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"..put up the right umbrella for your organization".

It's Raining Health Care

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A practical guide to putting up the right umbrellas

Are you concerned that your fight against rising health care costs is about to get tougher? Tougher because of a new kind of weather – Medicare rain. So, what can you do to help stem the tide and allow some breathing room to manage the situation the way you want and need to? If you are one of those lucky and rare plan sponsors that can afford to catch the rainwater, you don't need to do anything. But, if you are like most plan sponsors, you are likely grimacing at the potential for a flood of more, different, and higher health plan costs.

If you fall into the latter category, here are some helpful tips to put up the right umbrella for your organization:

- 1. Get educated - ensure you keep regularly abreast of what's happening** with Medicare plans in the provinces you conduct business in. That also means being aware of the respective governments' intentions for the near future. For example, in 2001 British Columbia announced a cut back to the provincial drug plan, followed closely by a warning that a large percentage of the drug program may be eliminated during 2002. Make sure you have an organized process in place, normally through your plan advisor or insurer, which provides you with this information on a timely and regular basis. Before this trickle turns into a downpour, a helpful chart of the activity is a good idea.
- 2. Review the terms of your group health plan contracts and agreements** to see where and how the downloaded costs would most likely appear in your plan. Most group health contracts include wording that permits it to automatically cover the amount not covered by Medicare or expenses completely excluded by Medicare, such as certain paramedical practitioners. This means there is no umbrella. Here's a hint – we think certain vague expense categories, such as medical services and supplies, are where the greatest degree of risk could arise. Here's another hint – consider including wording in your contract that stems the flow of downshifting costs and allows you the opportunity to say yes or no about their inclusion.
- 3. The last tip? Understand the position and processes of your plan supplier / insurer** regarding the management of downshifted expenses. Can they help you better manage awareness and the assumption of new costs? Can they offer a contractual umbrella that stops automatic coverage and let's you play a part in the subsequent decision process? Remember, your organization and plan are unique, and if you are large enough, your plan costs reflect that uniqueness. Standard notices released by most insurers about the cost impact of Medicare downshifting are just that – general notices. You need to determine how they affect you based on your own characteristics and objectives.

To close, we want to share with you one caution – don't make short term decisions about this issue. It requires a strategic view to the future. Having a sound strategy for your health plan is the best way to ensure you will still be able to deliver a valued group benefit plan long after the storm has passed.

Do I Need More Travel Coverage?

How many times do employees approach you and ask this question or something similar? **Did you know that giving employees incomplete or incorrect advice exposes your organization to legal challenges?** Most importantly, poor advice could hurt your employees.

Employees come to you because you are a resource of knowledge and they trust your advice. It is inappropriate to avoid employee questions for fear of litigation. Instead, it is most important that you are properly equipped to answer their questions, provide guidance as needed, and be confident in what you communicate.

It starts with gathering and applying the right information to each unique situation so you and the employee can feel confident with the advice provided.

For example, an employee asks, "Should I buy more health insurance for my holiday?"

A quick response of, "Our plan has out of country emergency health coverage and a travel assistance plan which should provide you with adequate coverage," may put you and the company at risk.

So, how should you respond?

1. Inquiring about the details of the trip, such as where, who and for how long.
2. Ensuring that you are clear about the coverage and services, offered under your group plans that apply to the employee's situation. Remember not to assume what you don't know and check with your insurer or plan advisor before responding on any questionable items.
3. Making the employee aware of the coordination of coverage between their provincial Medicare Plan and their private health coverage. You should also encourage the employee to educate himself or herself about their Medicare coverage while out of the country. Most provincial governments have very helpful websites for just this purpose. Encouraging personal responsibility is a very important part of this process.
4. Educating and encouraging the employee to access assistance services offered by your insurer, such as travel assistance. The most important message is to remind them to check before they buy or take action. Make sure the employee knows how to use services and that they travel with the right documentation. In the case of an emergency, it is an important first contact that all parties in the travel group need to know how to use.
5. Not making any clear recommendation about whether they should or shouldn't buy additional insurance. Instead, a wise employer encourages a smart and responsible consumer that can make their own decisions. Knowing how individual health insurance coordinates with existing Medicare and private group plans is an important item to educate employees about – what pays first and why.

So, you can be a helpful and diligent employer in these situations by using targeted education and focused communication to help your employees make the right decisions about their personal needs while protecting liability exposure to the company.

