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Good news for your good health!℠
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This issue includes…

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The Rx Factor on Healthcare Spending

By Jennifer Fuhrmann-Berger, Pharm D, V.P. of Clinical Services

If you think $4 a gallon gas prices are a sticker shock then get ready to get the wind knocked out of you when it comes to US healthcare spending. According to The Centers for Medicare & Medicaid Services' (CMS) actuaries, US healthcare spending has increased 2.7% faster than any other gross domestic product over the past three decades. This means we spend more on healthcare than on food, housing, and national defense. To make matters worse, Medicare is predicting a 6.7% per year healthcare spending jump until 2017. Healthcare costs are projected to balloon from $2.1 trillion in 2006 to $4.3 trillion in 2017.

The only relief from these exorbitant expenditures is found in prescription drugs. Due to the lack of new FDA-approved medications hitting the market and the increase of generic alternatives to those brands with expiring patent protections, pharmaceutical sales are expected to only have a 4% to 5% sales growth.

However, generic medications are not the only defense against these volatile expenditures. By partnering with Benecard, we can work together to control the entire cost of your prescription drug spend, which according to CMS accounts as 14 cents of every dollar that is spent on healthcare. Through our strong clinical and utilization management expertise, we can uncover the main components that increase costs while providing quality patient care. Some of the factors we focus on include identifying inappropriate drug use, adverse drug reactions, therapeutic duplication and more. By concentrating on these factors, we can prevent your members from the misuse of medications that sends more than 700,000 Americans to the Emergency Room (ER) each year and can cost approximately $560 per visit. Plus, we can identify and reduce inappropriately filled prescription medications. Just by subtracting one inappropriately filled medication per month can save hundreds or thousands of dollars on one member per year depending on the cost of the medication.

For example, a member who is currently seeing two doctors is prescribed two different medications, Vicodin and Percocet for pain. Both medications contain acetaminophen, a medicine when taking in excess can cause liver failure. By subtracting the therapeutic duplicate, Percocet medication at $250 a month, the plan saves $3000 for the year on that member alone. Plus, the plan could see an additional savings of $560 for the ER visit that was caused by too much intake of acetaminophen.

So, if Benecard can save your plan $3560 a year on one member; just imagine how much we can save on your entire group. Contact your Benecard Representative to learn how we can properly manage your prescription benefit program.

ROI of 700%

With rising healthcare expenses continually climbing in this country, we fervently search for an effective cost reduction strategy. Such cost pressures can trigger an expeditious reaction to eliminate overlooked cost-saving health benefits; but in actuality, benefits such as a vision program can contribute to the success of your cost-effective strategy. According to the Vision Council of America, employers gain as much as $7 for every $1 spent on vision coverage. That's a return on your investment of 700%!

Improper eye care can affect your employees' health as well as your business profit margin. A study conducted by the University of Alabama at Birmingham School of Optometry found that businesses lose $8 billion annually due to vision-related problems, and uncorrected vision can decrease employees' performance by as much as 20%.

Annual vision examinations can detect eye diseases and serious health issues like hypertension, diabetes, and various forms of cancer. Many eye diseases and disorders become more common as we age, but can be prevented or corrected if detected in there early stages.

Since the majority of people are more likely to schedule annual eye exams over annual physicals, the eyecare professional becomes the front line in preventive defense for diabetes and other diseases. Often early detection can offset overall healthcare costs, which is an added bonus for today's working families and businesses.

As we continue to search for alternatives to save on our healthcare spending, adding a cost-effective vision benefit like those administered by Benecard's affiliate, National Vision Administrators, L.L.C. (NVA) is one answer to cut costs on healthcare expenditures. Clearly see the difference in your group's healthcare costs and add an NVA vision plan to your benefits package. Contact sales@e-nva.com to learn more.

In This Tight Economy Every Cent Counts

By Sandra Wolf, V.P. of Retiree Solutions

Many health plan sponsors offering prescription benefits to their retirees see the value of Medicare Part D. But do they see the real potential of maximizing the subsidy? There are several ways in which Medicare Part D can be implemented. The options include:

1) Retiree Drug Subsidy Program (RDS), an application for subsidy which is selected by both large and small groups.

