would be a great benefit for your employees. **MW**

## Convenient Care Clinics Catch On

Remember several years ago when pharmacies and grocery stores started to offer simple medical services through a clinic located in the store? Customers would sign in upon entering the store and would receive a beeper. They could shop until the health care practitioner was ready to see them. The clinics started off slowly. At the beginning of 2007, there were only 150 of these clinics across the country. Just one year later, there are over 900 clinics across the country with experts predicting the number of clinics will continue to grow.

These small retail clinics are not designed to provide comprehensive health care. In fact, they are typically staffed with only nurse practitioners, not medical doctors. The clinics are generally open seven days a week and offer early morning and evening hours. They are set up to treat 20 common medical conditions such as ear infections, strep throat, poison ivy, sports physicals, immunizations, and so on.

The two largest convenient care clinic providers are MinuteClinic with 458 sites and Walgreens' Take Care Health Systems with 131 clinics. Wal-Mart and Target have voiced aggressive plans to place these convenient care clinics in their stores throughout the country. Health care systems are also looking to establish their own convenient care clinics; the Mayo Clinic recently opened several of them.

These clinics appeal to patients attuned to the cost of health care. People with consumer driven health plans are attracted to them because they are a cost effective way to get simple care. The convenience of being able to walk in without having to wait makes seeking health care far less frustrating.

Insurance carriers have not necessarily embraced these clinics. Although insurers are attracted to the lower cost of services, their providers must meet a series of standards. These clinics did not participate in any medical quality ratings or espouse the treatments the American Medical Association recommends.

In order to convince predominant medical organizations to accept these clinics, clinic administrators have met with the AMA and designed "Desired Attributes of Retail Health Clinics." Some of the practices they embrace include:

- Faxing copies of the patient's visit record directly to the patient's primary care physician.
- Building a relationship with traditional health care providers by sharing patient records electronically.

## TREND TIDBITS

\$ Prescription drug projected trends have declined dramatically by nearly 9% since their high of 19.5% in 2003. Expected pharmacy trend is just over 10% for retail and mail order. New generic drugs and increased generic drug usage are helping keep prescription drug costs in line.

\$ Medical trend is similar across all types of managed care plans (HMOs, PPOs and Point of Service plans) from 10.5% to 10.9%.

\$ Inflation is the driving force in the health plan trend, accounting for approximately 60% of the trend increases.

\$ Prescription drug use is increasing at a slower rate than it has in the past few years.

Source: 2008 Segal Health Plan Cost Trend Survey

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## Technical Corner

As these clinics develop quality standards and work on communicating with more traditional health care providers, some health plans are adding them to their networks.

Some retail clinics are expanding their scope of services and adding wellness services. These clinics will focus on offering preventive services and may even offer onsite services at employers' locations.

These clinics are becoming really popular. The convenience is certainly the most appealing aspect of their services. Anyone needing to see a primary care physician recently likely had to wait a day or two for an appointment and had to spend anywhere from 15 to 45 minutes in the waiting room. When patients know their care needs are not critical, these convenient clinics are very appealing, especially since every patient is a "walk-in."

The cost is also appealing, especially to patients covered by a consumer driven health plan. Nurse practitioners can provide care as well as physicians for simple health care needs. However, the cost to see a nurse practitioner is significantly less than the cost to see a medical doctor.

These clinics will be expanding in major markets all over the country. As an employer, if you notice these clinics in stores and pharmacies in your area, check with your health plan to see whether they are included in the network. If they are, it makes sense to let your employees know that these clinics are an option. For services your plan may not cover, like sports physicals, these clinics are definitely a convenient and cost effective alternative.

MW

### Google Health: A New Frontier in Personal Health Records

Google Health is a new service people can use to set up electronic personal health records. Patients can access their personal health records from any computer through a secure portal hosted by Google. This electronic system offers valuable benefits to people across the country. Benefits include:

- Review of health information and potential health issues based on the health data entered in the record. For example, suppose someone has sinusitis and re-searches the condition using Google Health. The articles indicate amoxicillin is the drug commonly used to treat this condition. However, the health records show the person is allergic to penicillin. The Google service alerts the patient that he or she may have a bad reaction to the amoxicillin, since it is a form of penicillin. All of this communication occurs in response to the patient's inquiry checked against his or her individual medical record.
- The patient can use the service to create a health profile listing medical conditions, medicines the patient is taking and any known allergies.
- Because Google Health has partnered with hospitals, laboratories and pharmacies, patients also have the option of importing their medical history into the electronic record. The value is having one access point that tracks medical history, test results, allergies, medications, and so on. Imagine how important having this information available electronically can be:

- Patients can bring copies of their health records when they see a new health care provider.
- Patients can bring their health records when they visit a specialist; all the patient information the specialist needs would be available.
- Patients can use their health records to determine whether they may have a dangerous drug interaction.
- Google Health also maintains a library of health information to help people research their medical conditions. A search engine for doctors and hospitals is also available.
- The service also has a "virtual pill box" that sends text alerts to the patient's cell phone when medication should be taken.

Google has had many questions about whether this site is secure and it offers detailed documents on its security measures. Google is taking a step in the right direction. This service can have a meaningful impact on the cost and quality of care doctors and hospitals provide. It is estimated 30% of health care services are unnecessary; a good portion of these services are duplicated. An electronic record of treatment would prevent different doctors from ordering the same tests. Quality of care will also improve because a complete and detailed health history is available on line.

Many carriers offer similar electronic health records, but people can also use the Google site as a tool to help manage their health. MW

