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### Feature Story

## TPAs: Strategically Positioned to Maximize Provider Savings

**A**fter completing another year-end renewal season, it has become increasingly apparent that the entire practice of quoting based on “provider discounts” is out of control. Facts have become very distorted and in many cases, nonexistent. Big percentage discounts are marketed fiercely with no explanation of how these provider discounts are calculated.

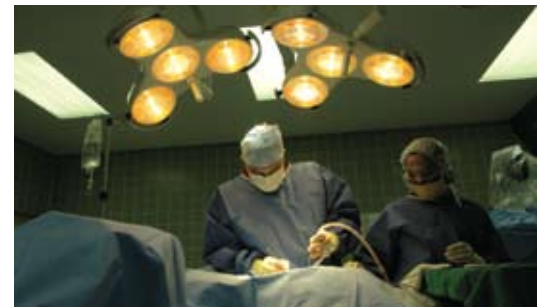
While few people would shop for a retail item and choose the higher percentage discount without comparing retail or “list” prices (the price from which the percentage discount is being deducted), employers still agree to spend thousands, even millions, of dollars on employee health care this way every year.

### We Help Clients Ask the Right Questions

Even though large insurance carriers are often reluctant to share the data needed to make an apples-to-apples comparison, we provide meaningful reports to our clients and we know which questions to ask of a provider network. Here are a few examples:

#### ■ What is the basis for the promised discount?

While many networks are providing discounts based on “averages” of the fee schedule, these averages may not reflect frequency and can easily overstate potential savings. As an example – if procedure “A” is discounted 60 percent, but performed only once in every 1,000 patients and procedure “B” is discounted 20 percent but required by half of all patients, the actual savings would be much closer to 20 percent. A similar overstatement often occurs when ineligible charges are removed from the analysis.



■ **Are reimbursement rates benchmarked before contracting with providers?** A network cannot simply choose a figure and use that as a starting point. Negotiations must be planned and sources used to validate its reimbursement rates and the provider’s rates must be documented and reported.

■ **Is the network really managed or are they simply negotiating a rate?** TPAs and our valued agents know that while the rate is an important factor, the key to cost control is information. Because we have claims data and extensive reporting capabilities, we can make comparisons based on meaningful, consistent criteria, such as average length of stay, the average payment per day for local in-hospital care or cost per local hospital admission.

These are just a few of the factors to consider when provider discounts are being discussed, and we will focus on others in future issues of this newsletter. As a full service benefits administration firm, we’re accustomed to helping our clients analyze and evaluate projected provider savings.

# Q&A

Bringing you answers to tough questions

## Are your employees avoiding the medical treatment they need?

Economic difficulties are causing people to delay medical care and prescription refills. What can employers do to help lighten the financial burden and avoid increased medical costs down the road?

Before employers can ease health care costs, they have to understand what's behind them, figure out which treatments employees are using and what types of claims are being made. Is your health care plan covering the procedures and medications your employees are using most? If not, you may want to rethink your plan parameters.

Provide some incentive for wellness upkeep items like regular physicals. The longer people wait to see their doctor, the greater their risk. "Sick" visits will be more costly for the plan in the long run, so it makes good sense to make wellness an important part of your work environment.

The key lies in encouraging total health management and open communication. Remember to emphasize that failing to seek regular care will only increase everyone's health care costs later on.

## Industry Approaches

# Don't Let ID Cards Fall Into the Wrong Hands



Most people rarely give their own medical records a second thought, especially if they're generally healthy. Other people, however, are thinking about your records, in an effort to steal your medical identity. They don't want your asthma or chronic arthritis, but they do want access to your coverage, a virtual gold mine they can sell to an uninsured person in need of costly medical procedures.

Once your medical identity is stolen, you will be left to pick up the tab for those procedures and clean up the mess made of your medical records. This is no easy task. Reversing medical identity theft is more difficult than financial identity theft because there is no central repository for medical records – they could be divided among a number of different providers.

