

Volume IV Issue 2 • 2005

# InsideHNE

A R E S O U R C E F O R D E C I S I O N M A K E R S

## Wellness Van Makes Debut for HNE

*page 6*



## Medicare Part D; Medicare Modernization Act

*page 5*

## HNE Prepares for NCQA Accreditation Review

*page 3*

## INSIDE THIS ISSUE

*Urban League of Springfield -  
HNE Partner to Address  
Community Health Series*  
Page 2

*HNE Prepares for January 2006  
NCQA Accreditation Review*  
Pages 3

*HNE in the Community*  
Page 4

*Urban League Community  
Radio Focus Schedule*  
Pages 5

*Medicare Part D - Medicare  
Modernization Act (MMA)*  
Page 5

*Wellness Van Makes it Debut  
for HNE*  
Page 6

*Industry Trends*  
Page 7

*Outdoor Activity Tips*  
Page 8

*Spirit of Women Road Race*  
Page 9

*Pharmacy News*  
Page 10

*Healthy Bodies Healthy Minds*  
Page 11

*Published by:* Health New England  
*Writer/Editor:* Joe Kane  
*Designer:* Lisa Ubersax Tefft

*Inside HNE* is also available  
online at the HNE website,  
[hne.com](http://hne.com). Direct questions to Health  
New England's Sales Department at  
413-787-4000 or 800-842-4464.

## FEEDBACK

We want to continue to provide you with tools and information to keep you informed and make it easy to do business with us. To do that, we need your continued help. Please go to [hne.com](http://hne.com) and fill out our on-line survey about this newsletter. *Thank you!*

# URBAN LEAGUE OF SPRINGFIELD – HNE PARTNER TO ADDRESS COMMUNITY HEALTH CONCERNS

The Urban League has launched a parent-centered initiative – The Parent Empowerment Zone - Linking Interest N Knowledge (PEZ-LINK) – aimed at supporting parents in developing strong and healthy families. The approach is holistic, focusing on spiritual, physical, intellectual, emotional and economic health.

While the U.S. Department of Health and Human Services has reported an improvement in overall health for a large number of Americans, there are continuing disparities in the rate of illness and death experienced by African Americans, Hispanic Americans, Asian Americans/Pacific Islanders, and American Indians/Alaska Natives, as compared to the U.S. population as a whole.

According to Kimberly Robinson Williams, Director of Development for ULS, PEZ-LINK is intended to address these issues at the local level. “We are fortunate to have Health New England working with us to implement many of the health related features of PEZ-LINK. This will help the League serve parents’ interests by developing links to knowledge and access to good health and healthy practices for themselves and their families.”

The first of many products of this collaboration is an eight-part radio series designed to inform listeners about health related issues that have a disproportionate impact on members of the local community. Williams noted that “HNE has offered up an impressive slate of topical experts who will provide information and answer questions during the program. We are also fortunate to have Frank P. Robinson, Executive Director of Partners for A Healthier Community, join us for the ninth and final program in the series.”

The program airs on 90.7 FM and online at [www.wtccfm.org](http://www.wtccfm.org) each Thursday from 9:00 a.m. – 10:00 a.m. A full schedule is available on page 5 and at [www.ulspringfield.org](http://www.ulspringfield.org). Listeners may participate by calling into the program or by sending e-mail to [kwilliams@ulspringfield.org](mailto:kwilliams@ulspringfield.org) in advance of the program.

*(continued on page five)*

# UPCOMING EVENTS

## Women's Night Out Health Fair

Health New England invites you to attend the last event of our yearlong celebration – Healthy Bodies Healthy Minds 2005!

Don't miss the Healthy Bodies Healthy Minds 2005 Grand Finale: **Women's Night Out Health Fair!** A fun-filled evening sure to inform and entertain!

### The Event Includes:

- Guest Speaker Jane Frost
- FREE Bone Density Screening!
- FREE Chair Massage!
- Support Groups!
- Raffle Prizes!
- FREE Blood Pressure Screening!
- Exciting Health & Craft Vendors!
- FREE Reiki!

### The Event will be held at:

Best Western Sovereign Hotel & Conference Center  
1080 Riverdale (Rte 5)  
West Springfield MA 01089  
(Exit 13B from I-91 North or South)

**Thursday, October 20th, 5:00 pm – 9:00 pm**

Healthy Bodies Healthy Minds 2005 is open to HNE members and the general public. Gather your friends and family members, fill out the registration form and return it along with payment (check or money order) to:

Health New England  
One Monarch Place, Ste 1500  
Springfield MA 01144-1500  
Attn: Health Programs Dept.

