



# Benefits

A Resource for Small Businesses

MARCH 9, 2009

VOLUME 5 , NUMBER 3

## Feature

**Healthcare:**  
**California Insurers are Behind the Curve with Consumer-Driven Health Plans**

**Employer-Sponsored Workouts Boost Workers' Health**

**Retirement:**

**Social Security unveils new earnings calculator**

**Adding Guaranteed Income to a QDIA**

**Profit Strategies Inc.**

31194 La Baya Drive  
Suite 100  
Westlake Village, CA  
91362

**Phone:**  
(818) 707-8909  
(805) 379-1920

**Fax:**  
(818) 597-1386

**E-mail:**  
[info@psbenefits.com](mailto:info@psbenefits.com)

**Website:**  
[www.psbenefits.com](http://www.psbenefits.com)

## California Insurers are Behind the Curve with Consumer-Driven Health Plans

PR Newswire via NewsEdge :

NASHVILLE, Tenn., Oct. 29 /PRNewswire/ -- HealthLeaders-InterStudy, a leading provider of managed care market intelligence, reports that despite its trend-setter reputation, California is behind the curve in the consumer-driven health plan market, resulting in some sticker shock as insurers search for the right price for their products. According to the latest California Health Plan Analysis, fewer than 4 percent of California employees are covered by tax-advantaged, high-deductible products, also known as consumer-driven health plan products, which are increasing in popularity nationwide. According to one 2008 study, consumer-driven products represent about 5.2 percent of employer-sponsored health plans in California, compared to nearly 13 percent nationally.

"The strength of HMOs in California is one reason that uptake of consumer-driven plans has been slow," said Chris Lewis, analyst with HealthLeaders-InterStudy. "Residents are familiar with HMOs and the predictable fees and co-pays associated with them. However, as prices of HMOs are increasing and catching up to PPO premiums, employers are looking for more choices and are becoming more educated about the health plan options out there."

Insurers are meeting market demand by providing high-deductible plans to employers, but pricing of these consumer-driven plans has been a challenge. For example, Anthem Blue Cross hiked fees for one of its Lumenos plans by more than 32 percent in May 2008. According to Anthem Blue Cross officials, the price increase was necessary to respond to an expensive, and unanticipated, number of claims.

"Carriers had thought that with a high-deductible plan, consumer medical spending would be more moderate than it turned out to be," noted Lewis. "As a result, some employers responded to high renewal rates by changing carriers, while others reverted back to the more traditional plan options. In response, insurers in California are striving to reach the delicate balance on price where they are attracting customers to their consumer-driven products, without having to ask for a huge increase a year later to cover an unanticipated spike in claims." Why Pharmaceutical Companies Need Health Plan Analysis Health Plan Analysis identifies key health plan trends, which can be used by pharmaceutical companies to create comprehensive strategic plans and sales strategies at state and local levels. Updated quarterly, Health Plan Analysis provides a detailed look at plan design and financials, as well as

## HR Corner

**ALERT** - Did you know there are mandatory poster and pamphlet changes for 2009? You must post the new EEO, EDD and FMLA notices, which are on the 2009 California Employment Notices Poster, and you must distribute the updated Workers' Compensation, State Disability Insurance, Paid Family Leave, and Unemployment Insurance pamphlets.

**Are employers required to offer health insurance to domestic partners?**

Yes. California law requires equal civil rights, legal status and benefits for **registered** domestic partners as for spouses. Insurance companies operating in California are required to provide coverage, and companies that offer dependent coverage must offer it to dependent registered domestic partners. You cannot require documentary proof of registered domestic partner status unless you also require documentary proof of marriage.

information about mergers, legislation and other influencers driving healthcare in a particular region.

## **Employer-Sponsored Workouts Boost Workers' Health** Study at Home Depot saw big increase in employees working out

TUESDAY, Jan. 6 (HealthDay News) -- Encouraging your workers to work out works, a new study says.

Home Depot employees who participated in a company-sponsored program to support workers in setting exercise goals notably increased their levels of moderate or vigorous physical activity.

The findings were published in the February edition of *American Journal of Preventive Medicine*.

For three months, 1,442 participants set weekly personal and team physical activity goals and reaped incentives for meeting them. After six weeks, slightly more than half of the participants did at least five 30-minute moderate exercise sessions or two 20-minute vigorous exercise sessions weekly -- up from about 30 percent at the study's start. Meanwhile, only 25 percent of those in a control group of non-participants logged similar exercise sessions.

Throughout the study, the participants maintained their increased levels of activity, and few people dropped out.

