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SUPPLEMENTAL COVERAGE PLANS BY KAREN LEONARDI

In this day and age, most of us consider health insurance a basic necessity. Employers who offer medical plans are struggling to deal with the ever rising premium increases, while still trying to offer employees a solid benefit package.

Employers are being forced to get creative with plan designs as they struggle to reduce the impact of premium increases. Some options are to raise deductibles to higher levels, increase co-insurance options, adjust employee contributions, or reducing the benefits available.

Something to consider,

especially with those high deductibles, is supplemental coverage, or what some may refer to as “gap plans.” These plans may offer some relief to an employee who has a very high deductible by doing just what their name describes - offering supplemental coverage to the original medical plan. There are several different insurance companies that offer Supplemental Coverage plans, for example: Colonial, AFLAC, Genworth Financial, and Symmetra. Keep in mind that carriers are unique in their participation requirements.

Employers and employees tend to view this type of plan with a positive outlook. A supplemental plan typically works by reimbursing employees for co-insurance, deductibles, and copays. Some plans even promote preventive care packages, incentivizing

employees to get necessary care if a deductible has become a barrier. Some vendors also offer cancer plans or intensive care policies for employees to choose from.

There are advantages to offering a Supplemental Coverage plan, including that there are typically no waiting periods for Supplemental Coverages, so employees do not need to send in a certificate of creditable coverage and the employer can choose whether they would like to contribute or not. There is no additional deductible, just the monthly rate. Large groups, small groups, and individuals can all apply for Supplemental Coverage plans.

If you would like to consider Supplemental Coverage Plans for your employees or for yourself, please contact your agent for more details.

LEAVITT ASKS EMPLOYERS TO COMMIT TO HEALTHCARE QUALITY, COST CRITERIA

HEALTH AND HUMAN SERVICES (HHS) secretary Michael Leavitt is asking employers throughout the nation to commit to four steps to improve health-care quality and reduce health costs by improving information in the healthcare sector:

(1) Support the use of health information technology; (2) Increase transparency for



administrators, providers, and others with whom they contract to take consistent actions to achieve the goals as well. Leavitt's goal is to have more than 60 percent of the marketplace include the four cornerstones as a significant

ANNOUNCEMENTS

Feds Clarify HIPAA Rules for Wellness Rewards in 2007

Final HIPAA rules allow for companies to provide rewards of up to 20% of coverage costs under qualifying wellness programs. Wellness programs that would not have to satisfy any additional standards to comply with HIPAA's nondiscrimination requirements include programs that: (1) reimburse all or part of the cost for a fitness center membership; (2) provide a reward for participation in a diagnostic testing program that does not base any part of the reward on outcomes; (3) encourage preventive care through the waiver of the copayment or deductible requirement under a group health plan; (4) reimburse employees for the cost of smoking cessation programs without regard to whether the employee quits smoking; and (5) provide a reward to employees for attending a monthly health education seminar. Effective Feb. 12, 2007, the final regs apply



quality care at competitive prices; (3) Increase transparency in pricing; and, (4) Create positive incentives.

President Bush issued an executive order earlier this year directing certain federal healthcare programs to begin taking steps towards achieving the same four goals in 2007. Getting private employers involved is critical because they are the largest source of health coverage for Americans. Leavitt is encouraging health insurance plans, third-party

part of their purchasing criteria by next spring.

Leavitt also released an Employer Tool Kit which provides recommendations for employers to move forward on the four voluntary initiatives and assists them in using their purchasing power by collaborating with health plans to advance the goals of the Executive Order. The kit is available at <http://www.hhs.gov/transparency/employers/>