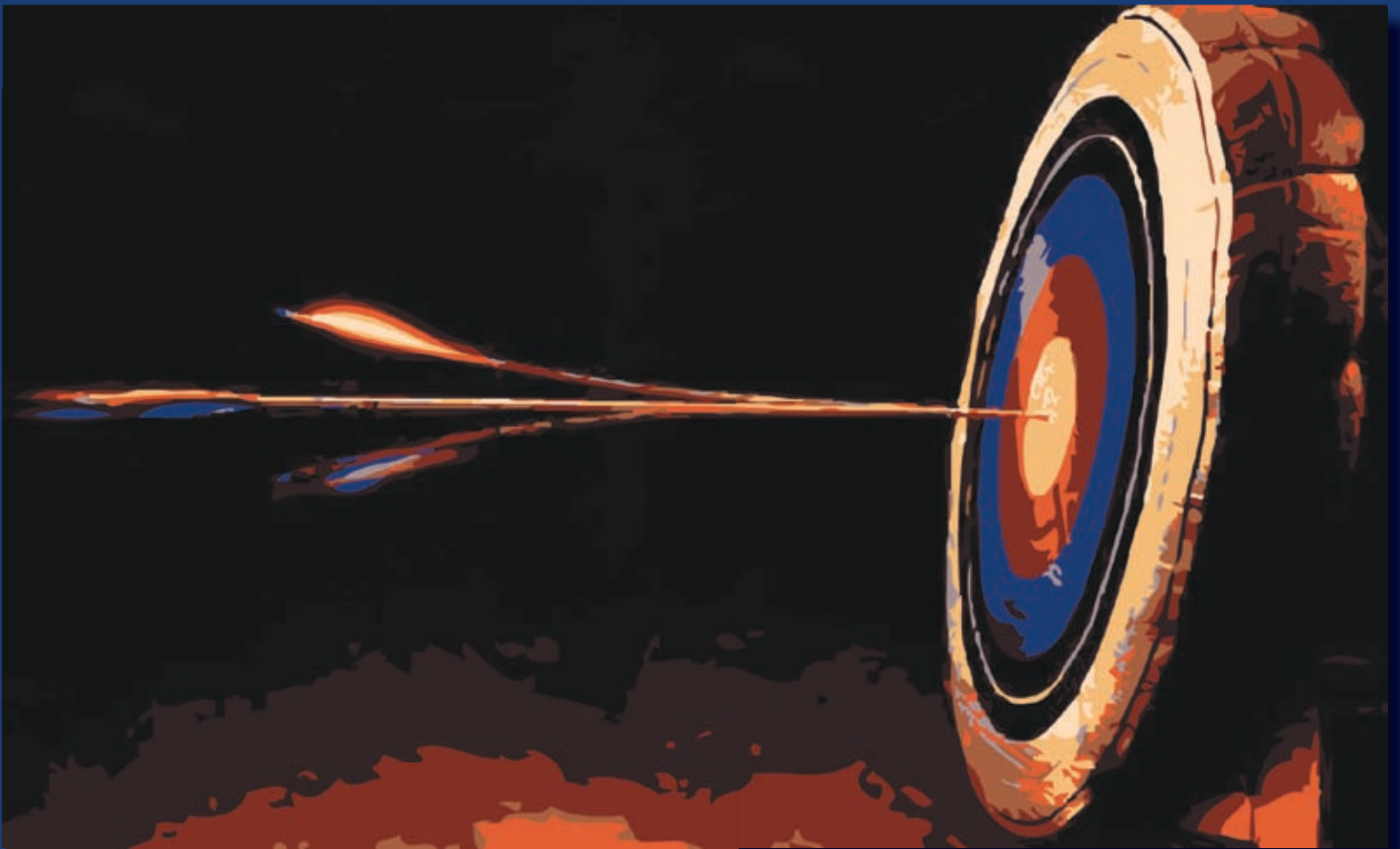


*Hitting the mark...*



FICKEWIRTH  
AND  
ASSOCIATES™  
INSURANCE BROKERS AND CONSULTANTS

## Benefit Plan Review

As you can expect, an important part of our work with a new client is to conduct a top down and comprehensive review of their benefit program.

