

# BBI Benefit Bits

## Editor:

Jim Edholm.

*"If you don't see what you like or like what you read, tell me — I'll make it happen."*

## Special Interest Articles:

- First-ever BBI Newsletter Launched!
- Massachusetts' New Health Reform Law Updates.

## Inside Scoops — Highlights:

- Great Restaurant 2
- Cost-saving Health Plans 2
- Mass Robs Poor 2
- Employee-paid/Employer-Free Benefit Plans 3
- Mass Discriminates Against Some Poor Employees 3
- ID Theft Threatens You and Your Company's Employees 4
- Employer Business Risk Assessment Service 4

**Business Benefits Insurance, 4 Punchard Ave, Andover, MA 01810**  
**Phone (978) 474-4730 Fax (978) 474-4379** [www.bbibenefits.com](http://www.bbibenefits.com)  
**Questions? Email — [info@bbibenefits.com](mailto:info@bbibenefits.com)**

## BBI *Finally* Launches a Newsletter!

Shame on me! I'm just now — after far too many years — starting an official BBI newsletter.

Fact is, there's just so much happening out there that it's impossible for me, Doreen, Sheila and Chip to bring each of you up to date on a face-to-face basis. Thus the launching of this newsletter.

I want you to find it interesting & useful — so *please* let me know what subjects you'd like to see here. Based on initial

feedback here's what we plan to include:

- ⇒ Updates on laws that affect you.
- ⇒ Same for new products & design ideas, particularly money-savers.
- ⇒ Client case studies particularly those who have saved money.
- ⇒ Inputs on the markets (health insurance in particular) and trends we're seeing.
- ⇒ Interesting or humorous HR subjects you

might not normally run across.

I also plan to include items that have **NOTHING** to do with business (hey, it's my newsletter!), if I think they'll interest you, too.

And I want you to get to know my team — a great bunch of people you've dealt with on the phone but may never have personally met.

But don't settle for my list. Tell me what **YOU** want... that's a lot more important than what I want.

## Mass Health Law Moves Forward... Sort Of

OK, talking about the Mass Health Reform law is dangerous: there are so many nitty-gritty details, exceptions, and/or not-yet-clarified rulings that what's true today may not be true tomorrow.

Yet, it's so much in the news that I feel obligated to address it. With that in mind, there are a number of articles in this edition. See the Table of Contents on the left.

First off, the idea behind the Health Care Reform Law is to provide coverage for every citizen of the

state of Mass. It requires everyone over the age of 18 to have coverage after July 1, 2007.

Any person without coverage — either through her employer or directly with the State — will face penalties... and by 2008 the penalties will probably cost more (after tax) than purchasing insurance would have.

Second, if you

- A) currently have more than 10 full-time employees (@ 35 hours per week), and

- B) offer them health insurance, and

- C) have a section 125 plan (which makes the employee contribution tax-deductible), and

- D) pay more than 33% of the premium, then

you needn't worry about anything right now.

Third, if you don't meet those criteria — and I think all of our >10 clients DO meet those criteria — **call us right away**, and we'll do a more detailed analysis for you, specific to your circumstances.



Toro: Terrific tapas — but get here early, especially on the weekends. They don't really take reservations.

**Now Available — Free Evaluation CD for Health Insurance Self-Funding.**

Self-funding can save many ( but not all) employers significant amounts on health insurance.

But it may or may not be right for you. How can you find out?

This easy-to-use CD answers common questions about Employer Self-funding of health insurance and it also includes a simple 4-question survey that will tell you whether or not self-funding “fits” your company and will reduce your company’s health costs.

**To get your no-obligation copy of this free CD,** email [info@bbibenefits.com](mailto:info@bbibenefits.com) and give us your contact information. We'll get the CD in your hands immediately.



This picture has nothing to do with anything — but it's pretty, don't you think?

**Really Great Restaurant**

Unrelated to benefits or business or anything other than gustatory pleasure, my wife, Kathy, and I love to find good restaurants with superior food, good service, great atmosphere... you get the idea. I will, in fairness, confess that she does all the work of discovering these places; I take zero credit.

