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The Rathbone Report

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VERMONT HEALTH CARE REFORM

Health Care Affordability for
Vermonters Act of 2006 (Act 191)

Last year Vermont passed landmark health care reform legislation, the **Health Care Affordability For Vermonters Act of 2006 (Act 191)**. This reform law contained several initiatives designed to reform the state's health financing and delivery system, including:

- **Catamount Health** – A new insurance product to begin October 1, 2007 offered by private insurers that will be offered to Vermonters who have been uninsured for 12 months, do not qualify for a government sponsored program or have lost coverage during the previous 12 months for certain specified reasons such as loss of employment.
- State premium subsidies for eligible Vermonters under 300% of the federal poverty level to participate in Catamount or employer sponsored health plans.
- Significant changes in the way health care is delivered to Vermonters with chronic diseases through the Blueprint for Health
- Several initiatives to simplify health care administration such as common claim forms and credentialing and enhanced information technology.

A new quarterly assessment will be levied on employers starting in April 2007 of \$91.25 (\$365 per year) for each employee not offered insurance or who is offered insurance but chooses not to enroll and is uninsured. As various state agencies assigned the responsibility for implementing the reform act began work this past summer and fall it became clear that the legislature needed to change or clarify various aspects of the new law. Currently work is underway in the legislature to address a series of "technical amendments". These amendments will primarily address issues like the definition of uninsured and eligibility for Catamount, the subsidies for employer sponsored insurance, the interrelationships between existing programs such as the Vermont Health Access Plan (VHAP), Medicaid and Catamount, as well as information technology. And finally, a very big issue to be addressed is how seasonal and part-time employees will be treated by the new employer assessment requirement.

We will provide information to you as it becomes available pertaining to these technical amendments. Also, you can find an abundance of information by visiting the following state of Vermont websites:

<http://www.leg.state.vt.us/HealthCare/2006LegAction.htm>

<http://www.labor.vermont.gov/Default.aspx?tabid=1164>

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Workplace Wellness: Using Incentives in Wellness Programs

Health promotion programs seek to impact some or all of the risk factors associated with preventable illnesses by promoting healthy lifestyle choices and discouraging behaviors and attitudes that are detrimental to good health. Because lifestyle behaviors are deeply engrained, making these types of changes requires discipline and dedication. External incentives can play an important role in motivating your employees to action.

Most health promotion programs give something positive to their employees to encourage healthy behavior rather than taking something away. This helps to keep the wellness program positive and upbeat. Incentive rewards can be tangible, such as cash, prizes, vacation days, and reduced premiums, or intangible, such as management recognition, camaraderie, and personal fulfillment. Whether you use tangible or intangible rewards, incentives have the most effectiveness when they are closely tied to the healthy behaviors that they are intended to reinforce. Some sample incentives are:

- **Wellness dollars:** Award wellness dollars for participating in various wellness activities that employees can apply towards fitness-related equipment such as bikes, treadmills, work-out clothing, or gift certificates for health-related stores.
- **Monetary rewards:** Contribute cash to HSAs, FSAs, and HRAs that are offered as part of the benefits program or waive deductibles for preventive health care services like mammograms or well-baby visits. Offer term life insurance to those employees that complete a health risk assessment.
- **Contests:** Use to motivate change in physical fitness, weight loss, and smoking. In addition to tangible rewards given to winners, participants will also receive the intangibles of recognition and teamwork. Create competitions such as a walking challenge where those that complete the challenge are entered into a drawing for health club memberships.
- **Achievement awards:** Verbal praise and a pat on the back are motivational to some, but a token of recognition of achievement may offer more. A colorful certificate to congratulate an employee for achieving a health-related goal is one example.
- **Public recognition:** Announce recognition by management at a campaign midpoint or wrap-up.
- **Food:** Include healthy foods to kick-off, revitalize or wrap up a wellness campaign.
- **Time off:** Offer additional days off. This maybe the next best incentive to cash. This type of incentive makes good business sense if the number of absences drops significantly and attendance is used as an evaluation criterion.

To maximize its perceived value, an incentive should be designed with a high perceived value relative to its cost. Of course, the perception of value will vary from company to company and individual to individual. An incentive should be significant enough in "value" to give participants a reason to change now rather than waiting for a better reason. TBA

Mywave Survey Results Health Plan Survey 2006

This survey has taken into consideration the plan design and cost of the four primary plan types: PPO, HMO, POS and Indemnity plans.

It also covers the prevalence of the Health Reimbursement Arrangement (HRA) and Health Savings Account (HSA) plans, prescription drug results and the issues that are foremost on employer minds related to health care costs. Almost 1,600 health plans are summarized in this year's results.

PPO Results: PPO Plans continue to be the most popular, with 61% of the plan offerings being a PPO plan. Both HRAs and HSAs grew in their popularity (as a percentage of the PPO total, either as an option or full replacement - 27%) The PPO results include information on 959 plans.

HMO Results: HMO plans rank second in popularity, with 27% of the plans being offered as HMO plans. The HMO results include information on 414 plans.

POS Results: POS plans rank third, with 10% of the plans offered being POS plans. The POS results include information on 161 plans.

Indemnity Results: Indemnity plans are the smallest percentage being offered as they are only 2% of the total. Both HRAs and HSAs grew in their popularity (as a percentage of the Indemnity total, either as an option or full replacement - 30%). The indemnity results include information on 37 plans.

Prescription Drug Results: The majority of respondents, 60%, are utilizing a three-tier copay plan to control costs for their prescription drug plans. The most common copay range for tier 1 is \$10-\$14, for tier 2 \$25-\$29 and \$50+ for tier 3.

Issues Foremost on Employer Minds

Employers plan to utilize a number of strategies to reduce health care costs, including studying health care cost or utilization data; increasing or enhancing employee communications; and increase consumerism resources for their staff.

Many respondents commented on their interest in the following strategies: an HSA or HRA plan, adding more consumer information, health fairs and wellness initiatives and making plan design or carrier changes. Finding new and creative ways to address these concerns is the continued challenge for the future.

For detailed survey results, please contact your Rathbone & Company representative at 1-877-276-7791. For those members who have a MyWave account you can log onto your MyWave Portal at www.mywaveportal.com and view the full survey results. TBA

PROPERTY & CASUALTY INSURANCE CORNER

RATHBONE & Company is a division of the Kinney Pike Insurance Group. Kinney Pike is one of the largest, most respected independent property and casualty insurance agencies in Northern New England. Kinney Pike has established itself as a leader in the commercial property and casualty insurance field as well as personal insurance lines.

The Kinney Pike property and casualty professionals work with a diverse array of industries and have helped many companies meet their insurance needs. Additionally, their ongoing service and attention to detail are unmatched.

Please contact us if you would like to review your property and casualty insurance lines with a Kinney Pike Agent. TBA