A careful review of what a client has is important. Yet, we find that this is often not enough. This leads us to the question:

If you were starting over as a brand new company, what benefits would you have? If you had to design your benefit offerings all over again, would your design be the same as the benefits you have now?

To assist our clients in answering this question, we have created **The Benefit Design Process™**.

Depending upon the complexity of your benefits, **The Benefit Design Process™**, will be a one day or one half day offsite meeting hosted by F&A. The context of the meeting is along the lines of the question we asked above. You have been hired as consultants to a brand new company, a company exactly like yours. Your assignment is to provide them with a recommended benefit menu.

### **Some of the items we will review together at the meeting are:**

- When is cash better than benefits?
- How important are benefits in hiring the right employees?
- What benefits are most valued by your employees?
- What is your budget for your benefits program?
- Is it important for employees to know what their benefits cost?

- Are there cost savings in unbundling some parts of a medical plan?
- How important is it that employees have someone to address their benefit questions to?
- Does it make sense to build in financial incentives not to over-utilize benefits?
- Should any of our benefits be self-funded?
- Should your benefit menu promote wellness?

*The Benefit Design Process™* is a great antidote to the all too common corporate practice of benefits simply growing and accruing over time without a master plan. At the end of the **The Benefit Design Process™** you may or may not want to keep the benefits you have. Even if you do, you will absolutely know what purpose each benefit serves.



## Communications Review

### Telling The Untold Story

If you are like most employers, your employees don't understand your story. This is sad, for you have a very important story to tell.

The story starts with the benefits you provide your employees. Regardless of the level of benefits offered by your organization, they are head and shoulders above what employees can obtain on their own. Not only is the quality better, the cost to them is so much less than if they tried to buy them on their own.

### Why was he shocked when he got his COBRA notice?

How many times have you heard this? Employees terminate and you give them their COBRA papers. When they see the premium, they seem to melt in their shoes. "How can I afford this?" They say. "Why is the medical insurance so expensive?"

Why do employees react this way? It is because they think the cost of benefits is only the amount of any contribution they are required to make. That there is a substantial employer contribution often is lost upon them.

Actually, it was always that expensive. It was just a corporate secret, one never disclosed to your employees. But why?

### Delivering Your Message

As employee benefit brokers and consultants, we feel that there is much more we must do than negotiate for you the best premiums and benefits. We believe that an important role is to assist you in getting your message out to your employees.

You have an important message to get out to your employees. We are here to help you deliver it.

It is for this reason that F&A maintains a full time graphic designer on staff. We are a one-stop-shop for the development and production of communication items such as:

- Employee Newsletters
- Brochures
- Flyers
- Posters
- Email Blasts
- Surveys
- Focus Groups
- Website Design
- Open Enrollment materials



Locations	Dates	Times
Marquette College - Calmar	Monday, May 05	11:00 a.m. to 2:00 p.m.
Michigan State Univ	Monday, May 05	11:00 a.m. to 2:00 p.m.
Western College - Lima/Paris on the Lake State	Monday, May 05	11:00 a.m. to 2:00 p.m.
Western Michigan Univ	Monday, May 05	11:00 a.m. to 2:00 p.m.
Eastern Michigan Univ	Monday, May 05	11:00 a.m. to 2:00 p.m.
Central Michigan Univ	Monday, May 05	11:00 a.m. to 2:00 p.m.
Western Michigan Univ	Monday, May 05	11:00 a.m. to 2:00 p.m.

Please don't miss out, and let's be healthy together!

## Administration Review

It seems that with each passing year, the requirements placed upon employers to administer their benefit plans grows.

Your F&A team will conduct a thorough review of your internal benefit administration. We will be looking for any opportunities to streamline and simplify what you do in house to run your benefit plans.

### **The following is a summary of the areas we will review:**

**Database Management:** Your F&A team will work with your IT personnel to see how and in what form you capture data for your benefit plans. We will check your data against the data maintained by your carriers.

**Billing Reconciliation:** Employees are hired and they are terminated. They gain dependents and lose them. Is there someone in our organization who carefully reviews each billing statement for accuracy? Your F&A team will review your billing reconciliation process to confirm the accuracy of your premium payments.

**Open Enrollment and New Hire Support:** We will work with you to review your open enrollment procedures. Some of the areas we will look into are:

- Who do employees call during open enrollment when they have questions? When your employees call, do they receive clear and unambiguous answers?