We're delighted to share our experiences with you, but be warned — I know some of you are meat-

and-potatoes folks, and that's fine. But if you are, you may not much like our suggestions. On the other hand, if you're looking for a memorable or fun place to spend an evening, check these out.

I'm going to start in this first issue with Toro. It's located at 1704 Washington, just about a block from Massachusetts Avenue in that far part of the South End that is almost Roxbury.

We've eaten there several times... nothing is bad, everything's exceptional. The buzz is enervating, and you absolutely must have the roasted corn — it alone is reason enough to go there.

But prepare for a wait. They don't take reservations, and the crowds, particularly on weekends, are big.

**Do High-Deductible Health Plans Really Save You Money ?**

It's starting to look that way. Theory says when consumers pay for the small claims, they'll be more careful because it's their money. That will reduce costs. So employers offer plans like HRAs & HSAs with big up-front deductible that offer lower premiums.

Because premiums are lower, people are flocking to these plans. In January 2006 there were more than 3 million “Consumer-Directed Health Plans” in the US vs. only ~one million nine months earlier.

Now, Aetna, a major carrier, has released the results of a four-year study of 1.6 million people enrolled either in Aetna's traditional PPO plans or in their HRA plan:

1. When the HRA was the only option, the three-year increase was only 3%.
2. When the PPO was the only option, the three-year increase was 27% — nine times higher.
3. Dual option plans had increases of about 20% on average.

The fear has been that

people will avoid care because of the up-front costs. But frequency of medical care didn't seem to suffer.

Those in the HRA were *more likely* to get treatment for chronic pain and preventive care than those in the PPO.

Will such a plan work for you? It can, but it depends on your circumstances, risk tolerance and a bunch of other factors... so give us a call and we'll walk you through the evaluation process.

**Mass Punishes the Good Guys**

As Mayor Menino might say, “This really fries my nose.”

Before October 1 the Mass Insurance Partnership subsidized the health insurance cost for any employee who earned

less than 200% of the Poverty Line, about \$20,000 for a single and something like \$47,000 for a family of five.

But some folks made just over that minimum level — they weren't eligible for

help. But on 10/1, the eligibility level jumped from 200% to 300% as part of the Health Care Reform Law.

All those folks who passed up insurance because

*Please continue on Page 4*

## Can Voluntary Benefits Benefit You ?

Ever thought about voluntary, employee-paid benefits?

No employer wants to spend too much on benefits, but the hiring environment is competitive, too, so you want to keep your employees happy.

Turnover is expensive. A unit of Nextera Enterprise Consultants recently found turnover in the service industry costs \$6,926 to \$34,100 per employee lost. Wow!

That's a staggering number, but it makes sense — training costs, productivity loss... they all add up.

Good benefit offerings can

*“Turnover in the service industry costs \$6,926 to \$34,100 per employee lost.”*

reduce turnover.

Voluntary benefits certainly aren't the total answer, but they might help and can't hurt. They cost nothing except time and minor administrative tasks.

Employees value voluntary benefits even though they pay for the benefits themselves because they can buy coverage at group rates. They often can't even buy some coverages directly... at any price, much less at group rates.

For example, just try to buy individual dental or short-term disability protection. They hardly exist.

And carriers make it easy for you to offer voluntary coverage. For example, one voluntary carrier will do the following (requirements vary by size of employer):

- Prepare individual enrollment forms for each employee
- List specific prices for multiple employees' coverage options
- Reduce participation requirements for some groups over 25 lives.
- Run enrollment meet-

ings for you.

In future issues we'll talk more about how to structure voluntary benefits, but keep them in mind.

The most popular voluntary benefits, in approximate order of employee popularity, are:

- Group STD,
- Group Dental,
- Group LTD and
- Group Life.

Other possibilities are Identity Theft (see article on page 4) and Long Term Care.

**Want to look at options?**

Call or email us at [info@bbibenefits.com](mailto:info@bbibenefits.com)

## You Can't Discriminate — but Massachusetts Can

Amazing.

