



# The ViewsLetter

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## It's A Pandemic: How Employers Should React to H1N1

Recently the World Health Organization officially announced the H1N1 flu outbreak is a pandemic. Although it does not want to cause widespread panic, the organization certainly wants the public to be cautious.

A pandemic simply means a global disease outbreak. A flu pandemic may occur when a new influenza virus emerges. If people have weakened immunity and scientists have not yet developed a vaccine, the virus can spread rapidly. People should not panic, however, because the flu virus is not inherently deadly for most of us. The main concern is for the elderly, young children and anyone with a weakened immune system. They are more susceptible and may have greater difficulties conquering the flu virus.

Although people can develop the H1N1 virus after being in contact with swine, these sporadic infections rarely spread to humans. Once the virus does infect a person, however, it can spread to others through contact.



The typical H1N1 symptoms include fever, extreme fatigue, coughing, sore throat, and muscle and joint aches. Additional symptoms in particularly difficult cases include eye infections, pneumonia, severe respiratory distress and potential life-threatening complications.

Symptoms usually start within 2 or 3 days of being exposed to the virus and they can last up to several weeks.

While there is no medication to cure the flu, antiviral medications can make the symptoms milder. Antivirals

also may help prevent serious complications or even help prevent the flu. Currently, four antiviral medications are approved for use in the United States. The Centers for Disease Control and Prevention recommends Tamiflu or Relenza for use with H1N1 virus.

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## About the ViewsLetter

We welcome you to the third quarterly issue in Volume Twelve 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).

# It's A Pandemic; How Employers Should React to H1N1, cont.

Why should employers be concerned with this outbreak? Employers need to be concerned due to a number of employment laws that could be impacted if the H1N1 virus hits your workforce:

- **Occupational Safety and Health Act (OSHA):** OSHA established that employers are responsible for providing a safe and healthy workplace. In the general duty clause of OSHA, an employer is required to protect workers from recognized hazards to health and safety. This general clause may be applicable to the H1N1 flu. Employers that work in industries where workers are likely to be exposed to this flu, may want to take special actions to help protect employees. Industries with more risk to this flu would include the travel industry, the health care industry, education positions that have direct contact with children, livestock operations dealing with swines, and so on.

Employers should take the time to review their operations and determine if they have any unusual risks that may contribute to employees contracting the flu. It also makes sense to take practical steps to helping limit the potential spread of the flu virus. Employers should consider the following practical steps:

- Post reminders for employees to wash hands frequently and thoroughly.
- Educate your employees about your commitment to a healthy workplace and encourage them to take a sick day if they suspect they may have contracted the H1N1 virus.
- Visit the CDC's website to determine the flu risk in your area.
- Require employees to report any communicable diseases so the employer can take appropriate actions to help limit the spread of the disease and make any

necessary reports to the public health department.

- Document the steps you take with any flu cases in detail.
- **Workers' Compensation:** For some employees that contract the virus, it may be as a result of exposure at the workplace. For example, a nurse that works at a family practice clinic contracts the virus because of exposure to the many patients treated by the clinic. In this case, the employee may be eligible for workers' compensation benefits. It makes sense if your organization is a high-risk industry to discuss with your workers' compensation carrier how H1N1 flu claims will be handled.
- **Family Medical Leave Act:** If your organization is subject to the FMLA, the H1N1 flu could very well be considered a serious health condition by the FMLA depending on the severity of the illness. Your organization should be ready to process FMLA claims for workers needing more than 3 days off for the H1N1 flu virus.

## DID YOU KNOW?

- Poor mental health not only affects health plan cost, it also increases disability claims.
- For companies with less than 250 employees, 34% of short-term disability (STD) claims are mental health related. For companies with 250 to 999 employees, only 17.9% of STD claims are mental health related. For companies with 1,000 to 2,000 employees, only 8.5% of STD claims are mental health related. For employers with over 2,000 employees, 39.4% are mental health related.
- The top five short-term disability behavioral health claim diagnosis are depression (40.7%), bipolar disorder (22.8%), anxiety/panic disorder (15.6%), post-traumatic stress disorder (12.5%), and dysthemic disorder (8.5%).

Source: Unum, 2008

Employment laws should only be part of the concern. Employers should also check with their disability carriers to see how claims relating the H1N1 flu virus will be handled. Typically, the flu is not seen as a disabling illness, but severe cases of this flu are certainly disabling. When your employees have questions about how the disability carrier may handle these claims, it is best to have the answers ready. It is important to discuss the situation with your disability carrier before the fall, when the flu is expected to re-emerge in this country.