- Are employees -- both current and new hires - receiving the information they need to make informed benefit choices?
- Is the printed material you hand out clear and understandable? Does it deliver the message you want it to?
- Is the value of the benefits you provide being communicated? Do employees think that the cost of their benefits is limited to any required contribution they may make?

We have a full time graphic designer on staff. This enables our clients to control both the message and the imagery used to deliver that message.

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## Administration Review (con't)

**Claim Assistance:** Your F&A team will want to review with you who your employees call when they need claim assistance.

While each carrier has some form of customer service, they can only give the insurer's official line. Who do your employees turn to when they cannot get a problem resolved via the carrier? Is the assistance they receive from your internal staff accurate and helpful? Are there other customer service avenues that you should look into? Do your employees who call for help complain about being lost in voice-mail?

**COBRA Administration:** COBRA is one federal regulation that it is critical to get just right. The penalties for non-compliance can be ruinous.

Your F&A team will thoroughly review your COBRA procedures from the initial notification all through the final payment and coverage termination process. If you do not already have one, we will prepare for your administrative personnel a COBRA compliance manual.

**HIPAA Administration:** We will work with your internal administrative personnel to review your compliance procedures, including the issuance of HIPAA Compliance Certificates.

**Member Eligibility Audits:** Your F&A team will work with you to confirm that only those employees and dependents who are entitled to benefits are actually receiving them.



## Alternate Provider Review

Today's medical plans offer a bundle of health care services. For all medical insurers, the focus of their resources are on traditional physician and hospital services.

In many cases, increased benefits at more attractive premium rates can be achieved by an unbundling of some services. In the insurance world, the providing of services by a provider other than your medical insurer are called carve outs. For example:

### **Pharmacy Carve Outs**

As the cost of prescription drugs increases even faster than other health care costs, employers are increasingly taking control of their pharmaceutical plans.

**Fickewirth & Associates** can help you to reduce your spending and provide more meaningful benefits to your employees.

A large part of the reason for the rapid escalation of prescription drug programs is due to the expansion of specialty drugs. These are typically extremely expensive on a per dose basis and often require administration in a medical setting. The management of the specialty pharmacy portion of a prescription drug program is critical.

We can assist you to carve out your prescription drug program from your health care plan by:

- Analyzing current prescription drug program costs and utilization
- Designing the appropriate prescription drug program for your plan

- Evaluating pharmacy benefit managers and present options for your consideration
- Implementing the new program and managing it on an ongoing basis
- Analyzing contracts
- Monitoring financial performance
- Reviewing service and account management

### **Behavioral Health Carve Out Plans**

Specialized mental health organizations are generally better equipped to provide both conventional therapies as well as deal with alcoholism and substance abuse. When contacted by a member, they are generally better geared to direct the employee to a provider who specializes in the employee's particular issue. It is often possible for such mental health organizations to direct employees to therapists and counselors who specialize not only in particular problems, but also specialize within specific industries.

### **Vision Carve Out Plans**

There are many vision plans available today. They range all the way from fee-for-service to HMO-style networks. They also vary greatly in benefits and costs.

Should you already or wish to offer vision care to your employees, your F&A team will prepare for you a comprehensive summary of the options available.



## Document Review

Employee benefit plans run on documents. In today's litigious environment it is critical that all documents involving benefit plans reflect the employer's intent and be accurate.

In our nearly forty years of experience, it is not often that we find that all documents have been prepared accurately and equally important, kept up to date.

Upon becoming an F&A client, you can expect your account team to do the following:

### **Proposal/Policy (Plan Document) Comparison:**

We will compare the proposals you based your buying decisions upon with the actual policies or plan documents issued by your carriers. Where necessary, we will obtain amendments from the providers to bring the relevant policies into agreement with the benefits you actually purchased.

### **Evidence of Coverage/Summary Plan Description Review:**

It is critical that the documents distributed to your employees accurately present and summarize the actual benefits they have. In the event of employee litigation, the courts routinely rule that what governs is not the policy or plan document but rather the actual communication material received by your employees.

Your F&A account team will carefully compare the policy and or plan documents for each benefit with the booklets which have been distributed to your employees.

