

Employee Benefits Report



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Life Benefits

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Closing the Life Insurance Gender Gap

Take a look at your company's life insurance statistics and you may find a disturbing trend: Female employees with children carry significantly less life insurance than their male counterparts.



According to MetLife's 8th Annual *Study of Employee Benefits Trends*, married men with minor children have, on average, five times their annual household income in life insurance coverage — if they have coverage at all. However, married women with minor children have, on average, only three times their annual household income in coverage.

This gender gap is noteworthy because men and women express equal concern about the financial impact of their premature death on their families — six out of ten fathers and mothers say they are very concerned.

What's more, working, married women with children under the age of 18 are almost half as likely as working fathers to say their employers' benefits communications effectively educate them on their options — 26 percent of mothers compared to 48

continued on next page

This Just In...

Healthcare reform establishes new rules on the reimbursement of over-the-counter medicines and drugs purchased after December 31, 2010. Under the new restrictions, employer-provided accident and health plans, including health flexible savings accounts (FSAs) and health reimbursement arrangements (HRAs) can only reimburse medicines and drugs other than insulin if the medicine or drug is prescribed.

Similarly, distributions from health savings accounts and Archer MSAs for medicines and drugs other than insulin are tax-free only if the medicine or drug is prescribed. The IRS has now issued guidance on the new restrictions in Notice 2010-59. Click [here](#) for more information.

percent of fathers.

Year after year, MetLife's Annual Employee Benefits Trends Study shows a strong correlation between effective benefits communications, improved benefits satisfaction and improved job satisfaction, so addressing this issue is a good way to improve job satisfaction, as well.

How you can help

Fortunately, there are some easy ways for you to optimize the value of your group life insurance programs and assist employees in building stronger personal financial safety nets:

- ★ Personalize benefits information and communications. Provide information that helps employees determine an appropriate amount of coverage on themselves as well as on their spouses or domestic partners. Direct certain messages specifically to female employees. Almost two-thirds (65 percent) of surveyed women say that receiving personalized benefits information with cost information would make it easier to make decisions about their workplace benefits.

- ★ Offer opportunities to buy supplemental coverage through the workplace. More than half of working Americans (52 percent) are now obtaining the majority of their financial and retirement products through the workplace — up from 46 percent a year ago. Female employees may look to the workplace as a source of supplemental coverage. In fact, 52 percent of women cite the convenience of

buying voluntary benefits through the workplace as an important advantage.

- ★ Send employees a message about life insurance needs upon notification of a life event. Employees should not only update their own coverage when a significant change takes place, such as a marriage, divorce, the birth or adoption of a child or the purchase of a new home, but be reminded to reconsider their spouse's/domestic partner's coverage as well.

- ★ Host an off-cycle enrollment for life insurance. Health insurance can take center stage during annual enrollment periods, so a separate, focused life insurance enrollment period can allow employees to focus solely on their life insurance needs. This could help maximize employees' participation rates and appreciation of their life insurance benefits.

- ★ Add features that make life insurance top-of-mind. Providing value-added features, such as will preparation and estate resolution services, can increase the overall value of the life insurance plan beyond a death benefit. Features are available pre-need for employees and upon-need for beneficiaries and executors.

Many people overlook some important expenses that life insurance can help cover. For example, the death of a working parent may not only terminate an income source but also a family's source of health insurance, tuition assistance and other financial benefits.

Employees are usually left to decide on their own to determine the right amount of

insurance, but the study found that only half as many mothers as fathers consult with anyone about their personal financial matters.

Financial planners say it's common for married women to assume that their spouse's savings will do the heavy lifting. But in practice, women are more likely than men to spend part of their retirement alone, making it even more important for them to have their own plan.

By helping your female employees create adequate life insurance plans, you can provide a family with substantial peace of mind and help improve job satisfaction in the workplace. ■

Cutting Costs with Value-Based Insurance Design

A growing number of employers — particularly those who self-insure — are embracing what's called value-based insurance design (VBID) as they pursue the tandem goals of optimizing employee health and containing costs.



The philosophy behind VBID is simple: provide employees with greater incentives to seek out high-value health services while creating disincentives to using high-cost, low-value services.