For more information, call the Health Programs Department at 413-233-3032 or 800-842-4464 ext. 3032.

## Jane Frost Headlines HNE Women's Night Out Health Fair:

Jane Frost is well-known in New England as an outstanding teacher and mentor. She has served as past President and three time champion of the LPGA Northeast Section Teaching & Club Professional Division.

Jane has been honored by *Golf Magazine* as one of "Top 100 Teachers in America" eight times; twice by *Golf for Women Magazine's* "Top 50 Teachers"; and three times as *Golf Digest's* "Top 50 Teachers," which included being listed as the number one teacher in Massachusetts.

A regular contributor to the Boston Globe, Jane also has appeared on the Golf Channel's "Academy Live Show." She is currently lead instructor for the LPGA's National Education Program, as well as Director of Instruction at Jane Frost Golf School.

Jane's philosophy of teaching is to honor the uniqueness of each individual who stands before her. She believes that each person brings with them a wealth of talent that simply needs to be uncovered and clearly defined. After all, we are all built differently and possess our own attributes that will bring about our own success.

### PUBLIC SEMINAR SERIES

## Healthy Bodies Healthy Minds 2005

SEMINAR REGISTRATION FORM



Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone (daytime): \_\_\_\_\_

**Women's Night Out**, Thursday, October 20, 2005  
from 5:00 - 9:00 pm.

Cost per person: Members: \$10, Non-Members: \$15

**Total amount enclosed: \$ \_\_\_\_\_**

Please mail, with payment, to:

Health New England, One Monarch Place,  
Ste. 1500, Springfield, MA 01144-1500,  
Attn: Health Programs Dept.

HNE charges a nonrefundable fee to cover costs of speakers and conference space. HNE does not profit from these programs.

**FOR MORE INFORMATION AND TO REGISTER,  
PLEASE CALL 413-233-3032.**

## Multiple Sclerosis Workshop

Join us for a free, informative and empowering seminar. This program is supported by an educational grant from Berlex laboratories.

**When: Saturday October 22nd**

**Registration/breakfast: 9:00 am**

**Seminar: 9:30 am - 12:30 noon**

**Q&A period: 12:30 - 1 pm**

**Where:** Best Western Sovereign Hotel & Conference Center  
1080 Riverdale (Rte 5)  
West Springfield MA 01089  
(Exit 13B from I-91 North or South)

**Registration is FREE!**

**Call 1-800-842-4464, ext. 3030  
or 413-787-4000, ext. 3030**

### SPEAKERS

**Karl Gross, M.D., Neurologist and MS patient.** *MS medical treatments, the importance of early treatment, and understanding your choices.*

**R. Allison Ryan, Ph.D., M.D.**  
*Alternative therapies.*

**Pam Mills, B.S.N., R.N., M.S.C.N., B.E.T.A. Nurse**  
*Symptom management and the role of nursing support.*

### TOPICS INCLUDE:

- New information on the importance of early treatment, and understanding your choices.
- Alternative therapies.
- Strategies for managing symptoms, and the active role nursing support can play.
- Breakfast and box lunch will be provided.

*In addition, vendors specializing in products and services for MS will be available, including: Serenity Massage • The Art Therapy Studio • Music Therapy and A Touch of Reiki*

## DEMOGRAPHIC CHANGE AND HEALTH CARE COSTS

By Richard Hoeckh, Clinical Pharmacist

*This article is part one of a two-part series. In this issue, I present an overview of demographic changes that are affecting health care. In the next issue, I will focus on how the latest demographic trends of smaller families and an older workforce may affect the health care costs of the Massachusetts economy.*

What's wrong with General Motors (GM)?

GM has been in the news over the last few months – having indicated that it will most likely miss earnings targets both in the short and long term. The company, one of the largest private purchasers of health care in the U.S., attributes part of this shortfall to health care costs. In press releases, GM has indicated that the age of its work force is one of the key factors driving up its health care costs. Of course, the cost of health care is just one factor contributing to GM's current situation, but GM's condition is an illustration of the complex trends the US is facing.

Among experts studying the U.S. population change, two topics are receiving increasing attention: low fertility rates and population aging<sup>1</sup>. The “baby boom” has been followed by the “baby bust.” Additionally, the 20th century has seen dramatic increases in life expectancy. Population aging presents a great challenge to employers and health care systems. One result of this demographic trend is that the prevalence of disability and chronic diseases is expected to increase dramatically. Moreover, a larger and longer living population puts more pressure on the smaller and younger population to support that group.

