



The ViewsLetter

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Empowering Employees to Take Control

Most parents hope to instill personal responsibility in their children. Unfortunately, as people get older they sometimes forget about accountability and personal responsibility. Employers often shoulder the cost for lack of personal responsibility. As the poor economic conditions continue in this country, your organization may benefit from encouraging employees to take responsibility for their own health and wealth.



A brief look at key statistics shows not all employees are making good health and wealth decisions:

- According to the Centers for Disease Control, roughly two-thirds of the population is overweight or obese:
 - According to a Rand study, obese people spend 36% more on health care services and 77% more on prescription medications.

- The CDC estimates that a 10% weight loss could reduce medical costs significantly.

- About 20% of the population smokes or uses tobacco products regularly. Not only do smokers cost more to insure under the health plan (roughly \$1,600 more annually), tobacco products cost significantly more than last year. Pack-a-day smokers spend over \$2,500 a year on cigarettes and could save over \$50,000 in twenty years if they could kick the habit.

- According to the *Wall Street Journal* nearly 70% of consumers live paycheck to paycheck.
- A Marist Institute poll published in the *USA Today* stated that 55% of Americans always or sometimes worry about their money.
- In the new millennium, the personal savings rate in America fell to 2%, the lowest in sixty years, according to the Department of Commerce.

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About the ViewsLetter

We welcome you to the fourth quarterly issue in Volume Twelve 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.

Empowering Employees to Take Control, cont.

- According to Automatic Data Processing, Inc., 20% of workers would not be able to make a mortgage, utility, or credit card payment if they missed a paycheck.
- *Money* magazine states that 75% of families will have a major financial problem costing \$10,000 in any ten-year period.
- Americans' saving rate:
 - More than 40% of us save less than 5% of annual household income.
 - Just 16% of us save between 5% and 10% of annual income.
 - Only 9% of us save more than 20% of annual income.
 - Among all workers, 45% of us have less than \$25,000 in savings and investments (aside from equity in primary residences).
- According to CNN, the average household credit card debt reached a record \$9,312 in 2004. That's an increase of 116% over the past ten years.

- Approximately 35 million Americans pay only the required minimum (about 2%) of their balance each month.

These statistics show poor choices can have a devastating effect. A 2007 Health Confidence survey showed 29% of respondents had difficulty paying for basic necessities and 36% had difficulty paying other bills.

And how are employers affected? Their health plan and disability costs grow while productivity shrinks. Financial concerns often create work issues as well. Stress has a negative effect on health and not being able to pay the bills creates that stress. In addition, debt collectors hound many employees at work and at home if they do not make loan payments on time. The state of the economy magnifies all of these stressors. The uncertainty that most organizations are facing also affects employee stress levels, because many would be struggling to make payments without their paychecks.

No one wants health or financial problems, but these setbacks have a way of sneaking up on people. For example, they may not intend to become life-long smokers, but they pick up

the habit in college and find it difficult to quit as they get older. Weight issues also tend to develop over time. People tend to gain weight after they get married, have a baby or get a desk job. It is easy to develop a sedentary lifestyle; it is not nearly so easy to commit a portion of your time to regular exercise. Financial problems typically start in college where students may go into debt to pay tuition or other expenses. They often start their adult lives in debt and tend to add to that debt as they strike out on their own.

Many people are not necessarily taught the skills they need to take personal responsibility for health and wealth. Employers can offer health and financial education to spur employees to make positive changes in their lives. While health promotion activities are fairly common in today's workplace, financial counseling is not. In some industries, tying these issues together and attempting to improve health and wealth may have tremendous benefits.

To promote employee well being, focus not only on improving health but also on saving money. Following are a few suggestions you can offer to help employees accomplish those goals:

- Quit smoking.
- Invest in a healthy lifestyle today (improve activity, lose weight, manage stress). If you can control your blood pressure and cholesterol levels, you can reduce the need for expensive blood pressure and statin medications.
- Take budget management classes. Many schools no longer teach long-term budget management and financial planning. Employers can offer classes doling out

TREND TIDBITS

- \$ If employers make no changes to their benefit plans, they can expect cost to increase by 9% in 2010.
- \$ Employers are expected to make plan changes that will lower the average increase to 5.4%.
- \$ Cost shifting to employees is the most popular cost control strategy with 40% planning to ask employees to pay more on the monthly premium and 36% planning to increase deductibles, coinsurance and copays.
- \$ Nearly one-third of employers report the economy has had a strong negative effect on business and nearly one-half report a somewhat negative effect on business.

