

WELLNESS, *What are you talking about?*

It is apparent that health care costs are rising. According to the SEGAL Health Plan Cost Trend Survey, Medical and Prescription costs for 2008 are projected to increase 10.5% to 12.1%. Although the Medical inflation trend percentage in 2008 is lower than 2007 (SEGAL Health Plan Cost Trend Survey: 11.1% to 13.3%) costs are still increasing approximately 4 times the rate of overall inflation. If medical claims account for 75% of the overall health care dollar, a wellness program could be an important step in keeping employees healthy and medical costs down. Wellness programs are designed to encourage employees and their dependents to make better lifestyle decisions. *Employees making better lifestyle decisions benefit the employers' plan by potentially reducing the risk of having a large health claim that could have been prevented and having a healthier and more productive employee.* There are many ways employers can promote wellness. One way is for employers to implement incentives/disincentives

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HEALTH SAVINGS ACCOUNTS...

SAVINGS OPPORTUNITIES FOR TODAY & TOMORROW

Will Health Savings Accounts (HSA) work for your company? A HSA is a tax-favored account used in conjunction with a qualifying health plan as defined by the IRS. The HSA concept has two parts to include: Part 1 is the Health Savings Account that is used "to pay qualified out-of-pocket expenses" not covered by the health plan, such as medical expenses applied to a deductible, dental, vision and certain over-the-counter medications. Part 2 is the HSA-Compatible Health Plan that is intended "to cover medical expenses after a deductible is met." After the out-of-pocket maximum is met, all eligible expenses are usually covered at 100%. With regard to the Health Savings Account part, HSA contributions are "tax-free or tax deductible" and interest, investment income and withdrawals are also tax-free when used to pay for qualified medical expenses. HSA funds in the

employee's account belong solely to the employee and any balance will carry over from year to year. Contributions can come from employers, account holders or third parties. After age 65, account funds can be used for any non-qualifying expense and pay only the appropriate income tax on the withdrawn funds. With regard to the HSA-Compatible part, preventive care services are usually covered at 100% without applying toward the employee's deductible.

2008 IRS Guidelines for High Deductible Health Plans and Contribution Limits:

Minimum Deductible –
Single \$1,000 – Family \$2,200
Maximum Out-of-Pocket –
Single \$5,500 – Family \$11,000
Contribution Limit –
Single \$2,900 – Family \$5,800

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HIPAA Security Alert!

CMS (Center's for Medicare and Medicaid Services) is responsible for the enforcement of the HIPAA Security Rule. They have received approximately 387 complaints thus far. The reported top 5 complaints received are in the following areas:

- Information Access Management
- Security Awareness and Training
- Access Control
- Workstation Use
- Device and Media Controls

Please review your HIPAA Security Plan and perhaps start with addressing these top five areas. INTEGRA Administrative Group, Inc. has available a HIPAA Security Toolkit. Please contact customer support for additional information.



President's Corner

HEALTH CARE REFORM WHAT WILL IT LOOK LIKE UNDER A NEW PRESIDENT?

That depends on who wins the White House and which parties hold the majority in the House and Senate. Let's consider, from a high level, the major points of reform of each party.

DEMOCRATIC PARTY:

The Democratic Party, at the time I am writing this article, has narrowed to two major candidates: **Barack Obama** and **Hillary Clinton**. Both of these candidates agree on the following points of reform:

- A high quality, affordable form of universal coverage would be provided through a mixture of private and public insurance. Affordability would be provided by giving income related tax subsidies to individuals earning less than \$250,000.
- Require all individuals, including children, have health insurance coverage through a public or private plan.
- Tax incentives for businesses providing employer based coverage would be limited. Employers not providing health insurance benefits to employees would be required to contribute to the cost of the new public program.
- Medicaid, Medicare and the States' CHIP (Children's Health Insurance Program) program for children would be maintained and expanded.
- All coverage provided or purchased would be required to eliminate exclusions for pre-existing health conditions according to a federally approved list of mandated coverage's.
- Carving out benefits or charging more for higher risk individuals would not be permitted.