Low fertility rates are slowing the growth rate of the U.S. population, but the U.S. is not alone. Most of the rest of the world is facing the same decline in birth rates. Decreases in fertility combined with longer life expectancy have reshaped the age structure of the world's

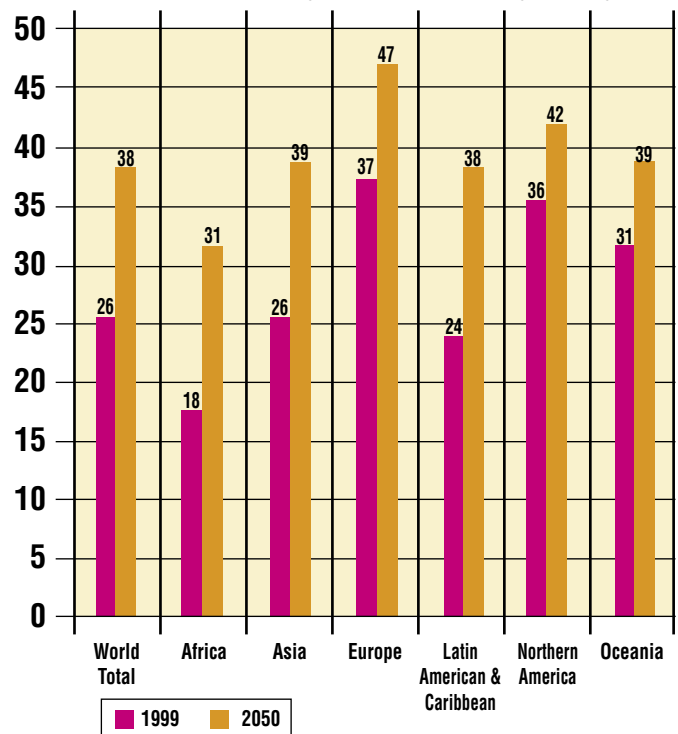
population and labor force (see Table 1). Both the number and the proportion of older persons are increasing relative to the younger population.

Here in Massachusetts, the number of children being born is not enough to keep the population stable over an extended time. This is further compounded by a significant migration of people from Massachusetts to other states over the past ten years. In fact, between 2003 and 2004, Massachusetts was the only state in the U.S. to experience a population decline.

In 1982, 38% of the U.S. labor force was 40 and older. By 2012, the percentage will increase to 53%. Again, looking at Massachusetts: in 1980, 35% of the working population (aged 16-69) was over the age of 45. By 2010, that percentage will have increased to 43%, the highest percentage ever in Massachusetts history.

Over the next decade, the human resource needs, labor market behavior, and productivity of older workers will play critical roles in determining not just the success of the Massachusetts economy, but the global economy as well.

Table 1: World Population Age Trends: Median Age by Region <sup>2</sup>



Reference:

<sup>(1)</sup> Three new books place these issues on the table: *The Empty Cradle*, by Phillip Longman; *Fewer*, by Ben Wattenberg; *The Coming Generational Storm*, by Laurence Kotlikoff and Scott Burns.

<sup>(2)</sup> A Demographic Revolution. Available online at: <http://www.un.org/esa/socdev/ageing/ageing/agewpop1.htm>. (Accessed July 25, 2005).

# HNE PREPARES FOR JANUARY 2006 NCQA ACCREDITATION REVIEW

By Pat Scheer, HNE Quality Operations Manager

As part of our commitment to quality health care, HNE voluntarily undergoes an accreditation review by the National Committee for Quality Assurance (NCQA) every three years. For some of us here, it is hard to believe that three years have already passed, but in January 2006, it will be time again for our triennial review!

The NCQA is an independent, not-for-profit organization that evaluates and reports on the quality of health plans nationwide. The accreditation process includes evaluations of over 60 standards in 5 categories:

1. Access and service;
2. Qualified providers;
3. Staying healthy;
4. Getting better; and
5. Living with illness.

In addition, health plans must report their HEDIS®<sup>1</sup> (Health Plan Employer Data and Information Set) results to NCQA. HEDIS measures the following

domains and compares health plan results nation-wide:

- Effectiveness of Care;
- Access and Availability of Care;
- Satisfaction with Experience of Care;
- Health Plan Stability; and
- Use of Services.

