

The Administrator

FALL 2008

Important news and updates from your benefits professional

H&G Voluntary Benefits

With healthcare costs rising at a rate well above inflation, many employers are reevaluating the costs of all of their benefit plans to find ways to offer a competitive benefits package without breaking the bank. Since healthcare insurance consumes the lion's share of available benefit dollars, many employers are reducing or eliminating other employer-paid benefits such as dental, term life and disability insurance. However, employers understand that to retain and attract the best employees, they must offer a full package of benefits that meet the needs of all their employees.

As a result, many employers have discovered the value of voluntary benefits (also called worksite products). Employees choose (volunteer) to buy products such as dental, disability, cancer and critical illness that are important to them, typically paying 100% of the premium through payroll deduction.

A worksite marketing survey from LIMRA International, Windsor, Conn., found that 59% of firms with 10 or more employees offer at least one voluntary insurance benefit to employees, and 25% more are considering adding voluntary benefits in the next two years.

Continued on back

Feature Story

Maybe It's Time for a Little Creativity!



For middle market companies, those with 100 to 5,000 employees, creativity just might be the key to offering effective health benefits in 2009 and beyond. Experience tells us that creativity requires an ability to recognize things that aren't working well, coupled with a willingness to try something different. These practices really represent the difference between a true benefits administration specialist – one that provides a comprehensive range of healthcare plan management capabilities – and those who focus primarily on claims administration.

Since claim costs are the most significant factor used by insurance carriers to determine premium rates, the way we analyze and adjudicate claims will always be very important. As healthcare cost increases continue, however, the need for creativity in plan design becomes

greater. This is especially true as employers prepare for even greater change in the age and makeup of their workforce.

Self-Funding Encourages Wellness and Flexibility

By treating claims as expenses, self-funded plan designs enable employers to realize a savings if claims are lower than anticipated. In contrast to off-the-shelf insurance policies, self-funded plans can be designed to address the specific needs of a covered group. Consumer directed HRAs, HSAs or FSAs can be easily added to a self-funded plan and rather than merely “shifting” costs to participants, consider increasing deductibles in order to incorporate wellness incentives. Properly designed and administered wellness programs can encourage employees to take a genuine interest in their health and the need to control costs.

Wellness programs can be designed to give employees the opportunity to recoup portions of their increased deductible by participating in health risk assessments or by lowering their weight, cholesterol or blood pressure. As these measures bring health concerns and chronic illnesses to the surface, disease management, healthcare coaching and other proactive steps can help those with chronic conditions receive the treatment they need.

While these creative plan design ideas can help manage claim costs in the near term, they are really geared to provide employers with a multi-year approach that will encourage positive changes in behavior and lower healthcare cost increases over the long run.

Q&A

Bringing you answers to tough questions

How can companies with limited budgets promote employee wellness?

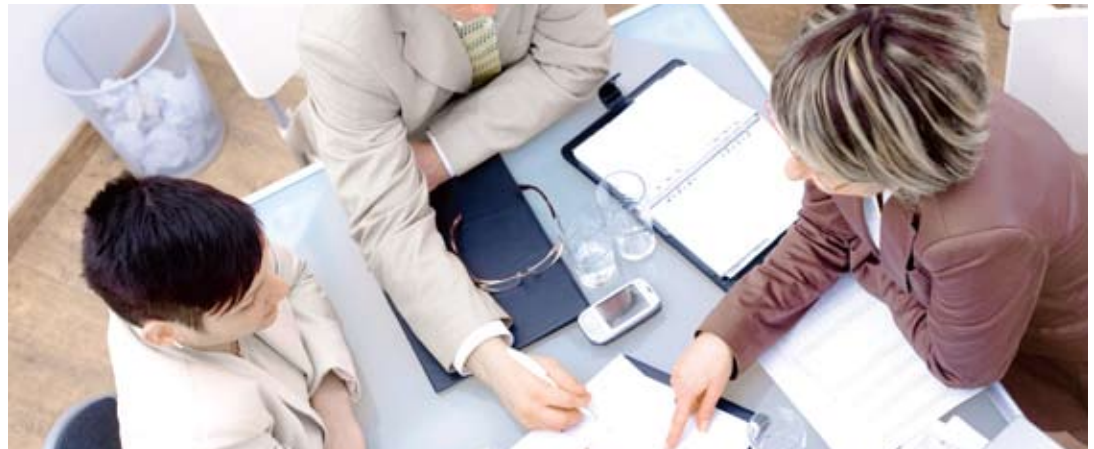
Employers on a limited budget can still inspire employees to exercise and stay healthy. Here are a few ideas for an inexpensive office wellness program:

- Sponsor a “Biggest Loser” contest to encourage weight loss
- Offer healthier choices in the office vending machines and cafeteria
- Start a walking club and provide employees with pedometers to track the number of steps they take each day
- Bring in a speaker from a local hospital to discuss health related topics
- Offer a health risk assessment to help employees evaluate their risk factors and decide if they need to be addressed with a doctor

Companies can find countless creative ways to show employees they care about their well-being while staying within budgetary limits.

