HR Elements

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Ideas and Information for Human Resources Professionals

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In This Edition

Health Care Reform

New Guidelines Require Plans to Fully Cover Birth Control, Other Preventive Services

The Department of Health and Human Services (HHS) has posted new guidelines stemming from the health care reform law that will have a major impact on many employer-sponsored plans' coverage of women's preventive services.

The HHS guidance under the Patient Protection and Affordable Care Act (PPACA) will require group plans to cover a number of women's health services, including birth control, with no copay or deductible, according to a CNN.com report.

According to the law firm of Vorys, Sater, Seymour and Pease LLP, covered services include:

- Contraception medicine, devices and counseling
- Well-woman visits
- Screening for several diseases and conditions, including gestational diabetes and human papillomavirus (HPV)
- Breastfeeding support and supplies, such as breast pump rental
- Counseling for those with sexually transmitted diseases
- Counseling for those suffering from domestic violence

The plan will take effect for all nongrandfathered group plans for plan years as of Aug. 1, 2012 (Jan. 1, 2013, for calendar year plans), although some religious organizations will not be forced to cover contraceptives, according to a *Business Insurance* report.

While a number of health advocates praised the decision as a smart way to curb long-term health care costs, many religious and business leaders criticized the move. The Family Research Council noted the decision "undermines the conscience rights of many Americans," while Karen Ignagni, president of America's Health Insurance Plans, said the decision might actually end up costing consumers more. Ignagni said the changes "broaden the scope of mandated preventive services beyond existing evidence-based guidelines . . . and encourage consumers to obtain a prescription for routine supplies that are currently purchased over-the-counter," CNN reports.

Health Exchanges

Prior to the decision on women's preventive services, HHS also released its first solid guidance on the formation of state health care exchanges under PPACA. According to a Kaiser Health News report, the guidelines will allow states some flexibility in how they set up the exchanges, which will allow individuals and small businesses to compare and purchase health insurance starting in 2014.

HHS officials said the state exchanges will be required to post information about a plan's price and quality, offer standardized plans and hold to an annual open enrollment period. However, states will not be required to negotiate with insurers over price or plan offerings.

Prescription Drugs

Employers Can Save When Pill Patents Pop

Many of today's headlines on U.S. health care paint a pretty gloomy picture for consumers and employers. Skyrocketing medical costs, high obesity rates and new compliance hurdles are some of the most common depressants.

Luckily, one recent topic offers a bit of good cheer for employers: Some drug costs are poised for a big decline.

Over the next 14 months, the patents on two popular prescriptions -- Lipitor (cholesterol) and Plavix (blood thinner) -- are set to run out, which means cheaper generics will hit the market soon, the Associated Press reports. About 4.3 million Americans take Lipitor, while 1.4 million fill prescriptions for Plavix, the report said.

The savings windfall doesn't stop there. The patents for nearly 120 brand-name drugs are set to expire over the next decade, according to Medco Health Solutions Inc.

In 2010, the average generic drug option cost $72 compared with $198 for the average brand-name prescription drug, according to Wolters Kluwer Pharma Solutions. A separate IMS Health study noted that the average copay for a generic prescription last year was $6 versus $24 for a brand-name option with preferred status from an insurer, the AP reported.

All those expiring patents can translate into significant savings for employers -- provided their employees can actually get the generics. While many patients and pharmacists are squarely on the generics bandwagon, many doctors insist on sticking with the brand names, according to *The Washington Post*. The report cites a recent *American Journal of Medicine* article that notes that nearly 5 percent of a sample of 5.6 million prescriptions by U.S. doctors were submitted as "dispense as written"

-- which means pharmacists can only supply the specific brand of drug designated by the physician.

The reasons: Some doctors still don't trust generics, according to a survey by the *Annals of Pharmacotherapy*, which showed that half of polled physicians still harbor at least some negative view about the quality of generics. Also, brand-name recognition and habit come into play, according to the *Post* report.

Fortunately, employers can take advantage of another trend that can cut costs even on brand-name options, according to a report in *Human Resource Executive Online*. A recent Buck Consultants survey found that nearly 57 percent of employers are using pharmacy benefit managers (PBMs) to handle their prescription drug plan, and many companies are enjoying new leverage thanks to a growing number of PBMs that are popping up to serve the surging demand.

"Strong competition among PBMs for employer business has created a buyer's market for PBM pricing, and we expect this competition will intensify as health care reform is implemented," Michael Jacobs of Buck Consultants told HREO. "Therefore, employers can be aggressive in their negotiations with PBMs."

Jacobs suggested that employers look beyond price and take time to choose the best PBM for their company.

"A PBM has to be flexible to meet your needs," Jacobs told *HREO*. "A one-size solution may not be right for you."

Retention

Ready for Takeoff? Employers See Top Talent Fly

Despite the sagging job market and slow economic recovery, employers are seeing some of their best people head for greener -- or at least different -- pastures.

A new study by Right Management indicates that three-quarters of polled employers say they've lost a high-performing employee in the past year, compared with 54 percent in the previous year, according to an *Employee Benefit News* report.

After years of cost shifting, benefit cuts and longer hours, it appears many employees -- including the top performers -- are fed up and are eager to move on, even though the job market remains stagnant.

"We found that most organizations are finding it tough to hold onto their best people even when there are relatively few job openings," Bram Lowsky of Right Management told *EBN*. "Previous research findings tell us there's a furious war for top talent under way, constant poaching of high performers by competing companies and, overall, a very restive workforce."

Additional research found that voluntary separation rates for top talent are approaching pre-recession levels following years of decline. A study by PwC Saratoga, reported in *Human Resource Executive Online*, found that while overall turnover rates continued to decline, the turnover rate for high performers increased to 4.3 percent in 2010, up from 3.7 percent in the previous year.

