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Benefit enrollment trends include higher costs, wellness incentives

BY ERIC REINHARDT

JOURNAL STAFF

Many U.S. workers can expect higher costs for their employee benefits in 2010, but they might also find financial rewards for healthy lifestyles and greater use of consumer-directed health plans (CDHPs).



ANDREW F. BIERNAT
OPINION

That's according to benefit experts at Watson Wyatt (NYSE: WW), a Washington, D.C.-based consulting firm.

Employees in up-state New York can expect similar trends, says Andrew Biernat, vice president of the Meridian Group of New York, Inc., a Utica-based employee-benefits consulting firm.

Meridian works with companies in New York and neighboring states to help them design benefits programs for their employees.

More than four in 10 employers in a Watson Wyatt survey released Aug. 13 said they will raise deductibles, co-payments, and out-of-pocket maximums due to the economic downturn and the higher premiums they expect to face in 2010.

As for health-plan participants in New York, cost increases will be slightly higher because of all the mandated health-care conditions and procedures that insurance

is required to cover, Biernat says.

The additional taxes and fees that state lawmakers imposed earlier this year to trim the budget deficit "will translate this year to slightly higher costs, anywhere from 1 to 3 percent, depending upon the carrier and the amount of business they currently write," says Biernat.

The higher costs are consistent with what's happening in the marketplace, he says.

Biernat says health-insurance carriers are also taking the H1N1 flu virus into account in looking at their potential utilization.

As a way to combat the rising cost of health care, Watson Wyatt says employers are turning to CDHPs.

In a high-deductible health plan, an individual can set dollars aside on a pre-tax basis in a health-savings account. The account is individually owned, and people can deduct money for medical expenses tax-free, Biernat says.

"Prior to consumer-directed health plans, employees really didn't have an understanding of the true cost of care," Biernat says.

Nearly 2 million people nationwide enrolled in CDHPs between January 2008 and January 2009, he adds.

During the first three months of 2009, it is estimated that 6.6 percent of persons under age 65 with private health insurance were enrolled in a CDHP, according to the National Health Interview Survey, January - March 2009, at the Web site for the Centers for Disease Control and Prevention.

Employers are looking for a price-

point they can afford, especially small businesses, says Ross Kraft, president of Meridian Group and current president of the New York State Association of Health Underwriters.

Employers are also boosting their health and wellness programs, both firms say.

In addition to continuing the focus on wellness communication, employers are offering workers and, in some cases, spouses more incentives like gift cards, cash, and discounted premiums for undergoing a health-risk assessment or participating in smoking cessation, weight management, or fitness programs.

"Employers that are really embracing health and wellness promotion are actually able to control costs much better," Biernat says.

Besides health and wellness, CDHPs, and higher costs, other trends during the fall enrollment period include changes to prescription-drug benefits, particularly for those enrolled in CDHPs.

In addition, employers are increasingly revisiting spousal and dependent coverage in their efforts to control rising costs.

Some employers are requiring spouses to complete health-risk assessments, while others are charging higher premiums for working spouses who have access to other health-care coverage. More employers are also expected to audit their workers to eliminate dependents who are not eligible for coverage. □

Contact **Reinhardt** at ereinhardt@cnybj.com