

The ViewsLetter

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The Impact of Allergies on the Workplace

According to the October 1999 issue of Healthcare & HR Business, approximately 15% of the population (or 36 million people) suffer from allergic rhinitis (hay fever). Employers need to become involved in the management of this ailment. Although usually not life threatening and often trivialized and misdiagnosed by physicians as an infection, hay fever contributes to other more serious illnesses such as asthma and ear infections.



Untreated, hay fever negatively impacts a person's quality of life physically, socially and emotionally. All of these factors can have a direct, negative impact on your organization's bottom line.

The total financial impact of hay fever has been debated and estimated to range between \$4.5 to \$10 billion annually, either end of the spectrum being nothing to sneeze at. According to information provided by the American Acad-

emy of Asthma, Allergy, and Immunology, U.S. consumers and employers spend as much as \$2 billion per year on the medical treatment of this ailment. It is obvious that at these costs, employers cannot ignore the issue of hay fever and its impact on the workplace.

Often hay fever goes untreated or is mismanaged and is the cause of absenteeism and lost productivity. According to the National Center for Health Statistics, hay fever is the cause of 3.4 million sick days per year, over 9% of sick days.

The overuse and abuse of over the counter medications and sedating antihistamines is another leading cause of absenteeism (due to mismanagement) and loss of productivity (due to drowsiness). As stated in the October 1999 issue of Healthcare & HR Business, "the annual cost of lost productivity to employers as a result of the use of sedating antihistamines may be as high as \$3.8 billion." Using sedating antihistamines also leads to an increase in safety risks. Operating machinery or motorized vehicles under the influence of

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Check it out at www.mcgrawwentworth.com.

Additional copies of the ViewsLetter are available in the MW Xchange on our website.

About the ViewsLetter

We welcome you to the third quarterly issue in Volume 3 of the McGraw Wentworth ViewsLetter. It is our mission to be the leader in the employee group benefits brokerage and consulting industry.

We have established the ViewsLetter as an integral part of our commitment to keep you informed of benefit trends, legislative

and marketplace developments that may affect your group benefit programs.

We welcome your comments and suggestions regarding the ViewsLetter. You can pass your comments directly to your McGraw Wentworth Account Director or Account Manager, or you can reach us at www.mcgrawwentworth.com.

The Impact of Allergies on the Workplace, cont.

sedating antihistamines can be dangerous and is even illegal in several states.

What can be done to reduce the absenteeism and injuries and increase productivity in hay fever sufferers? Educating providers, employers, workers and their dependents on the importance of managing allergies, on the consequences associated with lack of management or mismanagement of the illness, and on the use of non-sedating medications are keys to the solution.

Allergies in general do not seem to be the leading cause of lost productivity (3.3 days in a four week period for companies employing 1,000 people at an average of \$15 per hour) as evidenced by a survey conducted by the Employer Health Coalition Inc. However, the Coalition found that the prevalence of workers afflicted with allergies (27.9%) lead to allergies being the most expensive disease (out of the ten studied) to employers at an annual cost of close to \$1.5 million.**MW**

Open Enrollment—It's Just Around the Corner:

It is hard to believe, but open enrollment is just around the corner for the majority of organizations. No matter how far in advance you begin to prepare, October and November always seem to come too fast and the last minute "open enrollment scramble" is on.

With the new millennium come new trends in open enrollment. Every organization's open enrollment needs are different, but the trends all focus on the best way to achieve an efficient, successful open enrollment.

It is no surprise that using technology to aide in the open enrollment process is at the forefront of open enrollment trends. More and more organizations are moving toward using less paper or going to a completely

paperless open enrollment process through the use of technology.

There are several pros and cons for organizations using the technology ap-

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Technical Corner

WORK INCENTIVES IMPROVEMENT ACT

In the fall of 1999, the Work Incentives Improvement Act (WIIA) was passed to benefit disabled people who want to return to work. The purpose of the Act is to allow people with disabilities receiving Social Security benefits that want to return to work the option to do so while still being able to maintain their government health benefits.

The WIIA provides for the following:

Continuation of Medicare Coverage: Prior to the passage of the WIIA, people with disabilities receiving Social Security benefits and returning to work could not retain their Medicare benefits. With the passage of the Act comes the ability for those disabled people returning to work to keep the Medicare health insurance up to a period of ten years.

Option to Purchase Medicaid Insurance: The WIIA allows disabled people engaging in gainful employment to purchase Medicaid health insurance even if their income exceeds the normal income threshold for the Medicaid program.

State Medicaid Support: With the passage of the WIIA, individual states have the ability to anticipate an individual's needs by providing Medicaid coverage to workers with impairments that are expected to become disabilities.

By removing the obstacles to work, people are more likely to want to work. The easier we make it for them to return to work, the more likely the chances they will return to work. The government seems to be responding to the inevitable. The population is aging (22 million Americans ages 55 to 64 currently; 34 million in the same age group expected by the year 2010 according to population reports from the United States Census Bureau), and therefore it is likely that the number of disabled Americans will increase as well.