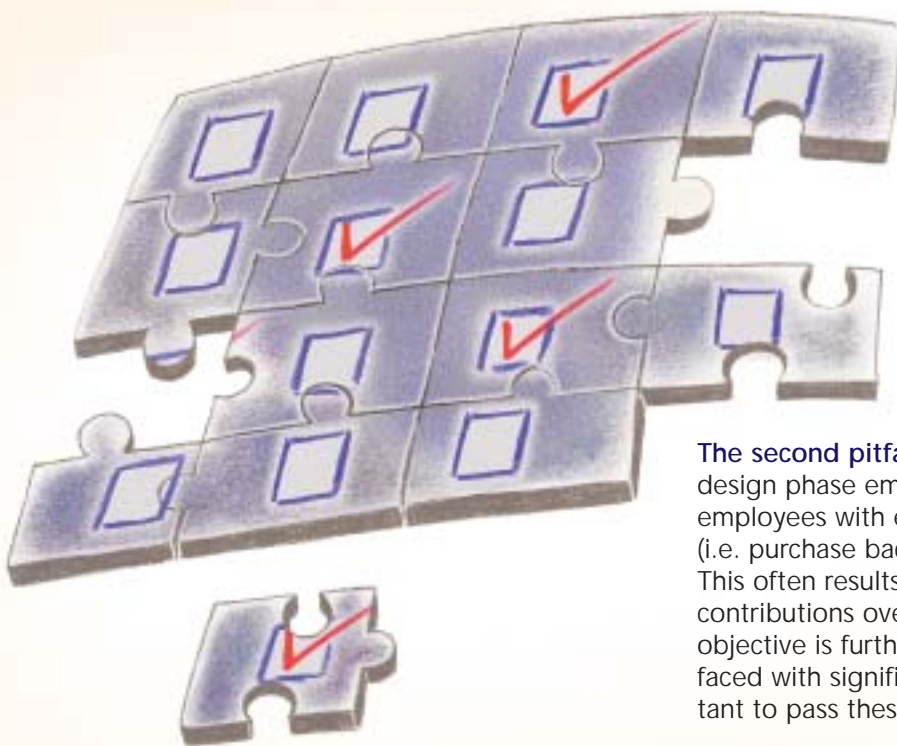
In our next CommuniK, we will provide another example of how to competently answer commonly asked employee questions.



So, You Think You Want a Flex Plan?

Two Key Things to Remember

The two most common objectives for implementing a Flex Plan are to empower employees to make choices and to control corporate costs. **However, the two most common pitfalls in meeting these objectives are not educating employees on how to make appropriate choices and not passing cost increases along to employees.**



The second pitfall occurs in two stages. During the design phase employers often attempt to provide employees with enough flex credits to “remain whole” (i.e. purchase back their current level of coverage). This often results in significant increases in employer contributions over current plan costs. The second objective is further defeated when employers are faced with significant renewal increases but are reluctant to pass these cost increases on to employees.

Flex is about choice. It’s about assessing need and making the right decisions. Education is key to helping employees make appropriate choices. Without education, the majority of employees will cluster back to the Flex Options most closely matching the current plan. Do you really want to implement a new Flex Plan to provide choice for a small percentage of employees?

It is difficult, if not impossible to provide choice, maintain current corporate costs and ensure that all employees remain whole. You and your employees must understand that choice comes at a price. However, a well-designed flex plan combined with focused education, targeted communications, and efficient administration can be very beneficial to you and your employees.

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Is E-Mail Costing You Time and Money?

After a few years away from the busy world of group consulting, I return to find something has radically changed – but I am not sure what.

I can't help feeling some sense of loss or isolation that I can't quite put my finger on. Instead of the familiar sound of voices chatting on the phone, I hear a strange tapping music – like a symphony of people playing keyboards. Sitting in my office waiting for mine or any other phone to ring, I finally do hear a small "Bing". It is my computer speaking and I have mail, mail and more mail. "Ah", I exclaim, "This is what's new – clients and consultants rarely talk to each other anymore, they write and send e-mails." When I asked some consultants why they don't call and talk to clients as much anymore, they most commonly replied that "Our clients are too busy to talk and e-mail is more convenient." Okay, it seems that since the e-mail craze took over the business world, people somehow got immediately busier than they were two seconds before e-mail arrived.



So I jump on the wagon thinking this technology must be an improvement to the efficiency and speed at which we conduct our work and converse with our clients. What I found, in my opinion, is quite the opposite.

Let me walk you through a simple example of what I mean. A client needs to ask me to do something. To send the message, they open their e-mail program and compose a note to me with their directive. I'd say this entire process took about 10 minutes to write and send. At some point later that day, I check my e-mail and discover the note. I open it and read it. I find myself staring at the note and mentally trying to ensure that I am getting the right message. Am I right about what they want? Is this urgent or something I can do later? The entire thing takes about 10 minutes and I am making a few assumptions about what I am reading. Now, I have to reply. So I craft a response in the e-mail and send it along to the client which takes another 10 minutes. Then, I must wait for the receiver to get and read my e-mail and respond. Now, a day has passed and the entire thing starts again.

What I come to quickly realize about our use of this technology is:

1. What could have been cleared up in a ten-minute phone call, now took two days and considerably more time and effort on both parties' behalf. Do you think this costs less or more in fees for so called efficiency? And, did this develop higher quality or lesser quality service? My answer is more money and less quality.
2. When e-mail came to be, everyone became Mr. E. Hemingway with the English language. Because nothing could be farther from the truth, we all now invest time in thinking through the true meaning behind quickly written e-mail notes, and much is left for error or misinterpretation. The one dimensional (and unattractive) nature of e-mail does not allow the consultant to read the nuances of their client's voice and verbal message, and use their skills to respond in the right manner and direct the issue quickly to the correct result or action.
3. The most important finding – the weakening of any means to build real and meaningful relationships with each other – as client and supplier. This threatens the value of services and, let's be frank, takes away an important and valued part of our work. That is, our ability to apply our knowledge to the specifics and characteristics of each client – the person that is, not the company.

E-mail does not improve the consulting relationship and I bet if you took the time to ask, most consultants would agree that it costs the clients more money to deal with us like this.

Krieger + associates, as one consulting firm, is seriously looking at the effects e-mail has on our business, professionals, and the quality of our services and client relationships. While I am not one to back away from the improvements technology brings us, I don't think it should run our world either.

We are in the people business and relationships occur through personal contact - not black and white e-mail directives.

Think about it. I know we are.

Deborah Cameron has recently returned to Krieger + associates after a few years away.