Under HIPAA, even an identity thief is entitled to medical privacy. So even if you find your records, you may not be able to look at them. This might seem crazy, but it's true. If you are able to gain access

to those records, there is no way for you to erase the imposter's medical history from your chart. The best you can do is make a correction, which could lead to confusion the next time you seek treatment.

## Not Just the Consumer's Concern

Health care providers are falling victim to this scam as well, because most of the time medical identity theft is an inside job. Employees in a physician's office or hospital may have unrestricted access to patients' medical information.

At this stage, there is little we can do to protect against ID theft from the inside. Congress recently introduced a bill that would increase safeguards that protect access to consumers' medical information. The new bill would also require that a patient be notified if their health care information is exposed.

For now, the best way to protect yourself is by holding tight to your health plan ID card. Letting it fall into the wrong hands could spell disaster.



## TRENDS *Latest Happenings In Today's World*

### Trading Power Ties for Khakis

Today's employees are giving the term "dressed for success" a whole new meaning. More than 1,100 top executives were polled in a recent non-scientific survey about work attire, and 42.2 percent said more companies are adopting increasingly casual dress codes. Over 22 percent even thought that the term "business casual" now includes jeans. This more casual dress code has its good and bad points.

Casually dressed people, while viewed as creative and fun, are often taken less seriously than their professionally dressed counterparts. Employees who dress more professionally can be viewed as having higher-level positions. Some bosses today seem to be putting more value on the quality of your work than on what you wear while you're working. Regardless of what you are wearing to work, remember to always be professional.



### Cancer Cases On The Decline

According to the American Cancer Society, the rates of cancer cases and cancer deaths have both decreased for the first time in the U.S. Cancer deaths have been declining since the early 1990s, but rates have dropped most dramatically since 2005. The decrease in cases and deaths is seen as real progress in the fight against cancer and is attributed to improvements in early detection and treatment.



# BENEFIT BEAT

*Keeping An Eye on What's Happening*

## 2009 Brings Change to FMLA Rules

On January 16, 2009, employers and employees will notice some major changes in the Family Medical Leave Act (FMLA). While these will mean an increased administrative load on employers' shoulders, they will benefit in the long run.

The revised rules will require employees requesting leave to notify employers the day they realize the need for leave and no later. Easier access to more detailed information will be provided to employers regarding an employee or eligible family member's health. The revised Act enables the employer to contact the health care provider directly. Employees will benefit from the new Act as well, gaining more detail about what their rights are.



## 2010: A Good Year for Mental Health

For many years, employees using mental health services have faced a harsh reality - their health issues don't receive the same coverage as "physical" ailments. This often means scraping the money together to pay out-of-pocket or holding off on treatment completely because they can't afford to pay. These worries may be alleviated as soon as January 2010.

New legislation was recently signed into law requiring employers and their health care plans to offer equal coverage for mental and physical illnesses. One hundred and thirteen million Americans are currently covered by

plans that will fall under this new law. This new mental health law further expands the coverage already in place from the 1996 version.

Most employees won't need to worry about an increase in cost. It is estimated that they will only rise by 0.04 percent, much of which will probably be covered by employers. The new law will likely mean reduced co-pays at future doctor visits as well. It is important for employees to clarify with their employer or health care provider which illnesses are covered, however, because the employer is responsible for making the final benefits decision.

Health Wise

## Choosing a Doctor: Do Your Homework

Choosing the right doctor these days is much more complicated than just opening the phone book. The best way to find the one that suits your needs is by doing your homework. When it comes to comparing doctors, you need to have all the facts.

### If You're In the Need of Surgery

The most important question to ask is how many times the doctor has performed the procedure you are having. Does he/she do this operation 50 times a year or five? If you get a vague answer, ask more questions - you have the right to know.

How do you know if the doctor has done "a lot" of these surgeries? Medical professionals say if it's a common operation, the number should be relatively high. For example, if your hospital has done a thousand of that type of surgery in the past year, you could potentially expect your doctor to have done 50 or more. If the surgery is rare, however, even the best doctor in that specialty may only have done a few. Whatever the number, you need to make sure it's one you're comfortable with.

