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Consumer-Driven Health Plans More Prevalent Among Higher Earners

While enrollment in consumer-driven and high-deductible health plans rose slightly in 2007, these plans still make up a small segment of the health insurance market, and consumer-driven health plans (CDHPs) were disproportionately chosen by people with higher incomes, according to a survey published by the Employee Benefit Research Institute (EBRI) and the Commonwealth Fund.

The third annual EBRI/Commonwealth Fund Consumerism in Health Care Survey questioned 4,217 privately insured U.S. adults between the ages of 21 and 64 in late 2007 about their health insurance coverage. Results showed that enrollment in consumer-driven health plans with tax-advantaged Health Savings Accounts (HSAs) made up 2% of the

privately insured adult population, up from 1% in 2006.

Meanwhile, enrollment in high-deductible health plans (HDHPs) (defined as plans with minimum deductibles of \$1,100 for individuals

and \$2,200 for families) climbed to 11% of the privately insured adult population in 2007, up from 7% the previous year. This means, researchers noted, that roughly 2.3 million U.S. adults participated in CDHPs, and 12.5 million adults were enrolled in HDHPs, in 2007. While HDHP participants are generally eligible to set up an HSA to help cover their medical expenses before meeting the deductible, 42% of respondents with HDHPs said they do not have an HSA.

“Although consumer-driven plans have been around since 2001, market penetration is small,” said Paul Fronstin of EBRI, lead author of the issue brief on the survey. “Employers, especially large employers, appear to be increasingly providing the plans as an option, but enrollment has yet to take off.”

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The survey also found that the percentage of CDHP enrollees with household incomes above \$100,000 increased to 31% in 2007, up from 22% in 2005; while the percentage of CDHP enrollees with household incomes below \$50,000 fell to 19% in 2007, from 33% in 2005. In addition, the survey showed that 23% of HDHP enrollees had incomes of more than \$100,000, up from 15% in 2007. Over the same period, researchers observed, there was little change in the income levels of people enrolled in more comprehensive plans.

The findings further indicated that enrollees in CDHPs and HDHPs are more conscious of the cost of medical care than those in comprehensive plans, and they are more likely to discuss the cost of treatment options and medications with their doctors. The survey also found that individuals in CDHPs and HDHPs use health services and preventive screens at rates similar to those of enrollees in comprehensive plans. At the same time, however, the 2007 survey results revealed that, as in previous years, people in consumer-driven and high-deductible plans are more likely than those in comprehensive plans to report that they had skimped on needed medical care or medications due to cost considerations.

Survey respondents enrolled in CDHPs and HDHPs were asked about their levels of satisfaction with the plans they had selected. The findings indicated that people enrolled in these plans are less satisfied with various aspects of their health care coverage than participants in more comprehensive plans, but that satisfaction levels among CDHP and HDHP enrollees were higher in 2007 than in 2006. Specifically, researchers said, there was a significant increase in the share of CDHP enrollees who said they would recommend their plan to a friend or co-worker and who said they would stay in the plan if they had the opportunity to move to a different form of coverage.

In addition, the survey found that just 7% of enrollees in CDHPs had been

uninsured prior to signing on to their current plans, compared with 15% of HDHP enrollees and 28% of respondents with comprehensive coverage. The average respondent in a CDHP and HDHP also reported being in better health than respondents in more comprehensive plans, and they were less likely to say they have chronic conditions or smoke.

“These findings show that over the three years of the survey, more people in consumer-driven plans are earning higher incomes, tend to be healthier, and are no more likely to have been uninsured prior to enrolling than people in traditional health plans,” said co-author Sara Collins of the Commonwealth Fund. “These plans are not yet solving the problems they set out to address.”

Most Workers Support Proposed Modifications To FMLA Rules

In the wake of a proposal by the U.S. Department of Labor (DOL) to amend the Family and Medical Leave Act (FMLA) to make administering leave easier for employers, results of a recent survey by the National Coalition to Protect Family Leave suggest that a majority of workers support many of the concepts embodied in the rule changes.

Enacted in 1993, the FMLA requires that businesses with more than 50 employees provide up to 12 weeks of unpaid leave for childbirth, adoption, or illness of an employee or family member. Since the FMLA went into effect, many employers have complained that the current rules make it too easy for employees to take FMLA leave without giving adequate notice or justification for their absences.

The proposed changes to FMLA regulations, released by the DOL in February, would, for example, require employees to give employers advance notice whenever

possible before taking leave and to provide employers with more information about their health or other circumstances than is currently mandated. The amendments would also allow employers to contact an employee's physician directly to verify the employee's medical condition, as well as permit employers to discuss with an employee whether a serious health condition should be classified as a disability. If approved following the comment period, the new regulations are expected to go into effect before the end of the year.