Consultant firm Challenger Gray & Christmas noted that employers are becoming aware of the dangers of a talent exodus, with 42 percent of respondents to a recent poll saying they are increasingly worried about their competition luring away their top performers, according to a report in *The Indianapolis Star*.

"This may be the most important time for employers to hold on tight to their highest-skilled workers," John A. Challenger, the firm's chief executive, told the *Star*.

While the recession killed or shrank many employer-sponsored benefits, some companies are trying some innovative offerings to make up for those losses and to retain their best workers. For instance, drug maker Eli Lilly recently started to host a farmer's market, which offers fresh produce and a chance to "get away" for a few moments, Lilly spokeswoman Janice Chavers told the *Star*.

Challenger said employer-sponsored benefits and perks such as Lilly's market can be pivotal in maintaining a talented and productive workforce.

"Whether it's something simple like free bagels in the lunch room every morning or something more substantial such as tuition reimbursement or flexible scheduling, these perks can be an essential part of worker morale and job satisfaction," Challenger said.

In Brief

FEE DISCLOSURES
The Department of Labor (DOL) has given employers an extra month to disclose 401(k) fees and expenses to plan participants. While the effective date of the disclosure rules for calendar year plans remains Jan. 1, 2012, plan sponsors will have until May 31, 2012, to communicate those fees to participants. Previously, the DOL said the information had to be delivered no later than April 30.

HERE COMES HIPAA
The Department of Health and Human Services (HHS) has chosen two vendors to conduct audits of companies and entities covered by HIPAA. Likely, this means HHS is ready to dramatically increase its compliance efforts, as mandated by the Health Information Technology for Economic and Clinical Health (HITECH) Act, according to Adam H. Greene, a partner with Davis Wright Tremaine and a former HHS official.

BETTER-PAID GRADS
A new survey finds the average starting salary for the college Class of 2011 increased 4.8 percent over the previous class, according to the National Association of Colleges and Employers. The research shows the overall average salary was $51,018, up from $48,661 in 2010.

BUT MONEY CAN'T BUY HAPPINESS
A recent report by Unum notes that current workers and job seekers look beyond their paychecks when evaluating what matters most in a job. The survey found that 74 percent of responses said a solid benefits package is "very important." Specifically, 82 percent said financial protection benefits were more important than base pay or bonuses.

BOOMERS TOO BIG?
An Associated Press / LifeGoesStrong.com poll finds that baby boomers are suffering higher obesity rates than other generations. About one-third of baby boomers are obese, based on calculations of body mass index, the survey found. This compares to about a quarter of those in both older and younger generations suffering from obesity. An additional 36 percent of boomers rate as overweight.

PREMIUM PROBLEMS
Small businesses continue to face steep challenges with health care premiums, a release from America's Health Insurance Plans (AHIP) states. In 2010, the average monthly premium for small-business group health plans was $426 for single coverage and $1,117 for family coverage. AHIP's analysis found that the smaller the company, the higher the premiums, with companies with fewer than 10 employees seeing average monthly premiums of $446 for single coverage.

ADMINISTRATION WOES
Concern about increases in administrative costs tops employers' concerns about the new health care reform law, according to the Lockton Benefit Group. A large majority (93 percent) responded they were at least "somewhat concerned" about the new administrative requirements created by the Patient Protection and Affordable Care Act (PPACA). More than half (56 percent) said they expect the additional reporting and disclosure requirements to cost $1 to $3 per employee, per new PPACA notice.

BREAD AND BUTTER:
401(k)s AND HSAs
A new analysis by Fidelity Investments links high 401(k) account balances with the presence of health savings accounts (HSAs). Fidelity found that the average 401(k) balance at the end of 2010 was $71,500. For those with HSAs, however, the average balance was a whopping $170,500. Fidelity found that HSA holders, on average, had larger 401(k) accounts regardless of their salary.

GOODBYE PENSIONS, HELLO SUITS
In a recent survey, the Society of Human Resource Management (SHRM) highlighted a number of once-popular benefits and perks that have shrunk under the pressure of a tough economy. SHRM pointed to traditional pension plans as one of the biggest losers. In 2007, 40 percent of companies offered this benefit, but only 22 percent continue to do so now. Retiree health care coverage also took a hit, with 10 percent fewer companies offering the benefit today compared with 2007. Even dress codes are tightening up, the survey found. Only 55 percent of employers say they encourage workers to dress casually once per week, down from 66 percent in 2007.

DOMESTIC STATISTICS
The Bureau of Labor Statistics has released data on employer-sponsored benefits for unmarried domestic partners for the first time. The data show that 33 percent of state and local government workers had access to health care benefits for domestic partners of the same sex, while 29 percent of full-time private-sector workers had access to those benefits. Part-time workers, however, rarely had access to such benefits, with only 9 percent having access to benefits for their same-sex partners, the report said.

Employer Webinar

NLRA Compliance

Tuesday, Sept. 13, 2011 - 2 p.m. ET / 11 a.m. PT

Many nonunion employers, especially those in right to work states, are unlikely to have spent significant time considering their employees' rights under the National Labor Relations Act (NLRA). Experience has shown that the majority of nonunion employers believe the provisions of the NLRA apply only to employees represented by a union. Recent decisions by the National Labor Relations Board (NLRB) and federal courts remind all employers that many of the protections of the NLRA apply equally to nonunion employees.

This webinar is designed to sensitize nonunion (and union) employers to the coverage of the NLRA, discuss the enforcement priorities of the NLRB and examine what every employer needs to review to ensure their employee handbook is in compliance with the NLRA policies.

For more information about this webinar and to register, please contact us.

HR Elements is brought to you courtesy of Hierl Insurance, Inc.

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