The WIIA will play an important role and have a big impact on disabled Americans. According to the American Council of Life Insurance, the WIIA will be a factor in helping a large number of the 8 million people with severe disabilities return to work.



Open Enrollment, cont.

proach to open enrollment:

open enrollment process is greatly reduced.

Pros:

- *The need to process or print forms is eliminated.*
- *Errors often made due to manual input of open enrollment elections are minimized.*
- *The time the staff is required to devote to the*

Cons:

- *The expense to build a technology based enrollment program is extremely costly.*
- *A technology-based process can be a more complex process. The*

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Your Questions

Q: Our company offers an opt-out option to employees who show proof of other coverage. Recently, an eligible employee refused coverage even though he could not show proof of other coverage. What can we do?

A: Although not in anyone's best interest to refuse medical coverage, you want to make sure that this eligible employee is formally made aware of the fact that he has waived his right to coverage and there may be consequences associated with that decision. A formal waiver signed by the eligible employee is a simple and effective means by which you can cover your tracks. You do not want him to be able to come back when he needs medical care and try to accuse you of not offering him coverage. The waiver is a way to protect you from such an occurrence.

Your waiver may include statements such as:

- *I am waiving medical coverage offered to me by ABC Company.*
- *I will not receive the opt-out option because I did not provide proof of other coverage.*
- *I understand that my choice may cause me financial hardship if I am to require medical care due to injury or illness.*
- *I understand that I cannot carry coverage for my dependents if I do not carry it for myself.*
- *I may elect medical coverage after waiving coverage under the following circumstances:*
 - √ *During the open enrollment period for ABC Company*
 - √ *If a qualifying event such as marriage, birth or adoption takes place. Under these circumstances the election must be made within 30 days of the qualifying event*

A waiver is not only a way to protect your organization, it is also a way to remind eligible employees of their rights and the consequences that are associated with certain decisions.

DID YOU KNOW?

In 1999, the cost of employer sponsored health benefits increased (7.3%) at a rate three times the general rate of inflation.

Per employee costs are highest in the Northeast region of the country at \$4,671 per year.

32% of employers are combating benefit cost increases by changing their drug benefit plan design and offering an incentive to use generic drugs or drugs in the plan's formulary.

Larger employers are increasingly offering alternative medicine options, including 78% offering chiropractic care in 1999, up from 61% in 1998.

Approximately 70% of large employers are concerned with health plan participant litigation, with 92% of the largest employers (20,000 or more employees) stating this as a concern.

Source: Spencer's Research Reports (December 24, 1999) based on a survey by William M. Mercer

Open Enrollment, cont.

complexity may make it more difficult to make changes.

In reality the cons associated with the technology-based open enrollment process can be avoided. In the long run the high start-up costs are made up in the more efficient and effective open enrollment process. In addition, a well designed process does not have to be a complex one. Often times they can actually be easier to use because they are able to target specific demographic groups regarding their specific benefit options.

Another trend in the open enrollment arena is the reduction in plan communications. Organizations are limiting the scope of their open enrollment communications in a number of ways such as:

- *Organizations are focusing their open enrollment communications on telling people what is new and what is different about the new year's plans.*
- *Organizations are scaling what can be a half a dozen enrollment forms into a single, universal enrollment form for all open enrollment needs (includes health, dental and*

other benefit selection options on a single form).

- *Organizations are encouraging eligible employees to be self-sufficient, persuading them to do their own homework instead of the organization doing the work for them.*

Cutting back in the area of communications is not necessarily a negative for the organization

or their employees. On the contrary, by telling people what is new and different instead of producing all of the information for all of the eligibles each year (when the majority of the people do not review the information but instead throw it away), the organization can direct those interested parties to where they can obtain a complete package of benefit information, including the updates, saving the organization time and money (i.e. lower printing charges, etc.). In addition, by encouraging eligibles to do their homework and review the information on their own time, organizations reduce the risk of acciden-

tally omitting what could be to some vital open enrollment information. When the eligible is responsible for taking the initiative to research their open

enrollment options, they will only have themselves to blame if they do not make the right choices for themselves and their dependents.



Whether you are planning on making changes to your open enrollment process or not, it may be worth taking a look at the strengths and weaknesses of your current process and consider the possibility of making changes in the future to be more efficient and save yourself late nights at the copy machine the day before an open enrollment meeting. Don't worry, you are not alone. We have all been there no matter how prepared we are and how far in advance we begin preparing for open enrollment. **MW**

THE VIEWSLETTER

Our newsletters are written and produced by the McGraw Wentworth staff and are intended to inform our clients on general information relating to employee benefit plans. They are not intended to provide either legal or tax advice. Consult your legal counsel or tax advisor in matters that directly affect your benefit plans.

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