"The biggest pleasant surprise was the steady and sustained progress. That can probably be explained by the social incentives and support from personal goals and achievements that had direct impact on team success," study lead author Rod Dishman, a professor of exercise science at the University of Georgia, said in a news release issued by Health Behavior News Service.

Key to the program's success may have been the use of group and organizational goal-setting along with individual goals, because they provide vital peer encouragement, Katherine Alaimo, an assistant professor at Michigan State University, said in the same news release.

"Personal and team goals work best when they are self-set, specific about how much activity and when, realistic but attainable and easily assessed, such as by weekly logs or pedometer steps," Dishman added.

A registry has been created with the Secretary of State to register domestic partners conferring on them the same legal status as marriage. Only individuals of the same sex living together in the same household and individuals 62 years of age or older living together in the same household, either of the same or opposite sex are eligible to register. An employer may request proof of domestic partner registry only if proof of marriage is required of other employees.

### **How long does a person have to decide whether or not to elect COBRA?**

After being notified of Consolidated Omnibus Budget Reconciliation Act (COBRA) rights, the qualified beneficiary has 60 days in which to elect or waive COBRA coverage. The initial premium is then due within 45 days of the date COBRA coverage was elected, retroactively paying for time elapsed during the election period.

### **How long do I have to hold a job for an employee who is out with a workers' comp injury?**

There is no specific time frame for which you have to hold an employee's job while

## Social Security unveils new earnings calculator

By Andrew Taylor

ASSOCIATED PRESS

2:54 p.m. July 21, 2008

WASHINGTON – People planning for retirement got a new tool this week: a fast and easy online estimator for their Social Security benefits.

The Social Security Administration unveiled its new retirement estimator on its Web site Monday. It takes just a few points and clicks and some personal information to produce benefit estimates within a few minutes.

The new calculator will be followed this fall by an updated online application for benefits that Social Security Administrator Michael Astrue promises will reduce application time from the current 45-minute process to 15 minutes – and eliminate the need for follow-up visits to agency field offices.

“These initiatives will help us better handle the baby boomer wave and make it easier for the public to do business with us online,” Astrue said.

Currently, workers get an annual benefit estimate mailed to them. It's based on prior earnings but assumes people's salary stays the same until retirement age. The online calculator supplements the annual mailing but won't replace it.

The online calculator permits future retirees to create a more accurate estimate of benefits since people can factor in a higher estimate of their upcoming earnings. People can also factor in different alternatives for retirement ages.

The calculator replaces a laborious online calculator that required people to type in their earnings history, which can involve guesswork for people who don't keep voluminous records. The new version uses the Social Security database to provide accurate earnings information, though the calculator requests the most recent year of earnings since there's a lag in getting salary information into the Social Security database.

There's inherent uncertainty about the estimates since for many people it's not easy to predict future earnings. That's especially the case for younger workers.

“The closer you are to the retirement age, the more accurate this estimate is going to be,” Astrue said.

What is more, Social Security benefits are likely to be at least somewhat curbed in future years as lawmakers shore up the system to prepare for the retirement of millions of baby boomers. Social Security now runs a surplus and is expected to do so until 2017, when the agency will have to start cashing in

he/she is out with a workers' compensation injury. Employers are expressly prohibited from discharging, threatening or discriminating in any way against an employee because he/she has received an award from, has filed or even intends to file a workers' compensation claim. Legal counsel should be consulted if you are considering terminating an employee with an open workers' compensation claim.

special Treasury notes to help pay benefits.

Social Security's trustees say it's possible to produce actuarial balance over the next 75 years in various ways, including an increase in the combined payroll tax paid by workers and employers from 12.4 percent to 14.1 percent or an immediate reduction in benefits of 12 percent. More likely there will be some combination of the two.

Astrue also assured reporters that the agency has taken steps to make sure people's personal information won't be divulged. The agency has also worked up a new security system for when it accepts online applications, though many foreign-born recipients will still be required to furnish proof of retirement age at field offices.

### **Adding Guaranteed Income to a QDIA**

While the introduction of Qualified Default Investment Alternatives (QDIA) to defined contribution plans has enabled sponsors to help participants accumulate retirement savings, a new study released by Richmond, Virginia-based Genworth Financial during the company's 2008 Retirement Symposium in May has revealed that adding guaranteed income to a QDIA offers even greater upside to individuals. Guaranteed income, Genworth says, can help to avert the risk of ruin for participants and help them generate even higher income levels in retirement. According to the study, the addition of guaranteed income products allows 401(k) participants to benefit from strong financial markets, while also offering protection against periods of poor market returns. Additionally, with increasing retirement expenses and longer life spans, participants can lock in the certainty of having a source of guaranteed lifetime income.