What constitute “high-value services?” Generally, these are more clinically beneficial and cost-effective therapies, usually identified through evidence-based analysis. If you’re considering a VBID, here’s a list of the most

common diseases that deserve your attention, due to the variety of treatments available and their varying effectiveness and costs.

- ✦ Asthma
- ✦ Chronic obstructive pulmonary disease (COPD)
- ✦ Diabetes
- ✦ Cardiovascular disease
- ✦ Depression

An insurance plan using value-based design will encourage employees to use proven high-value services by lowering out-of-pocket costs for these services. The VBID concept is a win-win for employees and employers. Employers can use VBID to lower health-care costs in conjunction with wellness and disease management programs. Employees in defined patient populations, meanwhile, enjoy reduced or eliminated out-of-pocket costs for high-value services.

Satisfied customers

A recent study by The Center for Health Value Innovation, including more than one million covered lives in 16 major countries, confirms that employers believe VBID improves employee health and productivity. Seventy-nine percent of respondents who have incorporated VBID into their health insurance program said they made no changes to their plan in 2009. Additionally, more than one-half of these companies (56 percent) said they made no changes for 2010.

Other significant survey results:

- ✦ Eighty-seven percent use value-based design for prevention/wellness programs

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- * Eighty percent use disease management
- * Sixty percent use chronic care management
- * Forty-four percent cover depression
- * Seventy percent reduce or waive co-payments for plan participants who utilize the lowest-cost appropriate site of care.

For full results see www.vbhealth.org

Variations on a theme

First introduced several years ago, employers have implemented multiple variations on the theme. In general, employers that have implemented a design described as “value-based” have customized each initiative to their own beliefs and organizational needs.

Organizations that have implemented VBID based on the experience of their employees report a wide range of financial outcomes, some positive and some negative. For that reason, interested employers should consider and answer the following questions when considering implementation of a VBID:

- * Do we need to reduce the pharmacy spending and trend?
- * Do we need to reduce the medical spending and trend?
- * Does the organization require enhancements in productivity?
- * Do we need a retention-enhancing benefit change?
- * Is recruitment a challenge?

Will our benefits package need to help recruit key employees?

These questions are only a few you can ask. But one thing is certain: the more VBID relates to your organization’s most prevalent and expensive disease states, the better. That’s why data analysis is key.

For example, before setting a goal of reducing the cost of disease management for asthmatics, it’s best to determine if there is a significant cost and prevalence of the disease within your population. To ensure an insurance program design that maximizes savings, some organizations will generate the goals for the program at the same time that they analyze their data.

A VBID Culture?

As you contemplate the VBID decision, keep in mind these factors that may contribute to your success:

- * Employee turnover: Low-turnover organizations will have more success than high-turnover ones; however, VBID can benefit all organizations.
- * Flexibility with plan design options
- * Support of upper management
- * Integration and access to data that includes medical, pharmacy, lab and productivity feeds
- * Culture where employees appreciate incentives

VBID vs. CDHP: What’s the Difference?

While there are similarities between VBID and consumer-directed health plans (CDHPs), such as high-deductible health plans linked to health savings accounts (HSAs), there are differences as well. With consumer-directed plans, employers typically provide a certain number of dollars for employees to spend per year on health-care expenses. These accounts may grow over time, especially if employees take steps to stay healthy (i.e., diet and exercise) and avoid unnecessary health care spending.

Organizations using VBID use incentives and rewards to encourage healthy behaviors. How these two approaches evolve over time could shape the future direction of healthcare. ■

Value-based plan designs are custom-tailored and may require data analysis and additional work on your part. This may make the initiative more or less attractive for you. A benefits expert can help — please contact us for more information. ■

How to Avoid Common (and Costly) Immigration Mistakes

When it comes to complying with provisions of the Immigration Reform and Control Act (IRCA), you may find yourself forced into two roles seemingly at odds with each other — verifying the employment of every employee while at the same time avoiding discriminatory practices. To help you walk the tight-rope, here are nine common IRCA mistakes and solutions to help you avoid them:

Mistake 1: Not requiring employees to complete Form I-9. IRCA regulations require employers to have *each* new employee complete Form I-9 within his/her first three days of employment. **Solution:** Develop and maintain a workable I-9 compliance system.