That's all I can say about Massachusetts's approach to health care and employee benefits. Two examples show how, as they said in *Animal Farm*, “some are more equal than others.”

The first example, discussed at the bottom of page 2 (“*Mass Stiffs the Good Guys.*”) The State plans to subsidize health insurance premiums for low-income employees *not* currently paying for health insurance, while refusing the same subsidy to equally poor employees who have been paying their fair share up till now.

The other example of gov-

ernment hubris has to do with discrimination among employee classes.

It is an established Federal principal that you can discriminate among employee classes, so long as that discrimination arises solely from “conditions of employment.”

So you can discriminate between hourly and salaried employees, between those with more than five years' service and those with less, between officers and non-officers, etc.

The new Massachusetts health law specifically prohibits you from paying more toward any group of employees' health insurance than you do to any-

one else. Think about that. It directly contradicts Federal Law, under which “non-discriminatory discrimination” is allowed.

But there's a *de facto* exception if you're dealing through a State agency.

Here's how it comes about. Through the new Commonwealth Connector, the agency that's going to provide insurance to smaller companies who don't now have it, you can have each employee pay the same amount toward insurance, say \$100/month.

But here's the catch. The products offered through the Connector are age-band-priced.

A 60-year-old employee may have a rate that is up to twice as expensive as the rate for a 25-year-old employee.

So if the rate is \$500 for the guy who's 60 and \$250 for the gal who's 25 and they're each paying \$100/month, simple math says that you're paying \$400 for the older employee and only \$150 to the younger.

What if the older employee is an officer?

How can an individual state gratuitously change a Federal law?

I smell a lawsuit.

## Business Benefits Insurance

4 Punchard Ave  
Suite 300  
Andover, MA 01810  
Phone:  
(978) 474-4730  
Fax:  
(978) 474-4379

E-Mail:  
[info@bbibenefits.com](mailto:info@bbibenefits.com)

We're on the Web!  
See us at:  
[www.bbibenefits.com](http://www.bbibenefits.com)

## ID Theft Threatens Your Company!

Your employees can have their identities stolen, but what does that mean to you?

In fact, you can be liable for your employees' losses under FACTA, a little-known Federal law.

If your employee's ID is stolen from work, you may be liable for the full amount of the loss... plus

penalties & fines of up to \$3,500 per incident.

Plus, companies who experienced ID Thefts spent an average of 1,600 man-hours and suffered \$40-\$92,000 in actual losses.

Now, BBI offers a detailed Risk Analysis service that pinpoints your level of risk from ID Theft, Labor Law violations, facilities risk,

financial ratio risk, and legal-entity risk.

As a reader of BBI Benefit Bits, you can get this analysis for \$97 instead of the normal price of \$297 by emailing us at [info@bbibenefits.com](mailto:info@bbibenefits.com). Put the words "Security Analysis" in the title line. **Act quickly — this offer is only good until January 31, 2007.**

## Mass Punishes the Good Guys (continued from Page 2)

they couldn't afford their share will now get subsidized by the taxpayers. Cool!

But here's the tricky part. Suppose your employee made 250% of the Poverty Line and she had a sense of obligation. So she dug deep, paid her fair share

and enrolled in your plan. Bet she'll be happy when she sees how much better it is with the new, expanded subsidy, right?

Wrong. Not for her. Not for the good gal. Folks currently paying for the coverage can't get subsidies under the new law.

That's right — those who did right under the old law are being penalized under the new.

How's that for nose-frying? But there's hope. MA has reversed that limit for self-employed people... maybe the rest won't be too far behind.

### About BBI...

BBI specializes in reducing costs & risks of employee benefits.

Our clients are companies with up to 200-300 employees.

Our services include, but aren't limited to:

- Benefit Design
- Corporate Risk Analysis.
- Implementation
- Administration assistance

- Compliance efforts
- HR Automation
- Alternative Financial options analysis
- Benchmarking analysis.
- More... email or call to ask.

### BBI — BUSINESS BENEFITS INS.

4 Punchard Ave, #300  
Andover, MA 01810