



## NEWSLETTER

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## Special points of interest:

- Reform may save you money
- Access benefit information on line
- Possibility of obesity treatment coverage
- States sue FDA over drug importation
- Health Illiteracy still too high

## SIMPLYBENEFITS STREAMLINES ACCESS TO BENEFITS AND INSURANCE INFORMATION

Everything is online today. People expect companies to have websites. Thus when revamping our own website, we decided to include a new option for our clients- *SimplyBenefits*. *SimplyBenefits* is designed to help you get the most out of the time and money you spend providing your employees with quality benefit plans. This user-friendly website gives your employees the complete picture of their health and insurance plans.

Benefit Handouts are frequently misplaced. Our solution- having plans, forms, documents, and pertinent information available for viewing 24 hours a day seven days a week. This will help your company streamline communication while cutting printing costs and reducing

HR time on benefit inquiries. Let *Simply Benefits* do the work for you, and help educate your employees in making informed beneficial decisions.

Your dynamic easy-to-use website will promptly display your company logo. Available will be quick and easy access to benefit descriptions, plan certificates, claim forms, enrollment forms, employee handbooks, policy manuals, and other documents. All of this is printable right from their desktop. We also post notifications associated with COBRA, FMLA, and HIPAA as well as any other pertinent information that may effect their benefits.

This is a free service that



allows us to help you help your employees. For more information or to set up your *SimplyBenefits* site, please call us at (734) 416-8100.

***This is our way of helping your company grow.***

## LEGISLATIVE REFORM SPLITS SMALL EMPLOYERS INTO "REFORM" AND "NON-REFORM"

A new reform legislation was passed with the intention of stabilizing Michigan's small group insurance premiums. This reform allows insurance carriers such as Blue Cross Blue Shield of Michigan to rate small groups more equitably and appropriately. This new legislation splits the previously defined small groups (fewer than 100 employees) into two

new categories-"reform" (1-50 eligibles) and "non-reform" (51-99 eligibles).

The program works as follows: Six months prior to the Blue Cross renewal date, a group will receive a Rate Renewal Certification Form along with a Question & Answer Sheet that explains the need to return the form along with the most re-

cent Quarterly Wage Detail Report. Since Blue Cross only accepts mail returns, it is able to ensure confidentiality.

If a group fails to return it's certification form BCBSM will...

- ♦ assume that the group is not eligible for market reform

Cont. REFORM pg 2

**REFORM (FROM PAGE 1)**

- ◆ assess the group a rate that is unlikely to be appropriate for the group
- ◆ be unable to provide you with correct rates in a timely fashion

In addition, the groups will not be able to receive a refund on any premium differences it may already have paid or for which it has been billed.

If a group falls under the reform category, BCBSM will determine if it meets participation rules. The five percent surcharge will be removed in groups with 2-9 employees that qualify as a reform group. If a group does not meet the participation guidelines, it will be given 90 days from the renewal date to meet these rules. A group would receive the notification 90 days prior to renewal and then have 90 more days after the renewal to comply.

If a group is non-reform, new participation factors will apply to the renewal. In in-

stances where fewer than 50% of employees are covered by Blue Cross, BCBSM will issue additional surcharges and rating factors that are above and beyond the index rate. Companies with 50-100 eligibles and a participation rate of 75-100 percent, no additional participation rating or surcharge will be applied

For non-reform groups, calculation of the renewal rate will include a number of variables that will incorporate a quarterly base rate geographic location, industry, group size, and the participation factor.

Groups could be denied if any of the following circumstances apply:

- ◆ The average age of employees enrolling with Blue Cross is significantly higher than the average age of the entire groups.
- ◆ It can be determined actuarially that the anticipated cost of the Blue

Cross-enrolled contracts is at least 50 percent higher than the expected cost per contract of the group.

- ◆ The group also offers a self-funded plan.
- ◆ The group is composed only of retirees.

These above rules help stabilize rates. In the end, the rates you pay should more accurately reflect the composition of your employee group. Please ask one of our staff members to send or email you a copy of our Reform Test and Participation Aid which will guide you through this process.

**REFORM**

**BCBSM/BCN  
New Business  
Participation Requirements**

Number Eligible (Line 1)	Percentage Required
1-10	100%*
11-25	75%
26-50	50%

\* First year transition requires 75%

**NON-REFORM**

**BCBSM New Business & Renewal  
Participation Rate Factor**

Number Eligible (Line 1)	Rate Factor
2-9*	100%
2-9*	75%
2-9*	50%
10+	N/A
10+	10%
10*	15%

\*each renewal thereafter will require the SAME participation schedule defined for new business groups

**Index Rate  
Determined by...**

**BCBSM**

- ◆ Age
- ◆ Industry

**HMO's**

- ◆ Age
- ◆ Industry
- ◆ Group Size

**Commercial Carriers**

- ◆ Age
- ◆ Industry
- ◆ Group Size
- ◆ Health Status

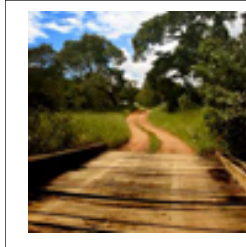
**POLICY OPENS DOOR TO OBESITY TREATMENTS**

In a move that could have major implications for employers and health insurers, Medicare last week adopted a policy change to allow coverage for obesity treatments if medical evidence demonstrates their effectiveness. Previously, Medicare's policy stated that obesity was not a disease and treatments could not be covered.

