

INSIDE

Industry Approaches

Don't Let ID Cards Fall Into the Wrong Hands

Benefit Beat

2009 Brings Change to FMLA Rules

New Mental Health Legislation Signed for 2010

Health Wise

Choosing a Doctor: Do Your Homework

POMCO Group Stays Ahead of the Curve

Preparing for Medicare Reporting Changes

Focus On Your Health...

Questions and Answers, Helpful Facts, Trends and More!

TPAs: Strategically Positioned to Maximize Provider Savings

After completing another year-end renewal season, it has become increasingly apparent that the entire practice of quoting based on “provider discounts” is out of control. Facts have become very distorted and in many cases, non-existent. Big percentage discounts are marketed fiercely with no explanation of how these provider discounts are calculated.

While few people would shop for a retail item and choose the higher percentage discount without comparing retail or “list” prices (the price from which the percentage discount is being deducted), employers still agree to spend thousands, even millions, of dollars on employee health care this way every year.

We Help Clients Ask the Right Questions

Even though large insurance carriers are often reluctant to share the data needed to make an apples-to-apples comparison, we provide meaningful reports to our clients and we know which questions to ask of a provider network. Here are a few examples:

■ What is the basis for the promised discount?

While many networks are providing discounts based on “averages” of the fee schedule, these averages may not reflect frequency and can easily overstate potential savings. As an example – if procedure “A” is discounted 60 percent, but performed only once in every 1,000 patients and procedure “B” is discounted 20 percent but required by half of all patients, the actual savings would be much closer to 20 percent. A similar overstatement often occurs when ineligible charges are removed from the analysis.



■ **Are reimbursement rates benchmarked before contracting with providers?** A network cannot simply choose a figure and use that as a starting point. Negotiations must be planned and sources used to validate its reimbursement rates and the provider's rates must be documented and reported.

■ **Is the network really managed or are they simply negotiating a rate?** TPAs and our valued agents know that while the rate is an important factor, the key to cost control is information. Because we have claims data and extensive reporting capabilities, we can make comparisons based on meaningful, consistent criteria, such as average length of stay, the average payment per day for local in-hospital care or cost per local hospital admission.

These are just a few of the factors to consider when provider discounts are being discussed, and we will focus on others in future issues of this newsletter. As a full service benefits administrator, we're accustomed to helping our clients analyze and evaluate projected provider savings.

Q&A

Bringing you answers to tough questions

Are your employees avoiding the medical treatment they need?

Economic difficulties are causing people to delay medical care and prescription refills. What can employers do to help lighten the financial burden and avoid increased medical costs down the road?

Before employers can ease health care costs, they have to understand what's behind them, figure out which treatments employees are using and what types of claims are being made. Is your health care plan covering the procedures and medications your employees are using most? If not, you may want to rethink your plan parameters.

Provide some incentive for wellness upkeep items like regular physicals. The longer people wait to see their doctor, the greater their risk. "Sick" visits will be more costly for the plan in the long run, so it makes good sense to make wellness an important part of your work environment.

The key lies in encouraging total health management and open communication. Remember to emphasize that failing to seek regular care will only increase everyone's healthcare costs later on.

Industry Approaches

Don't Let ID Cards Fall Into the Wrong Hands



Most people rarely give their own medical records a second thought, especially if they're generally healthy. Other people, however, are thinking about your records, in an effort to steal your medical identity. They don't want your asthma or chronic arthritis, but they do want access to your coverage, a virtual gold mine they can sell to an uninsured person in need of costly medical procedures.

Once your medical identity is stolen, you will be left to pick up the tab for those procedures and clean up the mess made of your medical records. This is no easy task. Reversing medical identity theft is more difficult than financial identity theft because there is no central repository for medical records – they could be divided among a number of different providers.

Under HIPAA, even an identity thief is entitled to medical privacy. So even if you find your records, you may not be able to look at them. This might seem crazy, but it's true. If you are able to gain

access to those records, there is no way for you to erase the imposter's medical history from your chart. The best you can do is make a correction, which could lead to confusion the next time you seek treatment.

Not Just the Consumer's Concern

Health care providers are falling victim to this scam as well, because most of the time medical identity theft is an inside job. Employees in a physician's office or hospital may have unrestricted access to patients' medical information.

