



Ideas and Information for Human Resources Professionals

Health Care Reform

PPACA Ruling Answers Some Questions, Leaves Others Hanging

The wait is over -- sort of.

Companies that had been delaying action on the Patient Protection and Affordable Care Act (PPACA) should now start making plans to comply, experts say. Yet while the Supreme Court's 5-4 ruling in June preserved the law, the full impact of PPACA's regulations remains to be seen.



For now, employers should prepare to meet the most immediate requirements, according to the law firm Morgan Lewis. In a recent web posting, the firm notes that companies should pay attention to the provisions that apply in 2012 and 2013, including:

- Reporting medical coverage value on 2012 W-2s
- Preparing to receive and properly distribute any medical loss ratio rebates
- Preparing to provide a summary of benefits and coverage in their 2013 enrollment packet
- Finishing updates to their summary plan description for any plan design changes from PPACA in 2011 and 2012
- Implementing an annual \$2,500 cap on health care spending account contributions

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In Brief

LEVEL WELLNESS

A recent survey by the Society of Human Resource Management found that 61 percent of companies are offering some sort of wellness initiative this year, up only slightly from 58 percent in 2008. Although wellness adoption by employers seems to have leveled off in

(beginning with 2013 plan years)

- Preparing for the patient-centered outcomes fee due in July 2013 (\$1 per covered life for 2012. Insurers will remit the fee for fully insured plans; self-insured plans will pay it directly.)

Some other requirements, however, are far from crystal clear, according to a report in *Business Insurance*. For instance, the "pay or play" provision in the law requires employers with 50 or more workers that don't offer coverage to full-time employees to pay a penalty of \$2,000 per worker. But the government has yet to clarify if the full fee would apply if employers mistakenly misclassify employees. Current regulations also fail to explain how the law applies to employees whose hours fluctuate weekly or monthly.

The IRS and other agencies are expected to release more guidance in the coming months, which should clear up some questions for employers. Yet the federal government itself and many states likely won't be able to meet all the deadlines on actions required to actually implement many of the major provisions, which start in 2014, according to *Kaiser Health News*.

The biggest stumbling block will be setting up the health care exchanges -- online marketplaces where some businesses and consumers will shop for coverage.

"Except in a few states, it's impossible to do this in the time allowed -- it's going to have to slip," said Joseph Antos of the American Enterprise Institute in the *KHN* report.

Even if some states are able to establish exchanges on time, the federal government's exchange -- which states can opt to use instead of creating their own -- likely won't be up and running anytime soon, said Cheryl Smith of Leavitt Partners.

"The 2014 start is untenable for federally compliant exchanges," Smith told *KHN*. "They have to verify income, they have to verify residency, they have to

the past few years, the elements of the programs have changed. For instance, 45 percent of polled employers said their program includes health and lifestyle coaching, compared with 33 percent in 2008.

LIVE BETTER, SPEND LESS

Consumer-driven health plans (CDHPs) can play a major role in persuading employees to adopt healthier lifestyles and save health care dollars, according to a new analysis by the Health Care Service Corp. The study found that CDHP enrollees were four times more likely to take advantage of preventive services and 10 percent more likely to fill their prescriptions with generics.

CHANGING TIMES

Companies are seeking alternate health coverage offerings in the face of a shaky economy and the potential impact of the health care reform law, according to a new report by J.D. Power and Associates. The study found that employers are considering such options as defined contributions, vouchers and exchange purchasing in an effort to control spiraling health care costs. Employers, however, seem committed overall to continuing to offer health benefits. The study found that only 13 percent of fully insured employers and 14 percent of self-insured companies said they probably or definitely will not

verify citizenship, and do all that through different federal agencies. Before [federal subsidies] can flow, every one of those things has to be done."

Some experts say that, barring a major political change in Washington, employers will be coping with PPACA in the years to come. Still, nothing can be ruled out until after the November elections, others note.

"Other chapters in the political front [regarding PPACA] have yet to be written," Dave Guilmette of Cigna Corp. told *Business Insurance*.

Prescription Drugs

Companies Look to Pharmacy Benefits for Savings

Employers increasingly are putting prescription drugs -- specifically their plan designs and providers -- under the microscope in hopes of spotting more health care savings.

Following a trend among health care plans, more prescription drug plans are shifting to a "value-based" model, according to Lauren Flynn Kelly, a blogger with AIS Health. In a recent post, Kelly highlighted one particular eight-tier formulary that assigned clinical and financial values to drugs on each tier and included only a few lower-cost generics on its first tier.

Ritu Malhotra of The Segal Co. noted that this type of plan design promotes the use of generics -- particularly the lower-cost generic options.

"I think the value part of the value-based plan design is that those drugs are effective and much more cost-effective and could potentially result in a savings on the medical side if patients are more



offer employer-sponsored benefits in the future.

TDF TANGLE

Employees fail to fully grasp the details of target-date funds (TDFs) in their retirement accounts, according to a recent report by the Securities and Exchange Commission. More than half (54 percent) of polled investors don't understand that different funds with the same target date may hold vastly different investments, the study found. Also, only 36 percent realized that TDFs do not provide guaranteed income in retirement.