### Check for Board Certification

You should also find out if the doctors you are considering are board certified in the area of medicine that applies to you. Board certification signifies that this is an area of specialty for your doctor and they are up-to-date on the latest techniques in the field. The most important factor of all, however, is your comfort level. You have to be comfortable with the doctor you choose. The more you know about your procedure, your doctor and your options, the better decisions you can make for yourself in the long run.

Lung, colon and prostate cancer - the three most common cancers in men - have all declined in recent years, as have breast and colon cancer, two of the three most common in women. This is a big factor in the overall drop in cancer statistics. These statistics are promising, but even more people could have been saved with preventive care. Preventive care and research are essential in continuing to bring these rates down.

### Vacation For a Healthy Life

Many employers are beginning to realize that an important key to increased job productivity is vacation time. It may seem odd offering time off to increase business, but a vacation may be just what employees need to relieve stress, recharge their batteries and restore some work-life balance. Vacations can be beneficial to physical health and even increase psychological health and life expectancy.

Eighty-four percent of employers offered paid vacation last year and only four in ten employees actually used it. That number is expected to decrease further in 2009 to 33 percent, partially due to fears about appearing uncommitted in this challenging economy. In order for vacation policies to be effective, employees must make use of the opportunity and realize that vacation time is an essential component to their wellness and well-being.





## DID YOU KNOW? *New Ideas for Healthy Consumers*

### Don't Be a Victim of Clutter

Ever seen those talk shows where people's homes are so overcome by clutter they can't even move? Here's a wake up call – just because you may not be one of those people doesn't mean clutter isn't dragging you down. Clutter can be anything from old photos to that pile of magazines on the coffee table. Too much clutter can be a source of total frustration and make it impossible to complete even the simplest of household chores.

Clutter can create both mental and physical health hazards. Dust and mold can affect allergies and fire hazards can certainly result. To achieve balance in your life get your clutter under control. Determining what you want from your life and home is the first step to gaining control. Don't get overwhelmed – start with one shelf and go from there. As your house becomes more clutter free, you will feel better and be able to accomplish more.



### A Chiropractor a Day May Keep the Headaches Away

If you are one of the 41 percent who regularly suffer from severe headaches, you may want to reach for the phone book instead of the pain reliever. Calling a chiropractor may be your best chance for continued relief. Your first instinct may be to turn to over-the-counter medicine, but this could do more harm than good. Your headache may go away temporarily, but continued use of headache medicine can cause the pain to return even more intensely.

Chiropractic care can be a safe and efficient alternative for pain reduction. Headache pain often stems from disorders in the neck and upper shoulders, and can be alleviated by relaxing those muscles. Some headaches can even be eliminated completely through joint and soft tissue manipulation methods used by chiropractors.

The thought of someone manipulating tissue may seem more frightening than taking a pill, but studies have shown that the risks of complications from chiropractic care are significantly less than using over-the-counter medication. However, every method involves risk, so before you begin any type of treatment make sure you have a complete examination and a thorough medical history.

### Fending Off the Winter Blues

Many people associate winter with hot chocolate and cozy nights by the fire. For others however, winter brings depression and loneliness. About three percent of the U.S. population suffers from Seasonal Affective Disorder (SAD), and those who suffer all year often feel their depression intensify in the winter. Experts suggest that SAD may be brought on by an internal clock that is out of synch from a lack of natural sunlight. Symptoms include extreme fatigue, sleeping too much, difficulty concentrating and weight gain.

The best way to fight SAD is to be ready for it. Talk to your doctor and develop a "plan of action" that can start as soon as you feel the symptoms coming. Treatments for SAD include antidepressants, light therapy, counseling and the hormone melatonin. Work with your doctor to decide which methods will benefit you. Optimal treatment could be as simple as going for a walk in the early morning sunlight or increasing the light in your home. Overall, try to stay active. Mood is linked to activity level, so the more you do the less SAD you will feel.

**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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