At this stage, there is little we can do to protect against ID theft from the inside. Congress recently introduced a bill that would increase safeguards that protect access to consumers' medical information. The new bill would also require that a patient be notified if their health care information is exposed.

For now, the best way to protect yourself is by holding tight to your health plan ID card.



TRENDS *Latest Happenings In Today's World*

Trading Power Ties for Khakis

Today's employees are giving the term "dressed for success" a whole new meaning. More than 1,100 top executives were polled in a recent non-scientific survey about work attire, and 42.2 percent said more companies are adopting increasingly casual dress codes. Over 22 percent even thought that the term "business casual" now includes jeans. This more casual dress code has its good and bad points.

Casually dressed people, while viewed as creative and fun, are often taken less seriously than their professionally dressed counterparts. Employees who dress more professionally can be viewed as having higher-level positions. Some bosses today seem to be putting more value on the quality of your work than on what you wear while you're working. Regardless of what you are wearing to work, remember to always be professional.



Cancer Cases On The Decline

According to the American Cancer Society, the rates of cancer cases and cancer deaths have both decreased for the first time in the U.S. Cancer deaths have been declining since the early 1990s, but rates have dropped most dramatically since 2005. The decrease in cases and deaths is seen as real progress in the fight against cancer and is attributed to improvements in early detection and treatment.



BENEFIT BEAT

Keeping An Eye on What's Happening

2009 Brings Change to FMLA Rules

On January 16, 2009, employers and employees will notice some major changes in the Family Medical Leave Act (FMLA). While these will mean an increased administrative load on employers' shoulders, they will benefit in the long run.

The revised rules will require employees requesting leave to notify employers the day they realize the need for leave and no later. Easier access to more detailed information will be provided to employers regarding an employee or eligible family member's health. The revised Act enables the employer to contact the health care provider directly. Employees will benefit from the new Act as well, gaining more detail about what their rights are.



New Mental Health Legislation Signed for 2010

For many years, employees using mental health services have faced a harsh reality - their health issues don't receive the same coverage as "physical" ailments. This often means scraping the money together to pay out-of-pocket or holding off on treatment completely because they can't afford to pay. These worries may be alleviated as soon as January 2010.

New legislation was recently signed into law requiring employers and their health care plans to offer equal coverage for mental and

physical illnesses. One hundred and thirteen million Americans are currently covered by plans that will fall under this new law. This new mental health law further expands the coverage already in place from the 1996 version.

It is important for employees to clarify with their employer or health care provider which illnesses are covered, however, because the employer is responsible for making the final benefits decision.

Health Wise

Choosing a Doctor: Do Your Homework

Choosing the right doctor these days is much more complicated than just opening the phone book. The best way to find the one that suits your needs is by doing your homework. When it comes to comparing doctors, you need to have all the facts.

If You Need Surgery

The most important question to ask is how many times the doctor has performed the procedure you are having. Does he/she do this operation 50 times a year or five? If you get a vague answer, ask more questions - you have the right to know.

How do you know if the doctor has done "a lot" of these surgeries? Medical professionals say if it's a common operation, the number should be relatively high. For example, if your hospital has done a thousand of that type of surgery in the past year, you could potentially expect your doctor to have done 50 or more. If the surgery is rare, however, even the best doctor in that specialty may only have done a few. Whatever the number, you need to make sure it's one you're comfortable with.

Check for Board Certification

You should also find out if the doctors you are considering are board certified in the area of medicine that applies to you. Board certification signifies that this is an area of specialty for your doctor and they are up-to-date on the latest techniques in the field. The most important factor of all, however, is your comfort level. You have to be comfortable with the doctor you choose. The more you know about your procedure, your doctor and your options, the better decisions you can make for yourself in the long run.

Lung, colon and prostate cancer - the three most common cancers in men - have all declined in recent years, as have breast and colon cancer, two of the three most common in women. This is a big factor in the overall drop in cancer statistics. These statistics are promising, but even more people could have been saved with preventive care. Preventive care and research are essential in continuing to bring these rates down.