The Coalition's survey of 1,000 registered voters showed that 71% of respondents consider the policies regarding time off in their own workplaces to be mostly fair, with just 20% calling their employer's policies mostly unfair. However, 46% of respondents said they have on at least one occasion suspected a co-worker of falsely claiming to be taking time off for family or medical reasons. More than one-third (34%) of respondents also said sporadic, unannounced FMLA leave taken by co-workers has made them less productive on the job.

"The FMLA has helped millions of American workers take the time off they need to address family or medical emergencies," said Coalition representative Lisa Horn. "But the survey data shows that Americans also recognize the potential for FMLA misuse—particularly when it comes to sporadic, unscheduled leave."

When asked if they believe some adjustments to the FMLA are needed, 52% of respondents said they approved of modifying the law, while just 28% said they think the law is working well in its current form. Results also showed that 88% of the adults surveyed support requiring employees taking intermittent FMLA leave to have their medical condition recertified by a physician every six months to a year, rather than permitting employees to continue taking FMLA leave after a single certification, as is currently allowed. Moreover, 73% of survey respondents agreed with the proposal that employers be allowed to speak to

health care providers to ensure that employees are fit to return to work after taking FMLA leave.

"This survey revealed two critical facts about Americans' attitude toward the FMLA," said Horn. "First, Americans strongly support the FMLA and believe it provides important protections to American workers. Second, they also believe that after 15 years it's time to take a step back and make some reasonable modifications to make the law work better for both employees and employers."

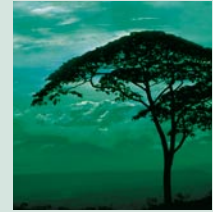
Senator Proposes Tax-Advantaged Disability Savings Account

Sen. Chris Dodd (D-CT) has introduced a bill in the Senate that would enable families with disabled children or other family members to contribute to a tax-advantaged account designed to make it easier for disabled people to maintain their health, independence, and quality of life.

The Disabilities Savings Act of 2008 would establish Disability Savings Accounts (DSAs), which are intended to promote the investment of private funds through tax-advantaged savings tools, including tax credits for low-income families, while protecting the disabled person's access to public supports.

"This important legislation is designed to help individuals with disabilities live full and productive lives for all their years," said Dodd. "It provides families with an important tool to save the money they need for their unique needs and provide for their children long after they are gone."

Under the proposed legislation, DSAs will be capped at \$1 million, and interest on accounts with a balance of \$250,000 or less will be tax free. Withdrawals from DSAs will be tax free provided they are



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used to pay for specific services, such as education, medical expenses, employment training and support, and transportation. Beneficiaries of the accounts must be under the age of 65 and be determined to be blind or disabled by the Social Security Administration or the Disability Determination Service of a state. The account can be handled and managed by the beneficiary, his or her spouse, a family member, or a legal guardian. Assets held in DSAs will not be counted against eligibility for Medicaid, Social Security benefits, or other federal support services.

“The disability savings accounts that Senator Dodd is proposing today gives people with disabilities a real chance for financial security,” said Stuart Spielman of Autism Speaks, an organization of families of children with autism and other disabilities. “By providing tax incentives for savings and by eliminating the risk of inadvertent disqualification for means-tested federal programs, these accounts will make planning for the future easier. As the parent of a child with autism, that’s very important to me.”

Diversity Not Defined In Many Workplaces

Most employers claim to support diversity in the workplace, but fewer than one-third have formally defined what diversity means, and there is no common language to help companies in managing their diversity initiatives, according to a study conducted by the Society for Human Resource Management (SHRM) and the American Institute for Managing Diversity Inc.

In the course of the year-long study, researchers surveyed more than 1,400 human resources professionals and diversity practitioners to gauge their views on the extent to which diversity practices achieve specific business objectives.

The survey found that 52% of respondents agree that, to a large extent, diversity practices create a work environment or culture that allows everyone to contribute all that they can to the organization. In addition, 49% of the professionals surveyed said they think diversity practices are largely successful in achieving appropriate representation of racial and ethnic groups, and 48% agreed that diversity practices enhance the ability of people from different backgrounds to work together effectively. Results further showed that 38% believe diversity practices eliminate or minimize prejudice.

The survey also found that public/government organizations are more likely than private non-profit and for-profit employers to have defined diversity; also smaller companies with fewer than 99 employees are the least likely of all types of organizations to have a formal definition of diversity in place.

At the same time, however, many of the professionals surveyed told researchers that they faced a number of hurdles in managing diversity, saying that the field is not well-defined and understood, tends to focus too much on compliance, and places too much emphasis on ethnicity and/or gender.

While 75% of the professionals surveyed said they believe that from a strategic perspective, leveraging the diverse talents of the workforce was extremely important to their organization, most also said that they would like to see greater emphasis placed on the positive relationship between diversity and business results.



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