Source: 2009 Mercer National Survey of Employer-Sponsored Health Plans

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Empowering Employees to Take Control, cont.

helpful tips to manage budgets and start a saving plan. Making the easy changes below can save money:

- Join your local library, and check out books instead of buying them!
- Clip coupons and use them when you grocery shop.
- Limit nights out – instead rent a movie and have friends over for a potluck.
- Review your cable, internet provider and phone service vendor. Many companies offer decent discounts if you package various services together.
- Review your auto insurance carrier – when was the last time you price-checked other vendors? Could you save money by increasing your deductible or removing

comprehensive coverage from an older automobile?

- Look at what you drink – more than one soft drink a day? Cut back on soft drinks, alcohol and energy drinks. All these drinks cost money and cutting back one or two a day can save money and improve health.
- Still renting DVDs for \$5 a night? Join an online service to get more affordable movies. Certain retail stores have movie rental machines that rent movies for just a dollar a night.
- Buy lunch every day? If you buy lunch three times a week and bring lunch twice a week, you could save about \$1,000 a year.

These simple ideas will help employees manage their budgets. As employees manage budgets better, encourage them to set aside their savings for a rainy day.

- Teach employees about interest rates. Most people look at a monthly payment instead of thinking about total cost. People may make better decisions if they understand the total cost of purchases.

Provide specific and achievable ideas to help employees improve their lifestyles and their financial outlook. Keep your messages positive and tie them to personal responsibility whenever you can. So many problems start out small and blossom over time. For health issues, many people think their bad choices can be fixed with a pill.

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YOUR QUESTIONS

- Q.** Our organization recently purchased a company in Connecticut and I read that Connecticut recognizes same-sex marriages. Our organization does not provide benefits for opposite sex or same-sex domestic partners. Because Connecticut recognizes same-sex marriage, are we required to cover same-sex spouses on our benefit plans the same as opposite sex spouses?
- A.** It depends on whether your organization is subject to ERISA. Most private employers are subject to ERISA and in most cases ERISA pre-empts state law. Therefore, you are not necessarily forced to cover same-sex partners under the same terms as opposite sex partners merely because Connecticut recognizes same-sex marriage. This holds true for all self-funded plans. You may want to review or consider the following if you are self-funded:
- How does your plan define a spouse? In Connecticut your plan needs to clarify that only opposite sex spouses are eligible.
 - Does your organization want to consider covering same-sex spouses? If so, make sure your employees submit the paperwork necessary in order to cover a same-sex spouse and inform them of the potential tax issues. Make sure your stop-loss carrier will cover same-sex spouses.

If your health plan is insured, state law may require your insurance carrier to cover same-sex partners. It is not common that these laws require plans to cover same-sex spouses, but typically they require health plans to allow this coverage if an employer chooses to extend it. Ask your insurance carrier about the laws in your state.

Federal tax law does not recognize same-sex spouses for tax-favored status of health plan benefits. This could have significant tax implications on your employees.

The Benefits of E-Prescribing

For wealth issues, many people think they are doing okay if they can make payments each month, even when they are carrying rather high balances on credit cards. Some people want quick fixes and tend to mentally disconnect their actions from the consequences. Your organization can work to reconnect employees to reality and help them make better choices to take responsibility for their future.

Success, even in a small measure, can encourage employees to take on a bigger challenge. For example, if your employees can begin exercising vigorously four times a week, they may feel they can finally quit smoking. Paying off one credit card may encourage a person to try twice as hard to pay off another one. Accepting accountability and taking responsibility for health and wealth can empower employees to make better choices and adopt a more positive mental attitude—all of which will positively affect your organization's bottom line. **MW**

The Benefits of E-Prescribing

The *American Recovery and Reinvestment Act* of 2009 allotted a substantial amount of money for establishing electronic medical records. This move to electronic medical records should reduce cost and improve the quality of care. Over the last decade physicians have gradually begun to prescribe medications electronically, a process known as e-prescribing.

E-prescribing involves a physician choosing the medication to prescribe and checking that medication against an electronic database to avoid a drug interaction. Once the possibility of a potential interaction is eliminated, the doctor actually "writes" the script either on a computer or handheld wireless device. The script is then sent electronically to a medical database that keeps a record of each patient's prior prescriptions and sends the new prescription to the patient's pharmacy. The patient can pick up the prescription as soon as it is filled.