"What matters is whether there's scientific evidence that an obesity-related medical treatment improves health," notes Mark McClellan, administrator for the Centers for Medicare and Medicaid Services. "This change in Medicare's coverage policy

puts the focus on public health. Medical Science will not determine whether we provide coverage for the treatments that reduce complications and improve quality of life for the millions of Medicare beneficiaries who are obese."

The question now is whether private insurers will follow suit and cover some obesity treatments. Karen Ignanni, president of America's Health Insurance Plans,



says providers and employers will be "looking very closely at all of this. I think opening the door to effective analysis is an important step."

In 2002, the IRS ruled that obese individuals could be reimbursed through an FSA for costs associated with doctor-recommended weight-loss programs. However, diet foods, cosmetic treatments and gym dues do not qualify for reimbursement. An Individual must be diagnosed with a disease, such as obesity or hypertension, for weight-loss programs to be reimbursable.

Article courtesy of BenefitNews.com

# STATES PUSH FOR DRUG IMPORTS

The debate over importing medicines has moved to a new frontline—the courtroom. Vermont recently sued the Food and Drug Administration in U.S. District Court in Burlington, Vt., over the agency's refusal to authorize a state drug importation plan.

"Vermont will not sit back and watch as the cost of health insurance and prescription drugs continues to rise. Nor are we content to simply ignore the law," Vermont Gov. Jim Douglas says.

FDA defends its action, claiming that Department of Health and Human Services Secretary Tommy Thomson could

not ensure that importation would be safe and economical for consumers. Such assurances are required before an importation program can be approved, under federal law.

Meanwhile, Oregon Gov. Ted Kulongoski recently requested a federal waiver to allow the state to import Canadian medications. Oregon's proposal is different from other state and local initiatives because it involves a state regulatory body and local pharmacists. Oregon's Board of Pharmacy would test medicines for safety and require Canadian suppliers to meet licensing and safety standards.



"Consumers will be able to take advantage of lower prescription prices while continuing to use their trusted, licensed Oregon pharmacist," Kulongoski comments. "This both protects the health and safety of the individual, and maintains the integrity of the pharmaceutical distribution network. Paying for prescription drugs is a daily struggle for many of our most vulnerable citizens, and we must act now."

Article courtesy of BenefitNews.com

*"My tastes are simple— I simply like the very best"*

*-Winston Churchill*

## HEALTH CARE LITERACY IMPERATIVE

Before employees can become better health care consumers, they need to learn a lot more about health care itself, benefitnews.com reports.

Health care illiteracy can lead to increased hospitalization and use of emergency services which costs billions of dollars of avoidable health care costs. If these costs could be avoided, premiums would reflect the savings. However at least 90 million Americans still have difficulty understanding their benefits.

In the article published by BenefitNews.com, David King states "Health literacy is fundamental to quality care." Here at Ann Arbor Financial we understand the importance of understanding benefits and this is why we offer communication solutions to fit our client's needs.

Health literacy is growing in importance. Employees are becoming increasingly responsible for managing their health care as consumer-directed health plans gain popularity. These expanding roles can have negative effects on premiums for the group due to health illiteracy. If employees cannot comprehend health care information, their employer's attempts to lower costs and improve care may fail.

The following is a list of online sites with further information on health literacy and the negative affects of unconscious employees that was put together by BenefitsNews.com.

Partnership for Health Communication  
www.askme3.org/PFCHC

Institutes of Medicine  
www.iom.edu

U.S. Food and Drug Administration  
www.fda.gov

Healthcare Intelligence Network  
1-888-446-3530  
www.hin.com

U.S. Surgeon General Dr. Richard Carmona  
www.surgeongeneral.gov/sgoffice.htm

American Medical Association  
1-800-621-8335  
www.ama-assn.org

Agency for Healthcare Research and Quality 301-427-1364  
www.ahrq.gov

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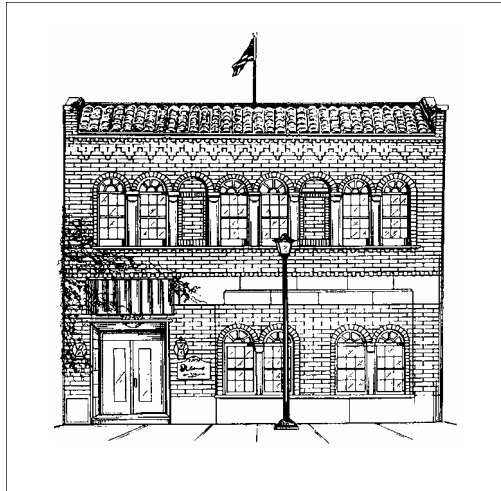
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## A BETTER WAY TO GROW

Ann Arbor Financial offers a wide range of insurance, investment and risk management products and services to both businesses and individuals. Our primary objectives are to provide our clients with competitively priced, high quality products coupled with consistent, professional service.

We have designed and currently manage more than 500 corporate



benefit plans across Michigan. This success is directly attributable to our commitment to personal service. The key

ingredient in developing a successful, long-term relationship is personal, quality service.

The result? A company grounded in its history and committed to continuous improvement that develops your benefits plan to maximize dollar value and be in

alignment with corporate strategic goals and objectives.