

This Issue

Reform Update

New regulations issued to define Essential Health Benefits.

Looking Beyond the Fiscal Cliff

The potential for increased taxes and much more.

Helping Participants Become Wise Consumers

How can we encourage plan participants to turn over a new leaf?

If You're Sick, Stay Home

One of two topics of interest to plan participants.

Keep Informed



Understanding Population Health Management

The concept of population health management (PHM), targeted to a defined population such as an employer-sponsored group, is increasingly being viewed as a way to manage healthcare risk, control costs and improve health outcomes. In its most basic form, it is a systematic way of managing personal health behavior to improve the overall health of a population.

To accomplish this, some influencing entity such as an employer or provider group works with a population of individuals to help them make appropriate choices and decisions about their health and medical care – decisions that help them reduce unnecessary medical expenses and stay healthy. Population health management strategies such as lifestyle, demand, disease and large case management, provide the means by which the influencing entity attempts to change the behavior of the targeted group for the better.

Designed to Manage Risk

When population health management strategies are combined with a self-funded health plan, the employer, health plan or other entity at risk for the population's health care costs, is dedicated to protecting and promoting the health of the defined population. As new entities such as Accountable Care Organizations (ACO) become more actively involved in the business of health care, they become more influential because of their concern and financial risk for the cost of medical care. Even when providers are not at risk financially, they are becoming increasingly aware of provider profiling and measurement of quality medical outcomes.



Promoting Access to Appropriate Care

Through health risk assessment, data analysis, behavioral expertise and coordinated care goals, population health management strategies can be individualized, yet coordinated for the defined population. Whether teaching individuals how to care for themselves or identifying physicians, nurses, educators, counselors or other care managers, the goal is to prevent chronic disease and disability and to avoid catastrophic claims and their associated costs.

When a self-funding plan is in place, employer groups have the flexibility to adapt the plan design to the needs of the covered population. By integrating health promotion with aspects of lifestyle management, preventive medicine, ongoing screening and proactive management of acute and chronic care, population health management strives to improve health and reduce costs from the perspectives of both providers and payers.



How Do You Define Full-Time?

Under health care reform, companies with 50 or more full-time eligible workers must either provide basic coverage by Jan. 1, 2014 or face fines of \$2,000 per employee under new Code Section 4980H.

For purposes of this new section, a full-time employee is any employee who, on average, is employed at least 30 hours per week during a month. The difficulty lies in calculating the number of full-time eligible workers because the term really applies to the sum of full-time employees as defined by Code Section 4980H and an additional number equal to the total hours of service during a month worked by employees who are not full-time, divided by 120.

Calculating Full-Time Status, Safe Harbor & More

To help ease the administrative burden, the IRS has created an alternative method of determining full-time status – the 4980H Safe Harbor. It allows an employer to establish a “measurement period” of between 3 and 12 months during which an employee’s hours of service are measured. The Safe Harbor is applied differently to new and ongoing (those employed for one standard measuring period) employees and new employees must be classified in either of two ways, according to the intent that exists on the date of hire.

When you consider that PPACA legislation contained more than 2,700 pages, you can understand why we’ve only scratched the surface. For more information or compliance assistance, contact us at any time.

Looking Beyond the Fiscal Cliff

As President Obama and congressional leaders work out a deal to prevent the nation from going over the “fiscal cliff,” a series of tax hikes for individuals and businesses appear to be on the horizon.

Payroll Taxes and Flexible Spending Contributions

Effective January 1, 2013, the 2% payroll tax cut that lowered FICA contributions during 2012, will expire. Employee contributions will increase along with the employer’s share of Social Security withholding. Under the Patient Protection and Affordable Care Act, a new Medicare payroll tax will require employers to withhold an additional 0.9% for single employees earning over \$200,000 and for married taxpayers filing jointly with wages exceeding \$250,000.

Under this same act, employee contributions to health care flexible spending accounts will be limited to a maximum of \$2,500 per year for plan years beginning in 2013. This limit must be documented in a flexible benefits plan by December 31, 2014 and retroactive to the beginning of the 2013 plan year.

Adoption Assistance

The qualified adoption assistance program, allowing an employer to reimburse an employee on a tax-free



basis for up to \$12,650 in expenses related to the adoption or attempted adoption of a child, will also expire December 31, 2012. These qualified expenses include reasonable and necessary adoption fees such as court costs, attorney fees, travel expenses and other direct adoption-related expenses.

Educational Assistance

In 2013, employers will be allowed to reimburse an employee for up to \$5,250 in educational costs only if the costs qualify as a business expense and if the education will enhance an employee’s performance. The expenses cannot be reimbursed if the purpose is to qualify the employee for a new position or career change.

Trends

Latest Happenings in Today’s World

Calling Dr. Smartphone

According to a study by The Patient’s Guide, the number of consumers using their iPhone to gather medical information has increased 94% in the last year. Physicians report that it is becoming common for patients to enter their offices reading questions off their iPhones, and welcome the empowerment that mobile technology is providing their patients.



Cholesterol Levels Decline

Research shows that from 1988 to 2010 average levels of total cholesterol have generally declined. There was an increase in use of cholesterol-lowering drugs during this time period, which may be seen as reason for the drop. The study shows, however that declining levels of cholesterol occurred among Americans not receiving medication.