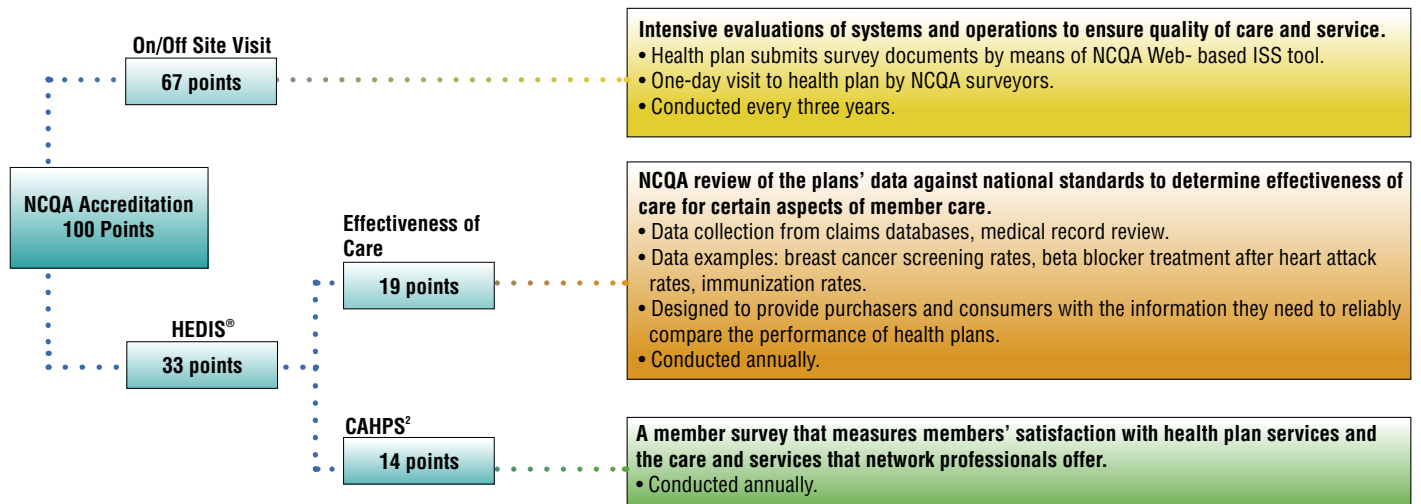
The NCQA will conduct HNE's upcoming accreditation survey in two stages. The first portion, an off-site review, begins January 17, 2006. Using the NCQA Web-based accreditation tool, HNE will submit a completed survey and supporting documentation. The second portion consists of an on-site review, scheduled for March 13, 2006.

During this portion, surveyors will further validate HNE's performance based on the standards mentioned previously.

Once the off-site and on-site reviews are complete, an independent oversight committee will analyze the surveyors' findings and the organization's performance. Then, based on the total points HNE achieves, the independent oversight committee will assign one of five possible accreditation levels: Excellent, Commendable, Accredited, Provisional, Denied.

HNE's accreditation readiness team is actively preparing documents and responses to the standards. We are confident that we will maintain our current accreditation status of "Excellent."

## NCQA ACCREDITATION AT A GLANCE



1. HEDIS® is a registered trademark of the National Committee for Quality Assurance.  
 2. CAHPS® is a registered trademark of the Agency for Healthcare Research and Quality.

**Test your knowledge:** NCQA began accrediting health plans in 1991. What health plan was the first in the nation to be reviewed by NCQA? See page 7 for answer

# HNE IN THE COMMUNITY

Here's a list of local events that HNE is proud to have sponsored in September and October this year:

## September

- September 9, 2005:** United Way Day of Caring
- September 10, 2005:** Blood Pressure Screenings and Health Information at Atkins Farm  
Urban League Golf Classic - *To benefit Camp Atwater*
- September 13, 2005:** Fairview Hospital Golf Tournament - *To benefit emergency, radiology and surgical departments at the hospital.*  
Rays of Hope Captains Kick-Off
- September 14, 2005:** Go Fit Clinic at Martin Luther King Center
- September 19, 2005:** Franklin Medical Center Golf Tournament
- September 20, 2005:** Grocery Store Tour - *Big Y World Class Market, 501 Newton Street, South Hadley, MA*
- September 21, 2005:** Go Fit Clinic at BayPath College  
Pioneer Valley Girl Scouts Golf Tournament - *To benefit teen leadership for sport fitness programs*
- September 23, 2005:** Hillcrest Educational Center Golf Tournament
- September 26, 2005:** WNEC Golf Tournament - *Proceeds go towards WNEC Athletic Department*  
MaryAnne's Kids Golf Tournament - *Supports foster care through the center of human development*