Industry Approaches

New Possibilities for HSAs



As Americans prepare for a leadership change following our November elections, leaders in the healthcare industry are promoting change as well. Several consumer-directed health think tanks are working to develop proposals to improve Health Savings Accounts (HSAs) and make them available to more people.

Presently, HSAs are only available to consumers who participate in a consumer-directed health plan (CDHP) involving a high-deductible health plan (HDHP). The National Center for Policy Analysis suggests that two new types of HSAs might achieve tax neutrality and serve a larger market.

One of these, the Universal HSA, would not require insurance through a third party. It would extend benefits to consumers who are currently unable to obtain healthcare, and cover the costs of essential preventative and primary care services. Think tank members believe that if the Universal HSA became available, employers could sign employees up automatically and give them the option to opt-out of the plan and

use the cash to purchase their own health plan or pay medical bills. This setup would essentially remove the government from the healthcare equation.

Like the Universal HSA, the Large HSA would not be connected to a high deductible health plan. It would allow consumers to use the account to purchase any type of healthcare plan and cover other healthcare expenses using any source they choose. Every person would be responsible for his or her own healthcare dollars. The Large HSA would enable employees to obtain the total amount that both they and their employer spend on health benefits as a tax-free contribution to their HSA.

Skeptics say these accounts will only benefit the wealthy, but those backing the proposals say they will do just the opposite, by capping annual fund contributions and eliminating other advantages that favor the wealthy. Whatever the outcome, supporters believe the modified HSAs will encourage the development of new and creative ways to extend health benefits to more people.



TRENDS *Latest Happenings In Today's World*

ER Visits On the Rise

Have you been to the emergency room lately? If so, you are not alone - 1.1 billion people are with you. According to the Center for Disease Control, this reflects a 26 percent increase from 1996 to 2006. That is more than double the population growth during those same years - a mere 11 percent. Factors contributing to rising statistics include America's aging population and increases in chronic diseases.

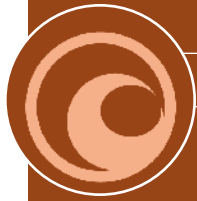


Fruit is the New Candy Bar

When it comes to office snacks, fruit is in. Employees are tired of the usual salty chips or candy bars and are looking for a healthier alternative. Companies are turning to delivery services to bring cartons of fresh fruit to their offices daily. Employers are looking to improve employee wellness and appeal to their healthier tastes with a menu including everything from apples to avocados.

Public Opinion on Health Matters

The Department of Health and Human Services (HHS) wants to know what is important to the public when it comes to health and fitness. HHS is currently gathering data and feedback for the Healthy People 2020 Initiative, a national program conducted every 10 years, promoting health and wellness. Public input is crucial to the Department's plan to create a national agenda to improve Americans' health.



BENEFIT BEAT

Keeping An Eye on What's Happening

Small Businesses Struggling for Healthcare May Begin Pooling

Small businesses are paying 129 percent more for health benefits than they were eight years ago. They also pay 18 percent more than large companies for the same benefits. This has left many small business owners struggling to provide healthcare benefits to their employees.

One potential solution is the formation of state or nationwide employee pools. Several bills are currently being introduced to Congress, and have gained support from both the Republican and Democratic parties, who see a need for change. Both bills, the Cooperative for Healthcare Options to Improve Coverage for Employees Act (CHOICE) and the Small Business Health Options Program Act (SHOP), offer tax credits to employers when employees join the pool.

The main difference between the two is that CHOICE uses the pooling feature to spread the risk of high cost claims through the formation of cooperatives that pay benefits when the annual maximum for the health plan purchased has been exceeded, whereas SHOP uses pooling to leverage purchasing power, allowing members to choose from a variety of insurers competing for their business.

While both bills are still just possibilities, the fact that they are being considered shows that Congress is more willing to work with small business owners to find an affordable solution to their healthcare dilemma.



Health Wise

Take Responsibility for Your Health

According to researchers, at Americans' current "growth" rate, 75 percent of the population will be overweight or obese by the end of the next decade. While the number of obese adults has doubled since 1980, even more alarming is that the percent of overweight children, ages two to 19, has tripled to 17.