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# It's A Pandemic; How Employers Should React to H1N1, cont.

Employers should also be concerned with productivity. If the H1N1 flu sweeps through your workplace, there is a real possibility a large percent of your workforce may be calling in sick for a significant period of time. Your organization should be prepared for this possibility. Work through the implications of a large scale sick out on your production capabilities. Will you be able to have temporary workers fill in at positions if necessary? If possible, can you allow employees to work from home, if there is a confirmed case of H1N1 in your workforce? Can you invest time in cross training? If an area of the organization is especially hard hit by this flu, can others be trained to work in that department, if needed?

In addition, this may be the year employers want to offer flu shots to their employees. The CDC has been working on a flu shot specific to the H1N1 virus. They expect the inoculation to be ready by the fall. Employers can contract with a flu shot vendor and offer the shots at their location. The shots are not too expensive and will generally cost approximately \$25-\$30 per vaccination. Offering flu shots may cost the orga-

nization some money upfront, but if you can limit the impact of the flu on your workforce, it will pay off in terms of fewer time-off claims and lost productivity.

The media coverage of the initial H1N1 outbreak was overblown compared with the risk to public health. The H1N1 flu cases have reduced a bit in the summer months, but public health experts expect a significant resurgence of the virus in the fall. It will be important to be prepared for the impact of the virus on your workforce and take positive steps to help maintain a healthy workplace. *MW*

## Medical Homes: A New Approach for Quality Health Care

Congress is debating various proposals so that it can pass a health care reform bill in time to meet the President's October timetable. We must reduce cost and improve quality to repair our current broken health care system. The patient-centered medical home is one approach being embraced in pockets throughout the country. Blue Cross Blue Shield of

Michigan is leading insurers by adopting this approach on a large scale.

While the patient-centered medical home seems like a brand new hot topic, the American Academy of Pediatrics actually introduced the concept in 1967. Initially, the concept was used to describe a single source of medical information about a patient, but over the last several decades the concept has evolved. Now patient-centered medical homes refer to primary health care that is accessible, family-centered, continuous, comprehensive, compassionate and culturally oriented. The goal of a patient-centered medical home is ambitious, but it certainly has the potential to reduce cost and improve quality of care.

Originally, most patient-centered medical homes were grass roots efforts to improve the quality of care within a community. But as these grass root efforts showed success, the concept of the medical home expanded beyond medical practices scattered across the country. In 2007, four medical societies specializing in primary care and representing internists, family practitioners, pediatri-

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## YOUR QUESTIONS

- Q.** Our organization offers a consumer driven health plan with a health reimbursement arrangement (HRA). We recently had to lay off 50 employees. Our plan allows laid off employees continued access to any funds in their HRAs. Our plan also allows these employees to use these funds to buy COBRA coverage. Many of our laid off employees would like to use their HRA funds to pay COBRA premiums. We are confused on how this would integrate with the ARRA subsidies.
- A.** Until recently, it was not particularly clear how employers could coordinate ARRA and COBRA premium payments made through an HRA. However, the IRS recently posted a question and answer on its website to explain this issue. COBRA premiums paid from an HRA are treated as pre-tax. The IRS treats pre-tax dollars as employer payments. If the employee pays the full premium with HRA funds, the IRS would consider it 100% employer paid; therefore, no part of the premium would be eligible for the ARRA subsidy.

# Medical Homes: A New Approach for Quality Health Care, cont.

cians and osteopaths, agreed on the "Joint Principles of the Patient-Centered Medical Home." To be considered a patient-centered medical home, the practice has to offer the following:

- **Personal physician:** Each patient has an ongoing relationship with a personal physician trained to provide first contact and continuous, comprehensive care.
- **Physician-directed medical practice:** The personal physician leads a team of professionals in the practice who collectively take responsibility for ongoing patient care.
- **Whole person orientation:** The personal physician treats all the patient's health care needs or arranges care with other qualified providers. This care includes care for all stages of life (acute care, chronic care, preventive services, and end of life care).
- **Integrated, coordinated care:** Patients receive care across all elements of our very complex health care system and the

patient's community. Through registries, information technology, health information exchanges and other means, patients get care when and where they need it from people who understand their culture and their language.

- **Quality and safety hallmarks:**
  - Advocates help patients achieve the best possible outcomes using a process the physician, the patient and the patient's family develop.
  - The practice uses evidence-based medicine and clinical decision support tools.
  - Physicians agree to have their performance and their improvement measured.
  - Physicians use patient feedback to ensure they are meeting patient expectations.
  - The practice provides the best possible patient care using information technology to measure performance, educate patients and improve communication.