## October

- October 1, 2005:** Spirit of Women 5K Road Race
- October 10, 2005:** Columbus Day Italian Open - *To benefit Shriners Hospital*
- October 12, 2005:** Florence Savings Bank Health Screenings
- October 18, 2005:** Florence Savings Bank Health Screenings
- October 18, 2005:** Grocery Store Tour in West Springfield - *Big Y World Class Market, 503 Memorial Ave., West Springfield, MA*
- October 20, 2005:** Women's Night Out Health Fair
- October 22, 2005:** Multiple Sclerosis Education Workshop
- October 28, 2005:** Super 60 Luncheon - *Springfield Chamber of Commerce*
- October 30, 2005:** Rays of Hope Walk

*If you have any questions about these events, or about other HNE sponsored activities, please contact Mark Morris, HNE Public Relations Manager at 413-787-4000 or 800-842-4464.*

## **HEART DISEASE AND HIGH BLOOD PRESSURE**

Exercise is important in the prevention and management of heart disease. According to the National Institute of Health, it can reduce symptoms, improve ability and capacity to exercise, improve psychological well-being and reduce the chance of dying from heart disease. You need to work closely with your health care provider to design an exercise program that is safe for you. Many hospitals have rehabilitation programs specifically designed for people who have heart disease.

### **TIPS:**

- Watch your heart rate. As the temperature rises, so does your heart rate at a given exercise level. Slow down if it is too hot.
- Stick to your designed program. Perform a gradual warm-up and cool-down of at least 10 minutes. Total exercise duration should be gradually increased to 30 to 60 minutes over a period of time.
- Inform your physician if you have any abnormal signs or symptoms before, during or after exercise. This includes chest pain, labored breathing or extreme fatigue.
- Never exercise to the point of chest pain or angina.

## **ARTHRITIS**

Regular, moderate exercise delivers several benefits to people with arthritis. Exercise reduces joint pain and stiffness, builds strong muscle around the joints, and increases flexibility and endurance. Moderate activity also helps promote overall

health and fitness by giving you more energy, helping you sleep better, controlling your weight, decreasing depression, and giving you more self-esteem. Furthermore, exercise can help stave off other health problems such as osteoporosis and heart disease. Talk to your doctor about starting or changing your exercise routine.

### **TIPS:**

- Stretch and warm up with range-of-motion exercises.
- Start strengthening exercises slowly with light weights.
- Progress slowly.
- Add aerobic exercise gradually. Pay attention to how you feel during and after exercise and adjust accordingly.
- Try swimming or water aerobics. The water decreases the impact stress on your joints.
- Ease off if joints become painful, inflamed, or red. Work with your doctor to find the cause of these symptoms and eliminate it.
- Choose the exercise program you enjoy and stay consistent.

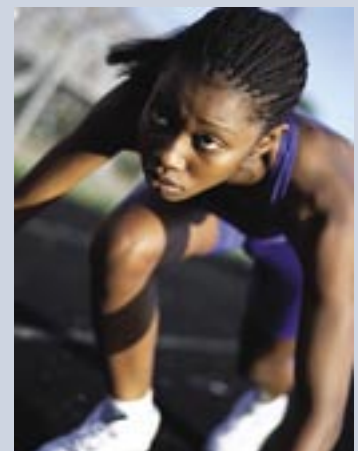
Remember, physical activity can be extremely helpful for people with chronic disease. Outdoor activities such as walking, running, jogging or a combination of all three are excellent cardiovascular exercises, as long as you play it safe!



# **ANNOUNCING THE 2ND ANNUAL SPIRIT OF WOMEN 5K ROAD RACE**

**SAVE THE DATE:  
SATURDAY,  
OCTOBER 1, 2005**

HNE is the proud sponsor of the 2nd annual Spirit of Women 5K Road Race. HNE and Franklin Medical Center, in conjunction with the Sugarloaf Mountain Athletic Club of Sunderland, invite women of all ages to run or walk on Saturday, October 1, starting at 9:30 am. The event will take place at Franklin Medical Center, 164 High Street, Greenfield. Entry forms available by calling 413-773-2131.





## ASK THE FITNESS EXPERT

Are you trying to establish a personal health and fitness plan? Are you struggling with questions about your exercise routine? At HNE, we understand that the world of health and fitness can be overwhelming. Our Health Programs Coordinator, Michael Gauvin, is available to help you. With a background in exercise physiology and health and fitness, Michael has the knowledge that can help you answer your questions related to the ever expanding world of physical fitness. Starting and maintaining a personal health and fitness plan can be difficult. Let Michael help you find the answers that will inspire you to reach your long term goals.