**Ancillary Benefit Provider Review:** It is quite common for a health care plan to utilize ancillary providers for certain specialized benefits. Often, vision, pharmacy and mental health coverages are offered via a separate organization from your primary insurer. Each one of these organizations has its own policies, contracts and agreements. We often find that employers are both unaware of and do not have copies of these agreements.

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## Document Review (con't)

Your F&A team will obtain all of these agreements, analyze them to be sure they are providing the benefits you purchased, and pass them on to you for your review.

**Administrative Service Agreement Review:**  
The administration of self-funded benefit plans requires an administrative agreement between the employer and administrator. These are often custom non-standard agreements. As such, your F&A team will give them a very careful review.

**Funding Agreements:** Many benefit plans operate in accordance with special funding agreements. These agreements vary greatly in scope and may cover such areas as: dividend paying agreements, maintenance of premium stabilization funds and

retrospective premium agreements. Such agreements can generate both refunds to the employer as well as require supplemental retroactive premiums.

Your F&A team will carefully review any funding agreements you have and make sure that you are aware of all the terms and conditions. We will take particular care with agreements which may result in your incurring a supplemental premium liability.



## Wellness -- Beyond Slogans and T-Shirts

*I*t is universally agreed that if we can increase the health of employees, many good results will be achieved. Employees will live happier more fulfilled lives. Health care costs will decrease. There will be fewer workers' compensation claims -- especially those of a suspicious nature. Employees will be more productive. The list is almost endless.

### ***The question is, how do we get employees to live a healthy lifestyle?***

So far, the answer has been some form of "awareness" campaign, mostly fueled by slogans: quit smoking, eat more fiber, eat less saturated fat, exercise more, lose those extra pounds, etc. These campaigns are often accompanied by t-shirts, ball caps and posters.

The results: virtually nothing, nothing at all. Why? For one thing, employees already know what the campaign is saying. Is there anyone in America who does not know smoking is bad for their health? Are there people thinking that being overweight is healthy? Of course not. What is missing is not simply information, but motivation. Motivation is rarely achieved by sloganeering.

### ***Nothing so Focuses the Mind as a Tour Through One's Own Body***

As part of a wellness program, we suggest that you evaluate the implementation of a Body Scan benefit. We believe that such a benefit is the cornerstone of a true wellness program.

There is nothing that focuses one's attention as sitting down with a licensed radiologist and looking at three dimensional pictures of your organs, spine and circulatory systems. This is a fabulous teaching and motivational moment! We have implemented this program, through an exclusive provider, with numerous clients. Of course, the traditional tools of Health Risk Appraisals and Biometric testing are suggested as well.

We at F&A are prepared to assist you with the appropriate design, communication and ongoing administration of all forms of wellness programs.

### ***Areas we would assist with are:***

- Design Wellness Program
- Evaluate and recommend necessary vendors
- Develop a strategic plan for the program
- Develop a communication strategy
- Organize health fairs and promotional events
- Integrate health carrier(s) into the program
- Evaluate effectiveness of the wellness program and recommend adjustments as necessary



## Alternate Funding

In the standard benefit plan, premiums are paid monthly. These premiums include charges for:

- Claims
- Reserves
- Risk Expense
- Administration

### **The two largest components are claims and reserves.**

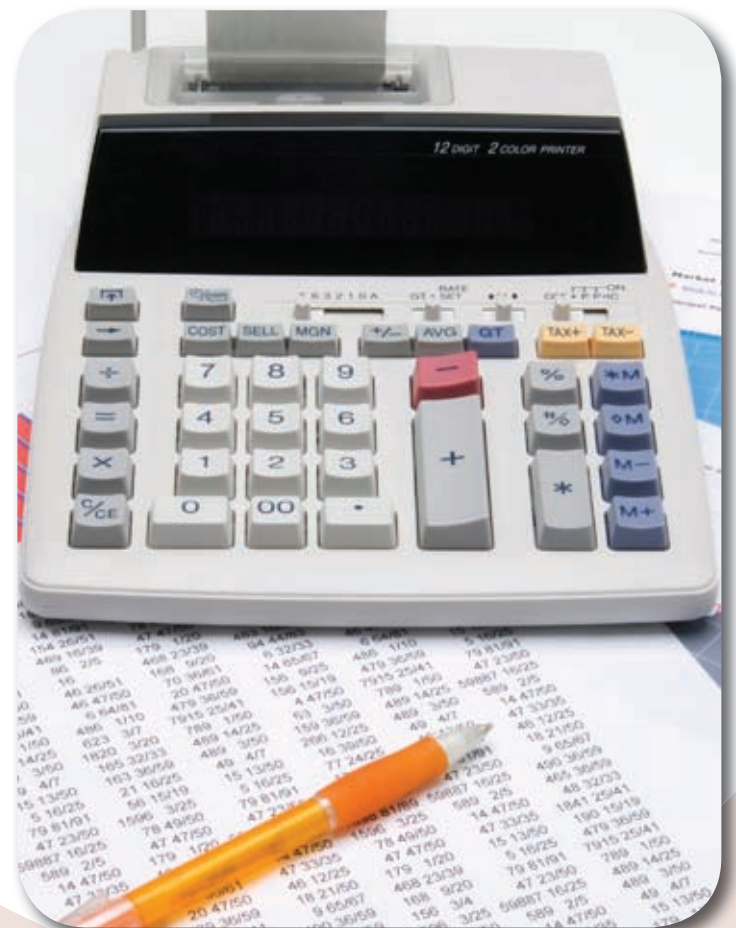
Most benefit plans require you to both pre-fund the reserves and pay a set claim charge per month, irrespective of your actual monthly claim level. In addition, claim reserves -- which are only used upon termination -- must be pre-funded. These are fully insured benefit plans.

Opportunities exist to pay your employees' health care claims only when they are actually paid by your insurer. Claim caps are available to guarantee that under adverse circumstances, your claim costs would be capped at what they otherwise would have been. Regarding reserves, it is also possible for companies to accrue the liability without actually funding it with the insurer. The result of both techniques can be improved corporate cash flow.

Under certain circumstances it may make sense to self-fund various benefits. With self-funding one is able to completely unbundle each element of a benefit plan and obtain competitive prices on each element.

Take risk charges as an example: under the right conditions one can agree to accept more or less risk and pay for it accordingly.

Each benefit plan has its own reserve and risk structure. Your F&A account team will examine each plan to be sure you are paying the minimum premium necessary.



## Open Enrollment Support

Open enrollment is much more than the time your employees make their various benefit selections. It is the time you tell your story to your employees. One of our most important responsibilities is to see that your story is told to your workforce.

Part of your story we believe critical to communicate is:

- The quality of the benefits they receive as your employees.
- How these benefits are difficult, if not impossible, for them to obtain except by working for you.
- If you offer choices in your benefit plans, just what those choices are and how they are relevant to each person's situation.
- Who to contact to have their questions answered.

**In telling your story, your F&A team will do the following:**

- Coordinate with your benefit vendors to be sure accurate and intelligible plan materials are available.

- Work with you, our in-house graphic designer and your benefits staff to create communication pieces specific to your company. The goal of this material is to present all of your benefits as part of a unified program for your employees.
- Coordinate all aspects of any benefit presentations made to your employees by outside vendors.

***The end result: Your story, told your way -- the story of the great benefit package available to your employees.***



## The F&A Institute

### *Professional Education in An Environment of Change*

*H*ardly a legislative session concludes without at least a few changes in employee benefits law. The courts seem to continually hand down new interpenetrations. The competitive benefits market place is always bringing out new options and choices.

Plan sponsors need to keep up with the benefit world's rapid changes. The problem is how to do so in today's environment of shrinking budgets for professional education?

We created the **Fickewirth Institute** to assist benefit managers in obtaining the continuing education they need. Through the **Fickewirth Institute**, we sponsor benefit managers to attend professional conferences and education programs.

It is all part of our commitment to provide our clients with the best service possible, including assisting them to keep current in today's rapidly changing benefits environment.



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AND  
ASSOCIATES™  
INSURANCE BROKERS AND CONSULTANTS

143 SOUTH FIGUEROA STREET, VENTURA, CA 93001-2756

TELEPHONE: (805) 653-2030

FACSIMILE: (805) 653-2035

E-MAIL: [BENEFITS@FICKEWIRTH.COM](mailto:BENEFITS@FICKEWIRTH.COM)

LICENSE: 0602572