Health Care Reform Update

Moving Forward Full Implementation

HHS Defines “Essential Health Benefits”

Under PPACA, the Department of Health and Human Services (HHS) has issued two sets of proposed regulations that will impact the design and availability of health care plans. Some of the highlights include:

10 Benefits That Must Be Covered

New regulations extend the rules to all non-grandfathered plans offered in the individual and small group markets (generally less than 100 employees).

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance abuse disorder services
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including oral and vision care

Cost-Sharing Limits

According to the regulations, the limit on cost-sharing, including deductibles, co-payments, co-insurance and employee charges, will be set at \$6,250 for self-only coverage in 2013 and \$12,500 for other tiers. The regulations also say that in 2014, deductibles may not exceed \$2,000 for individual coverage and \$4,000 for other tiers.

Calculating Minimum Value

In order for employers with at least 50 full-time employees to satisfy the employer mandate, they must cover at least 60% of the total cost of the health care plan. In a Minimum Value (MV) calculator, which will be available on the HHS website, assumptions will be based on a standard population of participants in self-funded group health plans rather than plans available in individual and small group markets. Employers with self-funded plans will need to follow the rules on MV calculations for purposes of complying with the employer mandate.

Many Expect Part-Time Ranks to Rise



As we approach President Obama's second inauguration, many employers whose employee rosters are at or near 50 employees are weighing their options and working to determine how continuing to grow their business will impact their bottom line. For businesses in that size range, cutting a few employee's hours might make the difference between having to offer health benefits or not.

A response we hear often, especially in gatherings of small business owners, is a pledge to implement a hiring freeze and reduce worker hours in an effort to stay under the magic number of 50 full-time employees. This is the level at which employers will be required to provide coverage or pay penalties. At a minimum, many companies that have continued to cover the majority of recent health-related cost increases will look for ways to shift more of these costs to workers. The fear is that cutting benefits and filling positions with part-time workers can stunt growth and make it tougher to attract good talent going forward.



Health Care Inflation Slows

Employers expect a relatively low increase in total health benefit costs per employee of 5% in 2013. This low increase includes changes employers plan to make to reduce costs. If no changes are made, costs are expected to rise by about 7.4%. Managing the health of the workforce, or wellness, has become a top long-term strategy with 78% of large employers saying

senior management is supportive of encouraging more health-conscious behavior.

Super Sized MRI Machines

Imaging manufacturers are seeing America's obesity problem as an emerging business opportunity as well as an engineering



challenge. The percentage of obese Americans continues to rise and hospitals are demanding larger, more powerful imaging machines that can fit larger patients and penetrate greater masses of tissue.

Even with larger equipment, the obese patient still remains a challenge. X-Rays and other imaging machines must penetrate layers of fat to produce clear

images. Obese patients also require more radiation to produce these images, creating added health concerns. This issue is forcing companies to develop software that can produce a crisper image with more power and less radiation. Hospitals can expect to spend up to 40% more for larger-sized equipment.

Did You Know? New Ideas for Healthy Consumers

If You're Sick, Stay Home

In a fragile economy, workers are more likely to drag themselves into work when they are feeling awful rather than call in sick, in fear that they will appear less committed to their jobs. Staying home poses a risk of falling behind or being seen as a slacker, but showing up sick and infecting colleagues can be worse and an increasing number of employers are establishing policies to discourage it.

Many employers are struggling with how to get people to work when they are healthy enough and keep them away when they are not. Some employers have policies that encourage sick people to come to work, offering cash or gifts for perfect attendance. Many have swapped handing out rewards for showing up, in favor of specifying a number of paid days off for any purpose.

Calling in sick can be awkward, but over two-thirds of all health-related productivity losses spring from sick employees who show up and perform, not from those who miss work for being sick. To alleviate your fear of being viewed as a slacker, contact co-workers via work related email and ask to participate via teleconference if you are missing an important meeting.



High Blood Pressure Myths



safer than table salt. Chemically, they are the same.

I don't have to check my blood pressure, my doctor does.

Only monitoring your blood pressure when you visit the doctor is not enough. Blood pressure can fluctuate. Monitoring it at home can help your doctor determine if you have high blood pressure and if treatment is needed.

I don't have any symptoms – I'm fine.

Nervousness, sweating, difficulty sleeping and flushing of the face are often perceived as symptoms of high blood pressure, but there are no symptoms. Patients may be completely unaware of their high blood pressure and the severe health problems it can cause, including stroke and damage to the arteries, heart, and other organs.

Medication is the only way to control my high blood pressure.

Lifestyle changes including exercise, avoiding tobacco, weight loss, and limiting alcohol, caffeine and sodium consumption can help more than half of adults control high blood pressure.

My blood pressure is not affected because I don't use table salt.

Sodium comes from a variety of sources, most commonly, processed foods. Monitor your sodium intake by looking for 'soda,' 'sodium,' or 'Na' on food labels. Kosher and sea salt are no

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 that may impact your personal health. Talk to your benefits administrator before implementing strategies that may impact your organization's employee benefit objectives.



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