OUTMATCHED

Fewer employers are offering a company match to their retirement benefits, a new study by the Society for Human Resource Management finds. About two-thirds of companies currently match their employees' contributions today, compared with 75 percent in 2008.

WORK/LIFE SURGE

Technology has spawned an increase in work/life balance among U.S. workers over the past three decades, according to a Workplace Options study. Forty-three percent of respondents said they've seen an increase in work/life benefits and access to professional development in their current job compared with their first-time job. Also, 28 percent said their current

adherent," Malhotra notes in the AIS Health post.

Patient adherence is a primary goal of value-based plans, Kelly wrote. Unfortunately for employers, it's an area where the statistics remain grim. A recent poll by Express Scripts Inc. found that non-adherence cost the nation about \$317.4 billion in 2011 in treatment -- that's not counting lost productivity and other costs that can occur when patients don't follow their prescribed drug regimen, according to a report in *Employee Benefit News*.

While adherence remains a constant obstacle, recent moves in the pharmacy benefit marketplace may create alternative opportunities for lower costs and stronger benefits, an online *Workforce* report suggests.

Express Scripts' \$29 billion purchase of Medco Health Solutions could shake up the pharmacy benefit management (PBM) landscape, potentially creating a polarization between big PBMs that offer the best costs and smaller PBMs that can offer more services, F. Randy Vogenberg of the Institute for Integrated Healthcare told *Workforce*.

Linda Cahn, founder of Pharmacy Benefits Consultants, suggests that the merger may prompt some employers to start shopping for better deals.

"I think people are aware that changing PBMs can save them large amounts of money, and they are also aware that marketplace developments create further incentives to conduct [request for proposals]," Cahn told *Workforce*.

Most employers, however, likely won't make any sudden moves with their PBMs at renewal time later this year.

"Change creates controversy, and employers are not looking for controversy," Vogenberg said.

company has increased work/life benefits in the past five years despite the rough economy.

SAY WHAT?

A new report by Ragan Communications and Qumu finds that nearly 82 percent of corporate communicators say they have trouble communicating with co-workers when they are out of the office. However, 77 percent say they expect mobile technology would increase efficiency. The study also found that respondents preferred video over non-video for companywide or department meetings.

IS IT WORKING?

Having trouble figuring the return on investment (ROI) from your wellness program? A report by HRmorning suggests examining these five factors:

- Sick days
- Stress
- Presenteeism
- Health care utilization
- Employee satisfaction

A solid program will decrease the first four of the above items and bump up the last, the report noted. The report noted that a \$3 to \$4 return for every \$1 spent on wellness is a common benchmark for wellness ROI.

Employee Engagement

Top-Bottom Buy-In Can Bolster Benefit Communications

Benefits can play a crucial role in fueling employee engagement, which can in turn lead to better productivity and talent retention.

Unfortunately, even the best benefit communications strategy can miss the mark if it happens infrequently and leaves out management, experts say.



Nowhere is the engagement challenge more evident than in health care benefits, where rising costs have driven many employers to focus their engagement efforts toward wellness and health consumerism, Erin M. O'Connor of Cammack LaRhette Consulting told *Human Resource Executive Online*.

"People tend to listen to their boss, not necessarily to HR," O'Connor said. "So to get those gains in productivity and reductions in benefits spend, you've got to have engaged managers and business leaders promoting health and well-being."

O'Connor suggests that employers can motivate management to help spread the word about wellness and other benefits by demonstrating how productivity loss and absenteeism -- byproducts of poor health -- can impact individual departments within the company.

While this "trickle-down" method of engagement may take some time, the ultimate result of a more engaged workforce can be a boon for employers, new research suggests.

Employees who are satisfied with their employer-sponsored benefits package are nine times more likely to stick with their current employer, according to a new study by Aflac, reported in *Employee Benefit News*. In fact, workers ranked benefits above

Webinar

Benefit Aspects of Employee Leaves of Absence
Tuesday, Aug. 14
2 p.m. ET / 11 a.m. PT

Employee leaves of absence raise a number of difficult questions under federal employment laws. Must a requested leave be granted? Under what conditions? Must the employee's position be held open so that the employee may return to it after the leave?

In addition to those questions, employers often must address the benefits-related aspects of any leave of absence. Complicating a benefits manager's task are a host of federal laws, including the Family and Medical Leave Act, COBRA and more.

Join this 90-minute webinar to learn what you need to know to cope with leave-related challenges from your workforce. Please contact us to register or for more information.

compensation in importance, with 75 percent responding that they'd be at least somewhat likely to take a job with lower pay as long as the benefits were good.

To keep managers and workers aware of robust benefits, employers should focus on constant and consistent communications, according to Jennifer Benz, a benefit communications consultant. Benz notes in a recent CCH online report that social media tools can strengthen an engagement campaign without a major drain on HR's time or budget.

"Reminding employees about benefits once a year is not enough to get them actively engaged in decisions about their health and financial well-being," Benz said. "The key . . . is feeding them bite-sized chunks of information year-round."

Benz said blogs (including micoblogs such as Twitter), podcasts/videos, social networks such as Facebook and web-based forums can provide a way to inform and remind employees about the value of their benefits.

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