

The Navigator

Three points to consider before altering your employee benefits plan

Just like most employees, most businesses start to look at ways they can cut their expenses during difficult economic times. One common focal point of such is employee benefits programs, especially in the area of health benefits. Considering that health benefits are frequently the most expensive aspect of a company's benefits program, this may seem like a logical place for an employer to take cost-cutting measures. However, employers should carefully consider what the consequences will be from making cuts to their employee benefits programs; whether or not there are any alternative cost-cutting options available; and, if benefits cuts are a must, how they can lessen the impact.

The Consequences

Let's say you, as an employer, decide to target your employee benefits program and make some significant cost shifts toward your employees with the idea you'll cut costs and save money. If the cost shift involves higher deductibles and/or co-pays for employees, then they may procrastinate seeing a physician when they're suffering symptoms of illness or injury, forgo or delay filling vital prescription medications, and do without wellness care. If the cost shift involves premium increases, then many employees, especially young and relatively healthy ones, might decide to drop coverage all together. The exodus (*cont. pg 2*)

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The new amendment for women's preventative care

The Department of Health and Human Services, commonly called HHS, recently added an update to the Interim Final Regulations for Women's Preventative Care on August 1, 2011. This preventative program is regulated under the Patient Protection and Affordable Care Act, which is commonly called PPACA. Recent changes were

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developed by the Institute of Medicine to make the plan more beneficial. The institute's orders to review which services are necessary for women's health came from HHS. This new amendment outlines additional guidelines for Preventative Services and the needed alterations of policy provisions in health plans in the near future. The change applies to all plans that are classified as Non-Grandfathered. This includes health policies, insured plans and self-insured group health policies. With this change, health plans must cover Preventative Services. The outline includes a provision for birth control without deductibles or copay amounts.

This change applies to Non-Grandfathered plan year starting on or following August 1, 2012. After this time, they will be required to provide coverage without cost sharing for the following women's Preventative Services: *(cont. pg 3)*

Three Points to Consider *(cont. from pg 1)*

could leave your plan with a larger, more undesirable risk pool. These types of cost shifts can very well cost the health plan more money over the long run. It can also negatively impact your company's financial bottom line when it comes to employee morale, productivity, disability costs, and absenteeism.

What's The Alternative?

- Using incentives to motivate employees to participate in wellness activities, such as weight loss and fitness programs, tobacco cessation classes, and nutrition education and counseling.
- Using incentives to motivate employees to participate in activities that can screen and detect serious medical conditions, such as glucose level testing, blood pressure screenings, cholesterol testing, and completion of health risk assessments.
- Providing extensive preventive care coverage.
- Having an employee assistance program (EAP) available to your employees can be especially helpful during poor economic conditions since it can provide resources and/or referrals for things like financial counseling, crisis intervention, and stress management.

If You Must...

Despite the negative consequences, you might feel that cost-shifting is your only feasible option. If so, make sure that you do everything possible to soften the blow to your employees.

- Offer voluntary benefits to your employees. This will cost you little, if any, money. While the employee will be responsible for most to all of the cost, they'll benefit from group rates, convenient payroll deductions for the premiums, and the ability to personalize their coverage selections to meet their own unique needs.
- Offer flexible spending accounts (FSAs), which will let employees pay for health care expenses with pre-tax dollars and get the most of their health care dollars. *(cont.on pg 4)*

Benefits education boosts employee morale

Although the morale of many employees is below an optimal level, benefits education continues to be effective in boosting satisfaction in the workforce. More than half of employees in the United States feel that their employers value their work. However, this number seems to have declined from the average percentage in recent years. A benefits education program that is structured properly can be highly effective in boosting engagement. It is also a low-cost way to gain interest among employees.

In a world where many employees have experienced salary freezes or witnessed their colleagues being laid off, it's important for employers to invest more time in communicating benefits options with them. This makes employees feel valued. In an economy with jobs in high demand, employees feel more insecure and replaceable. They may not know how expensive and detrimental it is for employers to replace them and hire new employees. They may also doubt the longevity of the companies they work for. It's important for employers to show how much they value their employees.

A benefits education program that is structured properly may have a significant impact on workforce satisfaction. If employees rate their benefits education favorably, they are more likely to rate their employers as very good or excellent. However, if employees feel that their benefits education is poor, they're more likely to give their employer and workplace poor satisfaction ratings. Employees who rate their benefits education highly also say they would be more likely to continue working for their current employer. Neglect or care for an individual's well-being is often what destroys or builds loyalty. It's much more difficult for a business to survive without content employees.

The New Amendment (cont. from pg 2)

- Annual well-woman visits to a healthcare provider
- Breastfeeding support, supplies, and counseling
- Gestational diabetes screenings
- Counseling for STIs
- HPV DNA testing for women over 30
- FDA-approved contraception methods and counseling for contraceptive users
- HIV screenings and counseling
- Domestic violence counseling and risk screening

There are some exemptions to these plans. Group health plans that are sponsored by some religious employers are exempt from the contraceptive coverage requirement. In addition to this, group health insurance coverage that has connections to such plans is also exempt from covering birth control for women. In definition, a religious employer is one that has the inculcation of religious values and its purpose, primarily serves people sharing religious tenets, is a non-profit organization under the IRC and is one who has a majority of employees sharing religious tenets.

Although these changes are nearly a year into the future, it is important to analyze the additional services' impact on pricing. While these changes will benefit thousands of women across the country, the changes will certainly come with a price. Benefits Account Managers should keep abreast of any additional changes and amendments affecting the Patient Protection and Affordable Care Act.

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Three Points to Consider (cont. from pg 2)

■ Offer employees consumer-directed health plans (CDHPs). These plans combine a health savings account (HSA) with a health plan that has a higher deductible.

All of the above options have a commonality in that they each require an employee to get more personally involved in their own health and the management of their health-related benefits. Whether the change makes the employee more vigilant in scheduling preventive care visits, participating in wellness activities, or budgeting their future health care expenses, the point is that the employee is assuming more responsibility for their health care and management thereof. It is this greater individual responsibility on the part of the employee that can be one of the best long-term cost-management tools available to an employer.

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