This increase in weight gain will undoubtedly bring a surge in life threatening illnesses, for adults and children. Taking personal responsibility for your health and well-being, and raising your family to eat healthy and exercise regularly can save from a lifetime of chronic disease and early death. While embarking on a diet and exercise program for the entire family can seem daunting, the National Institute of Health (NIH) recommends you keep these things in mind:

You have more control than you think. *You CAN turn off the TV and you CAN feed your family more veggies.*

Focus on immediate benefits. *Eating smaller portions or skipping dessert will make you feel less full and sluggish. A walk with your teenager may lead to a great talk; and dancing with your spouse can be a fun workout.*

Make small, easy changes over time. *Try some new approaches to nutrition and physical activity the whole family can do. Take a walk after dinner a few nights a week, rather than turning on the TV.*

Try a variety of strategies. *No one will notice if you use skim mozzarella instead of whole-milk in the lasagna, but you'll reduce calories and fat for everyone. Combine invisible strategies with ones that actively include other family members.*

Rise in Healthcare Costs Falls

From 1960 to 2002 the amount employers spent on employee healthcare benefits tripled, and it has continued to increase significantly each year. The good news is most employers can expect a little break in 2009, because healthcare costs are expected to increase at their lowest rate in eight years.

While some employers are finding ways

to limit increases by raising deductibles and employees' out-of-pocket spending limits, others are trying to prevent shifting additional costs to employees by enacting consumer directed health plans, health savings accounts and company wellness programs. Employers are finding that educating employees about these health plans and teaching them to take some personal responsibility for wellness reduces hospitalization and increases cost savings.



U.S. Quick To Medicate Children

A recent study of nearly 600,000 children showed that parents in America are three times more likely than those in the Netherlands or Germany to put children on medications that affect the mind or mood. Contributing factors include different regulations, differing cultural views about using medications to treat emotional and behavioral issues and increased direct-to-consumer advertising in the U.S.

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H&G Voluntary Benefits

H&G is positioned to help employers get the most from their voluntary benefit plans by providing assistance to promote the plan and help employees understand why they and their families need these products. H&G can also provide employee enrollment kits, payroll stuffers and other communication tools to boost participation and can conduct group and one-on-one enrollment meetings to introduce the benefits and answer any questions employees may have about the products.

To lead this effort, H&G announced the addition of Warren J. Green as its Vice President of Sales for voluntary benefits. In this new position, Green will lead H&G's sales and marketing efforts for all voluntary benefit products.

Green brings over 25 years experience as a voluntary benefit expert who has successfully developed numerous voluntary benefit programs for large corporations, small businesses and public sector organizations. Prior to joining Hammerman & Gainer, Green operated a voluntary benefits consulting and brokerage service in Las Colinas, Texas. He also served as a voluntary benefits sales trainer for independent agents and brokers.

Green also served many years with the Social Security Administration as a disability claims specialist. Warren is highly regarded as an expert in the areas of disability income planning

and voluntary benefits plan design. He is a dynamic speaker, trainer and skilled negotiator who flavors his voluntary benefits presentations with humor and real-life anecdotes that help clients understand the value of voluntary benefits to them and their employees. Warren speaks Japanese and has studied negotiation skills and strategies in Japan. He has served on many boards and held membership in several professional associations and organizations. He is listed in the National Directory of Who's Who Professionals. When asked to sum up his philosophy for developing voluntary benefit solutions, Green responded, "we are all facing a rising storm of healthcare costs that will continue to affect every organization's ability to offer competitive benefits to employees. My goal is to help organizations navigate through the storm by providing timely, accurate information in a way that people can relate to and understand."

"Warren brings a wealth of experience to H&G and has an impressive record of success in the voluntary benefits industry. He knows what adds value to clients and most importantly he delivers this value day in and day out," said "Skeeter" Moore, Chief Operating Officer at Hammerman & Gainer. "We're extremely pleased to have Warren become a part of the H&G team, and look forward to him helping us grow our business and to bring great products and services to our clients."



New Vice President of Sales for voluntary benefits, Warren J. Green

"I'm very excited to join H&G. They have an outstanding reputation in the industry and an experienced management team dedicated to its customers," said Green. "I look forward to helping H&G expand our voluntary benefits business by providing a consultative approach to working with new and existing clients to tailor the right program for each one."

Please Contact Us: This newsletter is not intended as a substitute for personal medical or employee benefits advice. Please consult your physician before making decisions which may impact your personal health. Talk to your benefits administrator before implementing strategies which may impact your organization's employee benefit objectives.



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