To access the “Ask the Fitness Expert” link, click on the Healthy Directions tab on the Health New England homepage, [hne.com](http://hne.com).

## OUTDOOR ACTIVITY TIPS

by Michael Gauvin, MS, CSCS  
Health Programs Coordinator

When the sun is shining, who wants to stay indoors, especially when it comes to exercise? With only a short time before the days get shorter and the sun sets early, now is a great time to head outside. Taking your exercise routine outside can help to eliminate boredom, which often challenges a regular exerciser’s adherence.

The benefits of regular physical activity in preventing chronic disease have been widely reported. Regular physical activity can also help manage the symptoms of chronic disease and improve your quality of life. For people who are inactive and have a chronic disease, try starting out small with something you like to do, then gradually increase your activity level. Find something that you enjoy doing and stick to it. As always, speak with your physician before starting any exercise program and start off slowly.

### ASTHMA

Physical activity can help you increase the length of time you are able to do things, (like walking), reduce your symptoms, and decrease the number of hospital visits. Begin with low intensity exercise and gradually increase as your shortness of breath begins to decrease. Work with your health care provider to determine the best exercise program for you.

### **TIPS:**

- Do not begin exercise when you have symptoms of your asthma.
- Always warm-up before starting and cool down following exercise.

- Use medications as prescribed to prevent exercise-induced asthma.
- Participate at your own ability level.
- Always stop exercising if an asthma attack develops.
- If your asthma is bothered by air pollution, hot weather or humidity, exercise indoors on days where these factors are an issue.

### DIABETES

Regular physical activity can help a person with diabetes in several ways. Activity can: control blood glucose levels, decrease need for insulin, improve circulation, and help with weight loss. Work with your health care provider to determine the best physical activity program for you.

### **TIPS:**

- Be sure your shoes fit well and are designed for the activity you have in mind. Be alert for blisters. Remember, always wear socks.
- Start slowly with a low-impact exercise such as walking, swimming, or biking.
- Build up the time you spend exercising gradually. If you have to, start with five minutes and add a bit of time each day.
- Always wear an ID tag indicating that you have diabetes to insure proper treatment in case of emergency.
- If you have foot problems, consider swimming or biking, which is easier on the feet than jogging.
- Stretch for five minutes before and after your workout, regardless of how intense you plan to exercise.
- Monitor and control your blood sugar before, during and after exercise.

(continued on page nine)

**HEALTH SERIES SCHEDULE**

Date	Topic	Guest
7/14	General Wellness	Lynn Ostrowski, Director, Health Programs and Community Relations, (HNE)
7/21	Pharmacy Issues	Maura McCaffrey, Director of Pharmacy and Service Operations, (HNE) Rich Hoeckh, Clinical Pharmacist, (HNE)
8/4	Diabetes	Alres Dinnall, Clinical Disease Management, Coordinator, (HNE)
8/18	Asthma	Alres Dinnall, Clinical Disease Management, Coordinator, (HNE)
9/1	Fitness	Mike Gauvin, Health Programs Coordinator, (HNE)
9/15	Women's Health	Dr. Donna O'Shea, Associate Medical Director, (HNE)
9/29	Cardiovascular Health	Dr. Thomas H. Ebert, Chief Medical Officer, (HNE)
10/6	Nutrition	Lynn Ostrowski, Director, Health Programs and Community Relations, (HNE)
10/20	Oral Health	Frank Robinson, Ph.D, Partners for A Healthier Community Executive Director

\*\* Additional topics may be added to the series. <<http://www.campatwater.org/>>

---

---

## **MEDICARE PART D – MEDICARE MODERNIZATION ACT (MMA)**

The Medicare Modernization Act (MMA), enacted in December 2003, provides additional coverage for Medicare beneficiaries. Effective January 1, 2006, all Medicare beneficiaries may enroll in a prescription drug plan (Medicare Part D) offered by private health plans or pharmacy benefit managers. Under the MMA, employers and unions that offer drug coverage that is as good as or better than Medicare Part D will be eligible for a retiree drug subsidy.