Vacation For a Healthy Life

Many employers are beginning to realize that an important key to increased job productivity is vacation time. It may seem odd offering time off to increase business, but a vacation may be just what employees need to relieve stress, recharge their batteries and restore some work-life balance. Vacations can be beneficial to physical health and even increase psychological health and life expectancy.

Eighty-four percent of employers offered paid vacation last year and only four in ten employees actually used it. That number is expected to decrease further in 2009 to 33 percent, partially due to fears about appearing uncommitted in this challenging economy. In order for vacation policies to be effective, employees must make use of the opportunity and realize that vacation time is an essential component to their wellness and well-being.



Staying Ahead of the Curve on Medicare Reporting

POMCO and its EM Risk Management division don't procrastinate – there are some big changes coming in 2009 regarding Medicare's interplay in medical and workers' compensation and auto liability claims – and we're wasting no time getting ready.

EM team members are already redesigning their online claims interface (EMLink!) to comply with new data recordkeeping and reporting requirements issued by the federal government. The resulting redesign will be deployed to clients by the end of the first quarter 2009 through a series of webinars and client meetings.

Beginning October 1, 2009, Section 111 of the Medicare, Medicaid and State Children Health Insurance Program (SCHIP) Extension Act requires liability insurers (including self-insurers, no-fault insurers and workers' compensation insurers) to:

- *Determine Medicare status for all claimants; and*
- *Report all claims involving a Medicare beneficiary to Centers for Medicare & Medicaid Services (the federal administrative agency responsible for administering Medicare and Medicaid) when those claims are settled.*

CMS has focused its preliminary enforcement of these rules on workers' compensation cases, though no-fault coverage is not far behind. If the reporting is not done in a timely manner, a civil penalty of \$1,000 per day per claim is applicable. Therefore, each non-reported case has a potential annual fine of \$365,000. These reporting requirements and penalty provisions form the basis for expanded enforcement by CMS of the Medicare Secondary Payer (MSP) law.

Imbedded in EM's Best Practices, claims adjusters already determine a claimant's Medicare eligibility when considering settlement of any workers' compensation or no-fault claim. EM also reports to CMS when such Medicare eligibility is determined. When settling claims with Medicare eligible claimants, EM works with defense counsel to obtain a Medicare Set-Aside (MSA) as appropriate. When there is evidence of any Medicare lien, EM adjusters already address such a lien either before or during settlement.

EM's redesign of claims recordkeeping and reporting for workers' compensation and no-fault claims will carry out clients' compliance with federal reporting requirements.

New Year Welcomes New Clients

Even during tough economic times, POMCO continues to bring in new business. The following officially became new medical benefits administration clients January 1:

- *Crouse Hospital*
- *Five Star Bank*
- *Jay-K Lumber*
- *North Country Savings Bank*
- *Syracuse University*
- *United Helpers Management Company*

POMCO will also administer an HRA offering for the National Basketball Association's active

and retired players beginning February 1.

Combined, these clients represent more than 23,000 members – and that doesn't include current medical client Stickey Furniture, which moved its workers' compensation program to EM Risk Management January 1.

Our continued success is due to several factors, most notably our proven track record to save on clients' benefit costs and the unparalleled service provided by our POMCO People.

POMCO Receives Employer of Distinction Honor

POMCO received the "Overall Human Resource Excellence Award" for medium-sized companies at the Central New York Society for Human Resource Management (SHRM) annual Employer of Distinction luncheon.

POMCO was recognized for its commitment to HR excellence and family-friendly practices, as well as commitment to its "POMCO People" and adherence to its Core Values.



Shown with the Employer of Distinction award are POMCO HR Department employees (front row, from left) Darryl O'Brien, Linda Maher and Kim Ponticello, and (back row, from left) Mary Jo Schafer, Ralena Rowe and Elsa Steo.

Benefits Administrator Also Named 2009 'Best Companies to Work For in New York' Finalist

Not only was POMCO selected a top employer to work for in Central New York, but the company was also chosen one of the top 20 large companies to work for in New York state. POMCO was identified as a "Best Company" based on a comprehensive examination of its policies, practices, philosophy, systems and demographics, along with online survey feedback provided by its employees.

POMCO will learn its exact ranking among the top 20 companies at an awards dinner April 23 in Albany.

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