Mistake 2: Not completing Section 1 of the Form I-9 on the first day. Although employees have three days to provide the required eligibility documents, they must complete the entire Section 1 of the Form I-9 on or before the first day of employment. **Solution:** Make completion of Section 1 of the Form I-9 every new employee's first action and create a system of accountability to ensure a consistent practice.

Mistake 3: Accepting receipts or copies instead of real, original documents. IRCA regulations require employers to review *original* documents as part of the I-9 process. Receipts are only acceptable as the replacement of a document granting work authorization if the original was lost, stolen or damaged. If

a receipt is presented as a replacement document, the employee has 90 days to provide the original document. **Solution:** Require original documents and set up a tickler for follow up if there has been a replacement request.

Mistake 4: The employer tells the employee specifically which documents to show. Although it is sometimes tempting, an employer may not suggest which document(s) to bring or limit the list that is available on the Form I-9. Doing so may result in a claim of unfair employment practices and fines for each employee hired during the period of time in question. **Solution:** Do not ask for a specific document; just provide the list on the back of the Form I-9.

Mistake 5: Keeping copies of verification documents for some but not all employees. Keeping only copies of verification documents (i.e., passports, driver's licenses, Social Security cards) for foreign-born employees or another select group of employees can result



in an employee claiming Title VII nationality discrimination or a complaint with the Office of Special Counsel. **Solution:** Keep copies of verification documents for all employees or for none.

Mistake 6: Throwing away “old” Forms I-9 or making new ones at the wrong time. IRCA regulations require employers to keep Forms I-9 on file for all current employees. **Solution:** Never destroy Forms I-9 for current employees and keep terminated employees' Forms I-9 for one year after their last day of employment or three years after hire, whichever is longer.

Mistake 7: Employer does not verify expiring immigration documents. IRCA requires employers to re-verify each employee's Form I-9 if he or she checks the fourth box in Section 1 (or third box in older versions of the form) indicating that he or she is an alien who is authorized to work until a given date. **Solution:** Set up a reminder or tickler system to remind the employer to re-verify when necessary.

Mistake 8: Employer re-verifies the Form I-9 when it is not necessary. Employers should not re-verify when an employee's List B document expires (driver's license or lawful permanent resident card). This can result in small fines or accusations of document abuse. **Solution:** Don't re-verify any employees who check the first three boxes in Section 1 of Form I-9.

Mistake 9: Employer demands Social Security card. Section 1 of the Form I-9 only asks for the Social Security number (not the actual card) and that box is only required for employers who are registered for the Federal Electronic Verification system ("E-Verify"). **Solution:** Ask for SSN only. ■

Sign up for a Free Compliance Webinar

The federal government's department of Citizenship and Immigration Services (USCIS) offers free webinars on a wide number of IRCA and I-9-related topics. Webinars are interactive, which means you will have the opportunity to have open dialogue with the presenter and ask questions.

Topics Available

- * **Form I-9, Employment Eligibility Verification** — Provides an overview of the Form I-9 process, step-by-step instructions on how to complete each section, retention and storage.
- * **E-Verify Overview** — Provides an overview of the E-Verify Program, including how the program works, how to enroll, employer responsibilities, program highlights and a demonstration of the program.
- * **Federal Contractor E-Verify** — Provides a general overview of the E-Verify Program for federal contractors that have been awarded a federal contract with the FAR E-Verify Clause.

- * **E-Verify for Existing Users** — Provides a detailed topic overview of the E-Verify Program specifically for existing users. The topics include Form I-9 requirements, user roles, case alerts and a demonstration of how to handle a TNC.

What is required to attend a webinar?

- * Computer with Internet access to view the presentation
- * Telephone to listen to the webinar
- * 1.5 hours

Who should attend?

- * Employers and business owners
- * Human resource specialists and payroll administrators
- * Federal contractors
- * E-Verify users
- * Anyone interested in learning about the Form I-9 and the E-Verify Program

For webinar info, go to www.uscis.gov and search for "webinar" ■

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