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Benefits Bulletin

Obesity is Costing Employers Millions

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A study conducted by Gordian Health Solutions, Inc., a national provider of health management services, found obesity costs U.S. employers millions of dollars every year in employee health care.

Employers Rethinking Rx Plans for 2007

Specifically the study reports in the March *Journal of Occupational and Environmental Medicine*, obesity is responsible for 2.1 percent of all diagnosed medical claims dollars for men, and 2.8 percent for women.

HIPAA Compliance Deadlines

Breaking it down even further, Gordian Health Solutions found that obesity costs employers \$3.55 per member per month for men and \$5.71 for women. ◇

Benefits Management Ranked Among Top Five Priorities in 2005

Employers are Rethinking Rx Drug Strategies for 2007

A survey developed by Towers Perrin and the International Society of Certified Employee Benefit Specialists (ISCEBS) found that entering 2006, employers sponsoring post-65 retiree medical programs maintained the norm, but predict it will not be that easy in 2007.

About 63 percent of survey respondents said they had not yet decided on how to respond to Medicare Part D in 2007.

Of those that had decided on a Part D strategy for 2007, less than half said they plan to maintain current benefits and collect the federal subsidy. The remaining respondents said they are considering a variety of alternative approaches—with 12 percent indicating that they plan to eliminate all retiree

medical coverage or eliminate prescription drug coverage.

One immediate concern for plan sponsors as a result of the survey is the accounting changes that the Financial Accounting Standards Board (FASB) is considering for pension and other postretirement benefits, because most employers believe this would have a negative effect on their company. ◇

To view the full results of the survey, visit http://www.iscebs.org/PDF/medrxsrv_mar06tp.pdf

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HIPAA Compliance Deadlines

There are a number of recent and upcoming HIPAA regulatory compliance deadlines of which health plans should be made aware of. They include the following:

HIPAA Portability Regulations

The final HIPAA Portability Regulations recently became effective for health plans renewing on or after July 1, 2005. Thus, calendar-year health plans should be aware that the final Portability Regulations took effect with respect to them on January 1, 2006. The final Portability Regulations include, among other things, changes to the special enrollment rules, as well as the content and timing of notices.

HIPAA Privacy Regulations

Most health plans were required by the HIPAA Privacy Regulations to provide a privacy notice to all enrollees as of April 14, 2003. The Privacy Regulations also require that thereafter all enrollees must be notified every three years that a privacy notice is available and how they may obtain a copy. Thus, health plans that previously sent a notice by April 14, 2003 have until April 14, 2006 to send a new notice.

HIPAA Security Regulations

The HIPAA Security Regulations set forth administrative, physical, or technical security standards intended to protect access to ePHI. The HIPAA Security Regulations only govern ePHI and require that security measures be in place to protect ePHI. Though most covered entities were required to comply by April 20, 2005, small health plans have until April 20, 2006 to comply with the Security Regulations.

For more information and/or for a copy of a sample HIPAA privacy notice, contact your Burchfield Insurance Group, Inc. representative. ◇

Benefits Management Ranked Among Top Five Priorities in 2005

Providing benefits that attract, motivate, and retain employees is among the top five priorities for employers in 2005, according to a survey conducted by Deloitte Consulting LLP and the International Society of Certified Employee Benefit Specialist (ISCEBS).

The study found that employers are not only concerned with the cost and management of benefit plans for their employees, but also how their plans will shape who makes up their workforce.

Deloitte notes that employers are concerned that as baby boomers approach retirement and the talent race becomes more competitive, cost-effective and consumer-friendly benefit packages will become increasingly important to employers wanting to hire and retain successful, talented individuals.

The survey asked what actions employers have taken relative to their total benefits program in the last 12 months or plan to make in the next 12 months. Approximately 83 percent responded that they increased employee cost-sharing in health and welfare programs, and they also plan to increased emphasis on consumerism for employee health and welfare programs.

Another interesting thing to note, more than two-thirds of employers have redesigned, or will redesign, some of their benefit programs to better align the interests of the employees and company.

The consensus is that in order for employers to be successful during a time of cost control and rising health care prices, they need to focus their benefit packages to attract the best employees.

To view the full results of this survey, visit http://www.iscebs.org/PDF/topFiveSurvey_05.pdf. ◇

Please contact your Burchfield Insurance Group, Inc. representative for more information.