The Center for Medicare and Medicaid Services (CMS) has estimated that the retiree drug subsidy will amount to an average of \$668 in annual per capita retiree subsidy payments. In the publication *HR Times*, Edward C. Hustead, Senior Vice President of The Hay Group, suggests to employers that they weigh the subsidy against the cost of obtaining it. According to Hustead, costs associated with the subsidy – including actuarial costs, charges from health plan administrators, as well as employer time and expenses – could amount to as much as \$25,000. Based on this figure, an employer would need to receive subsidies for at least 37 qualified individuals to recoup the administrative costs.

At HNE, we have taken steps to ensure our compliance with the MMA, and to support you in doing so as well. First, for actuarial certification, HNE can direct our clients

to the actuarial services of Milliman through our Pharmacy Benefits Manager, Express Scripts, Inc. (ESI). Please contact your HNE account representative for coordination with ESI and Milliman. Second, HNE is prepared to provide census information for our employer groups. To ensure the accuracy and completeness of the file, we are asking that employers provide a listing of all identified Medicare eligible members along with their name (First, Middle, Last), Social Security Number, date of birth, relationship to the participant and gender. HNE will verify the membership information we receive against that information in our files. In addition, please provide HNE with the CMS number for your group. Finally, HNE will comply with the requirement to provide Certificates of Creditable Coverage. We are on track to meet the November 15 deadline for providing these certificates.

CMS provides a number of informational resources for employer and union plan sponsors on their web site. Following is an excerpt taken from information available at that site:

**THE RETIREE DRUG SUBSIDY: WHY EMPLOYERS AND UNION PLAN SPONSORS SHOULD CONSIDER IT**

Employers and unions have a number of options under the Medicare Modernization Act (MMA). The retiree drug subsidy is one of the options designed to encourage prescription drug coverage. This option is available to all

(continued on page six)

# WELLNESS VAN MAKES DEBUT FOR HNE

By Mark Morris, Public Relations Manager

Wellness programs and health screenings take on a bright new look as Health New England introduces the HNE Wellness Van.

The colorful Dodge Sprinter van allows us to expand access to the many health programs HNE offers. "With the Wellness Van we have a way to bring more programs to more communities and it increases our visibility all over Western Massachusetts," said Lynn Ostrowski, Director of Health Programs and Community Relations.

In addition, the van is a cost effective way to promote HNE. "We try to get our advertising message out in a variety of ways and we try to be efficient. We have pursued traditional channels in the past, such as billboards. The Wellness Van has turned out to be an effective and more efficient way to advertise HNE. When you make a side-

by-side comparison, the van costs less than a one year billboard advertising campaign," said Lynn.



The van will be appearing in many different community events as well. Back in August, the van was part of the Puerto Rican Cultural Day Parade in Springfield. You can also look for the HNE Wellness van at the Spirit of Women Road Race in Greenfield, the Rays of Hope walk, and in many other community events throughout the year.

## **MEDICARE D** *(Continued from page five)*

employers and unions, regardless of whether they pay taxes or are tax exempt. It has highly flexible rules that permit employers and unions to continue providing drug coverage to their Medicare-eligible retirees at a lower cost while retaining their current plan designs.

### **FIVE EASY STEPS TO RECEIVE THE RETIREE DRUG SUBSIDY**

CMS has created a streamlined process, including quick turnaround of application reviews, for employer and union plan sponsors to qualify for and receive the retiree drug subsidy. Regardless of whether a plan operates on a calendar year or non-calendar year basis, it can still receive the subsidy. Plan sponsors also can partner with any vendor they choose to administer the plan regardless of whether the vendor participates in Part D, so there is no disruption to existing business relationships.

For employer and union plan sponsors that are contributing a certain amount to retiree drug costs, the retiree drug subsidy will directly reduce these costs with minimal administrative burden to the employer/union. Sponsors of employer and union plans that do not currently qualify may want to consider increasing their contributions. The retiree drug subsidy could offset all or a portion of these additional

costs. In either case, employers and unions can work together with vendors to develop a simple, straightforward process for receiving and using the retiree drug subsidy amounts to directly offset the costs associated with providing retiree benefits through these vendors (either through self-funded or fully insured arrangements). CMS will be working with vendors and employer/union plan sponsors in the near future to assist in simplifying this process. CMS will share this information so that employers and unions can utilize these straightforward mechanisms to obtain the retiree drug subsidy to directly offset a portion of the costs associated with continuing to provide high quality drug coverage to retirees.

The primary steps in the retiree drug subsidy process include:

**Step One:** Submit (electronically or otherwise) an application by September 30, 2005, to qualify for the retiree drug subsidy beginning January 1, 2006. In subsequent years, calendar year plans submit applications by September 30th of each year; non-calendar year plans submit applications 90 days prior to the beginning of each plan year.