The e-prescribing process is much more than a doctor e-mailing a prescription to the pharmacy. An effective e-prescribing process should:

- Allow physicians to see the cost of prescriptions as well as see clinical alternatives. Most patients think their doctors know the cost of the prescriptions they write; however, that is typically not the case. This system would prompt physicians to consider cost and alternatives as part of the prescription process and even provide immediate information to help physicians prescribe a less expensive drug.
- Provide access to an electronic database containing a patient's medical history so that physicians can consider drug interactions and the patient's prescription history.
- Summarize the patient's prescription coverage including the health plan's preferred pharmacies and its retail and mail order coverage.
- Electronically transmit the prescription and significantly reduce or eliminate errors caused by illegible prescriptions. The process is more convenient for patients because they can simply pick up the prescription when it is ready.

In summary, e-prescribing helps patients, doctors and health plans in the following ways:

For patients, e-prescribing reduces prescription drug errors and also reduces drug interactions. E-prescribing allows the physician to check the prescription against a drug database and also against the patient's own medical history. The electronic system also moni-

DID YOU KNOW?

- ➔ 61% of social media users are under age 35; 55% of social media users are female.
- ➔ People under 35 rely on social networks for fun and contacting friends; older consumers use them to stay in touch with family and friends.
- ➔ 32% of male respondents and 22% of female respondents said using social media for business or career contacts was a key benefit.
- ➔ 110 million people in the U.S., 36% of the total population, use social media regularly.
- ➔ 29% of *Facebook* and *LinkedIn* users say they could "probably do without" the popular network; 75% said *Facebook* was their most valuable network, while 30% said *LinkedIn* was their most valuable network.
- ➔ 35% of users said they could do without *MySpace*.
- ➔ 43% of users could live without *Twitter*; 12% said *Twitter* was most valuable.

Source: 2009 Anderson Analytics

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The Benefits of E-Prescribing, cont.

tors the patient's compliance with the medication, to make sure the patient is getting refills on time. And finally e-prescribing eliminates the problem of illegible or misread prescriptions.

For doctors, e-prescribing offers access to more information to help treat patient using less expensive drugs. Patients are often frustrated that doctors are not familiar with how much a prescription will cost. As more and more people pay more out of their pocket for their health care, they want their physicians to provide low cost alternatives. E-prescribing also eliminates some of the problems with handwritten prescriptions. Medco estimates that doctors and their staffs spend about a third of their time responding to calls from pharmacies about illegible prescriptions. This administrative hassle is virtually eliminated with an electronic prescribing system. Some malpractice insurers actually offer physicians a premium discount for e-prescribing.

For health plans, e-prescribing eliminates a certain amount of waste. No longer is the plan paying for prescriptions filled in error because of a misread paper script. Health plans can closely monitor the prescriptions their members use most often. This knowledge of overall prescription use allows the plan to negotiate better deals with various pharmaceutical manufacturers.

With so many benefits, why aren't all health care providers using e-prescribing technology? One of the biggest obstacles is the health care providers themselves. Some do not believe e-prescribing would be more efficient and others worry about the expense. In reality, however, cost is not as relevant as it may have been even five years ago. In fact, many health plans now offer free e-prescribing tools. For health plans, the benefits outweigh the expense.

E-prescribing is more common in Michigan than in many other states. The Big Three and the UAW, for example, have launched an e-prescribing program to help health plans, PBMs and health care providers throughout Michigan collaborate on e-prescribing requirements.

Any health care reform initiative should require e-prescribing. A study by the Institute of Medicine estimates that 1.5 million preventable medication errors occurred in 2007. Since the technology is readily available, it

only makes sense to automate the system. Ultimately, electronic prescribing will decrease health care cost and improve quality. **MW**

Technical Corner - Social Media Policy

Does your organization have a formal social media policy? For many the answer is likely. "No, what are social media?" Social media are social networks such as *Facebook*, *MySpace*, *LinkedIn*, *Twitter* and even *You-Tube*. Some of the networks are primarily social and others, like *LinkedIn*, are professional. The question is, do your employees know your organization's position on social media?

Although some employers have not yet had had a problem with employees using social media, *HR Reports* recently noted 40% of employers ban the use of social networks on company time. Others, approximately 30%, have a formal policy on using and managing social networks. If you do not yet have such a policy, it may be a very good idea to create one.

Key elements to consider in a social networking policy include:

- Make sure employees understand that the same professional approach they take to office work applies to professional-related social media.

- Decide whether you will allow employees to access social media sites in the workplace. Many employers ban access at work, but some employers are embracing the use of network sites in marketing and other areas of the organization.
- Establish confidentiality requirements to make sure your employees are not posting confidential business information on social networking sites.
- Decide whether your organization will monitor employee network activities and inform your employees of this decision in your written policies.
- Provide examples of appropriate and inappropriate content.
- Encourage employees to separate professional and personal communications.

Many organizations do not realize employees use social media on the job until a problem occurs. It makes sense to have a policy on these interactive web networks. **MW**

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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

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