- Patients and families agree to participate in activities that improve the quality of the practice.
- Practices agree to a voluntary review by a non-governmental entity to ensure their service meets the medical home model requirements.
- **Enhanced access:** Patients have access to care through systems such as open scheduling, expanded hours and electronic communication with physicians.
- **Enhanced payment:** Because of the extra cost and time it takes to qualify as a medical home and the added value these homes offer, payment for services should be higher to reflect the quality, rather than just the quantity of care provided.

The Commonwealth Fund's recent 2008 National Scorecard on the U.S. Health System shows patients have significant problems receiving quality care:

- Only 65% of adults under age 65 report they had access to a primary care provider.
- Only half of these adults reported receiving the recommended preventive care and screenings.
- Almost half of these adults report a lack of coordinated care, such as a specialist not receiving test results from primary care physician.
- Only just over half of these adults reported having open and clear communication with their primary care physicians.

## TREND TIDBITS

- \$ PPO plans are trending at 10.6% for 2009 without employer plan changes.
- \$ HMO plans are trending slightly lower at 10% for 2009 without employer plan changes.
- \$ Prescription plan trends are slightly lower; retail pharmacy cost is expected to increase at 9.8% and mail order at 9.4% in 2009.
- \$ Indemnity dental plan trend is running at 6.9% for 2009; DHMO plans are only increasing 4.2%.

Source: 2009 Segal Health Plan Cost Trend Survey

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# Medical Homes: A New Approach for Quality Health Care, cont.

The patient-centered medical home will not solve all the problems in our current medical system, but it does help in some key areas:

- **Commitment to coordinated care:** Dartmouth studies regularly show a good percentage of health care in this country is not necessary. Fragmented care certainly contributes to overuse of the health system. Fragmented care occurs when physicians don't coordinate patient care or when patients try to direct their own care and don't know how to find the right physician to treat their condition.
- **Pledge to Quality:** One of our current challenges is that physicians must struggle to provide quality care. The medical home is committed to using proven treatments to ensure patients receive the best care possible.
- **Pay Tied to Quality:** Currently, most health care providers are paid based on the volume of services provided. Rarely does the fee reflect the quality of care. Providing a financial incentive for quality should improve the care patients receive from their providers.
- **Assurance to Work with Electronic Tools:** Many doctors' offices do not use the technological tools that would help the practice run more efficiently and effectively. These electronic tools include electronic medical records, electronic prescribing tools, e-mail communication and consultations with patients, clinical decision support tools and so on.

## Technical Corner

Technological improvements have changed how we live our lives and how we run our businesses. We may not realize that these improvements have also affected our vendors. For example, new reporting rules regarding Medicare eligible participants now apply not only to health plans, but also to workers' compensation and a host of other liability carriers. Although in the past vendors may have just dealt directly with the Centers for Medicare and Medicaid Services (CMS), now they may not have all the required information and may need your help to comply.

CMS established these new reporting requirements to improve the coordination of benefits process so that Medicare pays primary only when the law requires it. CMS originally determined primary payer status after a claim was paid. It is now trying to determine the primary payer before it pays the claim.

Also the time frame for processing claims has likely changed for your health plan. Just a few years ago, claim lag (the time between when a claim is incurred and when the claim was ac-

tually paid) ranged from two to three months. Today that timeframe has shortened significantly.

For most health care claims, the process is completely automated:

1. Physicians submit claims electronically.
2. The claims are reviewed and processed electronically.
3. Provider payments are made electronically.
4. In some cases, EOBs are delivered electronically.

Employers need to understand how quickly the claim process is managed. The shorter time can affect projections, funding and estimating incurred but unreported claims.

Technology often improves many business processes. Your vendors are also using it to improve their capabilities. You need to understand how this technology may enhance your vendor relationships or affect your planning. **MW**

The patient-centered medical home setting allows primary care physicians to become a cornerstone for improving our health care delivery system. **MW**

# McGraw Wentworth Team

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McGraw Wentworth, Inc.

3331 West Big Beaver Road, Suite 200  
Troy, MI 48084  
Telephone: 248-822-8000 Fax: 248-822-4131  
[www.mcgrawwentworth.com](http://www.mcgrawwentworth.com)

250 Monroe Ave. NW, Suite 400  
Grand Rapids, MI 49503  
Telephone: 616-717-5647 Fax: 248-822-1278  
[www.mcgrawwentworth.com](http://www.mcgrawwentworth.com)