*(continued on back cover)*

# INDUSTRY TRENDS

## ERODING RETIREE BENEFITS AND THE IMPACT ON HEALTH PLANS

*by Beth Conlon,  
Senior Underwriter, HNE*

As the Baby Boomer population continues to retire, the erosion of health care benefits for retirees is becoming increasingly evident across the country. Employers are either eliminating retiree benefits for all new hires, substantially increasing the cost shifting for their existing retiree population (out of pocket expenses were forced up by 27 percent last year for early retirees, according to a survey from the Kaiser Family Foundation and Hewitt Associates), or capping the amount they pay towards health care coverage.

The impact of this can be illustrated with several dramatic statistics. According to the survey from the Kaiser Family Foundation and Hewitt Associates, “In 1988, 66 percent of companies with more than 200 workers provided retiree health plans. By 2002, that number had fallen to 34 percent.”

A different survey by the Employee Benefit Research Institute showed that, “In the private sector, the offering of health coverage to early retirees plunged from 22 percent to 13 percent in the 5 years from 1997-2002; the percentage of private companies offering benefits to Medicare-eligible retirees slid from 20 percent to 13 percent during the same period.”

Rising health care costs are not the only reason for this reduction and /or elimination of retiree benefits. Another contributing factor has to do with a rule known as the Federal Accounting Standards Board (FASB). The FASB was developed in 1992 and changed the accounting practices of companies by requiring them to account for the cost of their future retiree liabilities. As a result, as the Baby Boomer generation retires, companies are faced with greater liabilities.

So what does the trend towards reduction in retiree benefits mean? For the government it means that Medicare faces higher costs as more and more companies eliminate coverage to retirees. For employers, it creates a dilemma – how to provide retiree benefits that are both compelling to employees and, at the same time, cost-

friendly. Finally, for Managed Care Organizations (MCOs), the reduction in retiree benefits creates an opportunity to introduce new products to this population. One such product is the Health Savings Account (HSAs), which can offer flexibility to the insured based on age and coverage needs. The HSAs could be adjusted to better position younger workers to “save” for medical expenses after they retire by lifting restrictions that prevent them from doing so presently.

The trend towards reducing or eliminating retiree benefits has broad implications – affecting government programs, employers, employees, and insurers. This challenge will only continue to increase as more and more Baby Boomers retire, so waiting it out is not an option. Managed Care Organizations, employers, and legislators will need to work collaboratively to find creative solutions to address the health care needs of those that are affected by this trend.

---

---

### **Test Your Knowledge Answer:**

#### **Health New England!!**

HNE was the first health plan in the country to undergo an accreditation review by NCQA in 1992. Since that time, all others have followed our lead!



One Monarch Place, Suite 1500  
Springfield, MA 01144-1500  
hne.com



## **MEDICARE D** *(Continued from page six)*

**Step Two:** Attach to the application an actuary's attestation that the plan meets the MMA's actuarial equivalence standard. Actuaries have considerable flexibility in the use of simplified actuarial calculations, treatment of multiple benefit options, and allocation of premiums between drug and non-drug coverage. Once the actuarial equivalence standard is satisfied, plan sponsors have full flexibility in plan design. This means most plan sponsors can maintain their current high quality, comprehensive coverage without changing plan design or cost-sharing.

**Step Three:** Certify that the creditable coverage status of the plan has or will be disclosed to plan participants and CMS. This disclosure can be incorporated into other plan communications (e.g., those provided in accordance with ERISA reporting and disclosure requirements). CMS will be providing guidance soon on how to provide these disclosures. This guidance will include sample language.

**Step Four:** Electronically submit and periodically update enrollment information about retirees and dependents. Entering into a voluntary data sharing agreement with CMS

makes the process even easier. Information about how to enter into these voluntary data sharing (VDSA) agreements with CMS is available online at: <http://www.cms.hhs.gov/medicare/cob/>

**Step Five:** Electronically submit aggregate data about drug costs incurred and reconcile costs at year-end; submission of detailed individual claims data is not required (though claims records must be maintained for audits for six years). Plan sponsors can choose whether to submit data and receive payments monthly, quarterly or annually. CMS will be providing additional guidance soon on the details of how to submit data electronically.

Additional employer/union plan sponsor guidance and summaries documents are available online at: <http://www.cms.hhs.gov/medicarereform/pdbma/employer.asp>

**Please note that the application deadline for the retiree drug subsidy is September 30, 2005.**