2) Employer Group Waiver Plans (EGWP), a waiver plan only available to employer groups. Under this option the group becomes a Prescription Drug Plan, (PDP) and only offers benefits to its own retirees. An EGWP is an excellent solution for large groups, generally 10,000 or larger. The group must offer benefits equivalent to a PDP. The retiree is offered additional protections under this program not available under the RDS program. The employer group benefits from a greater subsidy from the Federal government; however the group has multiple additional reporting and operational requirements.

3) Prescription Drug Plan (PDP), offered by insurance companies or other private companies and approved by Medicare. Employer groups can contract with a PDP for their Medicare-eligible retiree population to have prescription drug coverage.

The best choice varies for each employer or union group.

RDS is an easily adaptable option that provides incentive payments to sponsors from the Center for Medicare and Medicaid Services (CMS) for the continuation of drug coverage to the retired Medicare-eligible individuals rather than have those eligibles choose to enroll in a Medicare Part D Drug Coverage plan on their own.

Subsidy requirements include an attestation of your plan to determine that minimum coverage requirements are met, eligibility and claims data files are in the CMS-required format, and a timely submission of the annual application. Though this sounds simple, the manner in which such data is submitted affects the total subsidy amount the sponsor may receive.

Benecard Retiree Solutions works hand in hand with our clients during the course of the year to maximize their subsidy amount. We monitor drug spend, closely audit Part B versus Part D drug coverage, and follow-up to see that every eligible retiree is accounted for, whether a retired employee or their retired spouse. The more time and effort that goes into the application and data submitted, the greater amount of dollars one may receive in their subsidy to help off-set the increasing cost of prescription medications.

To date, Benecard Retiree Solutions has averaged subsidy amounts of $650 per Medicare-eligible retiree compared to the CMS average return of $560. An extra $650 per Medicare-eligible reitree adds up quickly for those tight budgets. If you don't think you are maximizing your subsidy or simply have not yet joined the many other employers or unions actively involved in Medicare Part D, it's time to review your approach.

All of the options available under Medicare Part D offer employer group cost savings and ensure the retiree will continue to maintain coverage through their plan sponsor.

The Actuary's Corner

By John Marshall, Chief Actuary

Why Risk Protection?

Prescription benefits can be a risky business. Insured prescription programs supply a safety net to clients unwilling to take the risks associated with the variable costs and volatility self-insured prescription programs entail. Under an insured program, the insurance company takes the risk associated with pharmacy benefits, leaving the client to only be responsible for the fixed cost amount. Benecard offers two insured prescription programs: shared risk and individually underwritten risk.

Shared risk dates back to the inception of insurance. In the 17th Century, Lloyds' of London began insuring ships and their cargo in a similar manner as today's automobile insurance operates. Each vessel or car is assigned an insurance fee from actuarial tables which statistically estimate the probability of mishaps and accidents on the high seas or on interstate highways. The basic principle of shared risk is that high claims are relatively rare, but once incurred, the financial consequences can be catastrophic. Regardless, a catastrophic claim does not result in very high renewal rates for the claimant, but rather is shared among all the groups.

The same principle pertains to medical and prescription insurance for smaller groups. Benecard provides shared risk insurance to groups with 51 to 125 employees. In this group size there is often an insufficient number of employees to temper the inherent volatility of one or two high claims. In these cases, risk sharing is a good course of action because it avoids potentially high renewal rate increases due to an unfortunate spike in claims. The downfall of this concept is that some groups that participate may end up subsidizing other groups in the risk sharing.

Individually underwritten risk is the best alternative for mid to large size groups (125 or more employees), looking to stay on budget and avoid the headache of covering the risk themselves. Individually underwritten risk analyzes a single group's recent past prescription plan experience to project future costs. For groups that do not have their experience, Benecard can provide manually underwritten rates based on the group's demographics, renewal rates and program design. Another advantage Benecard offers to our individually underwritten groups is individualized reporting of their prescription benefit programs.

Many clients find piece of mind once they add an insured component protecting them from the inherent financial risks of their prescription program. To learn more, contact your Benecard Representative.