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Prescription Medications

Need help providing tips to your employees about how to save money on prescriptions? Try these!

Ask your doctor if there is a generic version of the brand medicine prescribed for you.

- If a generic (or non-brand-name) version of your medicine is available, it generally saves you 30 to 60% or more! So it's definitely worth asking about!

Ask your doctor for a sample or a trial prescription when starting a new medication.

- Manufacturers often send doctors samples of new medications. By asking your doctor for samples, you'll be able to try the medication before committing to buying an entire prescription of it. Samples or trial prescriptions are also nice when all you need is a one-time prescription—for example, an antibiotic to treat a bacterial infection.

Ask about using a mail-order pharmacy.

- In addition to saving you money, mail-order prescriptions are more private and usually more convenient. You will no longer have to make an extra stop at the drug store on your way home, with mail order, you'll have them waiting for you at home. ◇

Pension Protection Act

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Pension Protection Act

On August 17, 2006, in an effort to shore up pension plans and encourage retirement savings, President Bush signed into law The Pension Protection Act of 2006 (PPA). The PPA is a broad piece of legislation impacting defined benefit and defined contribution plans. It also makes permanent some provisions of The Economic Growth & Tax Relief Reconciliation Act of 2001 (EGTRRA).

The majority of the Act focuses on pension plan funding and reducing plan shortfalls. It establishes funding requirements and targets, among other things. The PPA also makes permanent and expands some of the EGTRRA provisions including, but not limited to: contribution limits; maximum annual benefits; saver's credit; Roth 401(k) and 403(b) plans; portability; 529 College Plans; and participant disclosure rules.

The PPA also includes the following new and enhanced retirement savings benefits: Automatic Enrollment Safe Harbor & State Law Preemption; Diversification; Non-spousal Beneficiaries; Direct Rollovers; Hardship Withdrawals; Disabled Individuals; Financial Advice; Accelerated Vesting; and Penalty-Free Withdrawals for Active Duty Reservists.

The PPA also impacts charitable giving through restrictions on IRA distributions and tax deductions. Some other miscellaneous provisions of the PPA impact Company Owned Life Insurance Contracts (COLI) and the taxation of death proceeds, as well as regulations regarding Qualified Domestic Relations Orders (QDROs).

Contact your Burchfield Insurance Group, Inc. representative for more information regarding PPA and/or click to hyperlink to the Library of Congress – Legislative History and Text of PPA <http://thomas.loc.gov/cgi-bin/bdquery/z?d109:h.r.00004>: ◇

The Future of Healthcare Costs

For employers, 2007 will bring another round of premium increases ranging from six to more than 11 percent, according to recent studies conducted by Mercer Health & Benefits LLC, The Segal Company, and Towers Perrin.

While healthcare costs are expected to climb at a slower pace in 2007 than in 2006, the cost increases will be more than double the overall inflation rate and well ahead of employee wage increases. For 2007, the average cost of medical coverage for a single employee is expected to be \$4,392 per year, and \$12,948 per year for family coverage.

A recent survey conducted by the Kaiser Family Foundation revealed that since 2000, the cost of family coverage has risen 87 percent, while consumer prices are up 18 percent, and workers' pay up 20 percent. "The cost trend is moderating but nobody is celebrating," said Drew Altman, president of the Kaiser Family Foundation. "Businesses and workers are still being slammed year after year by rising healthcare costs."

Driving premium increases are higher utilization of services, fueled by increased consumer demand; new medical treatments and technology; more intensive diagnostic testing; defensive medicine; an aging population and unhealthy lifestyles, according to two recent studies from America's Health Insurance Plans and PricewaterhouseCoopers. To continue to be able to offer employees health insurance coverage, employers keep looking for more ways to shift part of the cost increases to employees and encourage them to improve their health through wellness and disease management programs.

One approach used to reduce cost increases to employers is consumer-driven health plans, in which a high-deductible policy is paired with a tax-favored health savings account. The theory behind such plans is that participants will make cost-effective health decisions and live healthier lifestyles because they pay directly for a greater share of their healthcare and thus have an incentive to reduce their healthcare spending. While everyone is talking about consumer-driven health, only seven percent of employers are offering such plans, according to the Kaiser study. The trend is to tread lightly and offer these plans alongside more traditional plans. "We don't know yet whether workers and employers ultimately will embrace consumer-driven health plans in big numbers, but it certainly has not been a tidal wave," said Gary Claxton vice president of the Kaiser Family Foundation.

The Mercer survey found that after raising deductibles and implementing other employee cost-sharing provisions, or offering new health plans, the average costs for small employers will increase 5.5 percent and 5.6 percent for large employers in 2007.

Note: For more information on the surveys included in this summary, please go to:

<http://www.mercerhr.com>,
<http://www.segalco.com/publications/surveysandstudies/2007trends>,
<http://www.towersperrin.com>, <http://www.kff.org>, www.ahip.org,
www.pwcglobal.com ◇

Increasing Disease Management and Wellness Programs

A Hewitt survey and other recent studies agree that the only way for consumer-driven strategies to have their desired impact (to drive smarter consumer behavior among employees) is for companies to also invest heavily in communication and education tools that will result in better decision-making by employees and their dependents.

Hewitt's Health Care Expectations: Future Strategy and Direction, found that the number of companies using disease management programs has grown significantly, from 73 percent in 2004 to 83 percent in 2005. In addition,

- 49 percent of companies profile prevalent chronic conditions in their workforce (up from 42 percent in 2004);
- 30 percent offer incentives to encourage employee participation in wellness programs (up from 21 percent the previous year); and
- 27 percent of respondents measure the impact of disease management programs on health and productivity (up from 22%).

Also noteworthy, employers appear to be taking great strides to address obesity, with 64 percent providing coverage for bariatric surgery and 56 percent offering weight management programs.

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