- Provision of comprehensive cost control measures which include an emphasis on Preventive Care, a fully electronic –paperless access and payment system, chronic care management and the establishment of an independent "Best Practices Institute" that would provide consumers information on providers and outcomes.
- Promote new ways to address physician errors within medical malpractice insurance.

Although this is a high level view of the basic points of reform, it is clearly stated by the candidates on their websites that employers are going to pay over \$54 billion of the \$110 billion estimated cost each year for universal coverage.

To learn more about Barak Obama and Hillary Clinton's proposals go to <http://www.hillaryclinton.com/feature/healthcareplan/americanhealthchoicesplan.pdf> and <http://www.barackobama.com/issues/healthcare>

REPUBLICAN PARTY:

The Republican Party's candidate will be **John McCain**. I will be brief and highlight the areas that you may want to investigate more fully on the McCain website. The website address is: <http://www.johnmccain.com/Informing/Issues/19ba2f1c-c03f-4ac2-8cd5-5cf2edb527cf.htm>

Senator McCain indicates that:

- He would provide universal access to health care for all Americans. However, he would emphasize individual responsibility by providing a \$2500 tax credit per individual and \$5,000 per family for those obtaining coverage.
- He would remove the favorable tax-treatment of employer sponsored coverage.
- He would change the methodology of how providers are

paid to increase fair market competition.

- He would institute tort reform.
- He would give Veterans the right to use VA benefits to pay for high quality care.
- He would invest in prevention and care of chronic diseases.
- He would mandate transparency within the drug industry, permit importation of drugs and reduce the time when generics could be introduced into the market.

Annual costs have not been determined for this plan.

How do you feel about these changes and how it would affect you or your business? Healthcare costs are a huge part of your corporate expense. If you were unable to deduct it as a payroll expense or you were taxed if you did not provide health care to your employees, how would it affect your bottom line? Let your voice be heard. Call or write your congressman and let them know how these proposals would affect you and your employees. Most of these men have never run a business and don't really understand your problems.

By the next quarterly newsletter we will know who the finalist is in each Party's run for the White House and any refinements they have made to their healthcare reform proposals.

Until next time,



Dave Smith,
President



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for employees and their dependents to stop smoking, and start exercising and maintaining a weight that is reasonable for their height. A second way is to retain an organization like Health Advocate which can provide personalized Health Risk Assessments (HRA), wellness coaching and literature to help employees and their dependents manage chronic health conditions such as diabetes, heart disease & cancer. Health Advocate can also provide health screenings in order to help identify employees and dependents that may not be aware they have a treatable condition like: diabetes, high cholesterol and heart disease. Although these programs are typically a win/win for the employer and the employee, the Department of Labor (DOL) will require any implemented plan be compliant with the Health Insurance Portability and Accountability Act (HIPAA). Contact your agent or an INTEGRA sales professional to see if a WELLNESS option may be a good fit for your organization.

WEBSITE NOTE...

www.pharmacare.com

The website www.pharmacare.com continues to work exactly as it has been – when you go on the website it appears to be CVS/Caremark, but it is still the same website address.

If you use the CVS/Caremark website address, www.caremark.com, and try to login using your current username and password, it will take you to a screen that states:

Are you a PharmaCare customer?

If you are a PharmaCare customer, please click here and log in as you normally would.

It will then take you to www.pharmacare.com.

The InfoTech

T E A M

The Information Technology team is responsible for managing all the technological needs of INTEGRA. Some of their responsibilities include researching, planning, installing and maintaining hardware and software to progress INTEGRA's service, effectiveness, security, communications, regulatory compliance and future market options. We purpose to be a technology leader in our field and have partnered with other industry leaders to bring the very best to our clients. Some of these partners include: Sungard-iWorks GBAS, ECHO Health Inc., Realized Solutions, Inc., INACOM, and The Phia Group.

Team members include D. Scott Smith and Tom Taylor. Special Thanks to Tom and Pete Jackson, full time independent contractors.



Tom Taylor and D. Scott Smith