It's *Your* Benefit

Health insurance and other benefit programs for state and local employees and retirees

This is *Your* Newsletter

Welcome to **It's *Your* Benefit**, a newsletter produced by the Department of Employee Trust Funds (ETF) for members in the State of Wisconsin group health insurance program. Active employees, retirees, and continuants will receive this newsletter three times a year.

The topic of employee benefits is always important, especially in the area of health care. It is evident when you open the newspaper or watch the news that it is of great interest to everyone, including employers, employees, retirees, legislators, health plans and providers. **It's *Your* Benefit** will bring you information about your health insurance benefit and how to get the most out of it. We will share ideas and information to help you become a better consumer; to help you understand your role as a consumer in the system. We'll address topics both relevant and interesting, such as factors behind rising health care costs, eligibility and enrollment issues, benefit design, and health plan news. We will spotlight issues under discussion or implementation that affect you as a member of the state's health insurance program. We'll present practical ideas you can use to improve your own health and that of your family.

We hope you find **It's *Your* Benefit** informative and useful. We always welcome feedback, so please let us know how we are doing and how we can work together in this mutual effort to become better users of our health care and other benefit programs.

What's Behind the High Cost of Health Insurance?

What's fueling the fire under our rising health insurance costs? There are a handful of factors, including:

1) Rising prescription drug costs
2) New, high-cost technology
3) The aging of our population and increased utilization of health care services.

But some less-obvious causes are more difficult to explain. To illustrate, let's compare two purchases: a stereo and an urgent care visit. When you decide to buy a stereo player, you most likely have:

- A choice of sellers. You may look at retail stores, used stereo dealers, maybe even the classified ads.
- The financial incentive to find just the right balance between cost and quality. It's your money, after all!
- Information to guide your decision, such as *Consumer Reports'* ratings.

Your choice, combined with the choices of everyone else buying stereos, will be used by the stereo industry to determine how to design, price and market the next generation of stereos. Economists call this buying and selling relationship a "market."

You can probably already see where your experience with buying health care services, especially an urgent care visit, might be very different. First, you may not live in an area where you have a choice of urgent care facili-

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Health Insurance Choices for Employees Facing Layoff

Even though the State budget adjustment bill had not been finalized by **It's *Your* Benefit** printing deadlines, most state agencies have been preparing for the possibility of laying off employees as a way to help reduce the budget deficit. If you are an employee facing layoff, and you are enrolled in the State's group health insurance program, you should know and understand your health insurance options.

If a layoff does occur, your health insurance coverage may be continued for the period of time you remain in employee status but receive no salary (i.e., layoff or approved leave of absence), **but you must pay the applicable premiums to your employer**.

If you are a State employee: Your health insurance premiums are deducted from your salary up to **two months** in advance, and the State will continue to pay the employer share of health insurance for the first **three months** of leave. Therefore, **up to five months** of coverage with State contributions is available after your layoff date. After that, you have the option of continuing the health insurance up to a combined total of 36 months after the start of the layoff by paying the full premium amount.

Arrangements for premium payment must be made with your benefits/payroll/personnel office prior to the time the layoff begins. State employees may submit a written request to their payroll office to convert unused sick leave into sick leave **credits** to pay for health insurance premiums. If you are a state employee and your layoff has not ended before 36 months have elapsed, you may continue coverage until your sick leave credits are exhausted, you are re-employed,

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ties. Even if you do have a choice, your priority may be to get *anywhere* fast. You would most likely not be comparing reputations, costs, or other factors.

As an individual member of the State health insurance program, you may be insulated from many, maybe even *all*, of the costs of this urgent care visit. Therefore, finding the right balance between cost and quality—even if you had the time—might not be important to you. And even if you were seeking less urgent care (a routine physical exam, for example) and wanted to do the research, it would be hard to find good information on which to base your decision.

However, more and more information is becoming available on quality of care measures for a variety of health care measures. The Group Insurance Board (GIB) understands these dynamics. Through this newsletter, the annual *It's Your Choice* book and other information, the GIB encourages everyone to make good, "market-driven" decisions about individual health and the use of health care services.

What can you do?

Understand your rights and responsibilities as a health care consumer. Take care of your health. Eat right. Exercise. If you smoke, quit. Get regular check-ups.

Each of those things makes a difference! If you have a choice when seeking health care services, include cost in your equation. Watch for more information about how to compare health care providers and costs in upcoming issues of **It's *Your* Benefit.**

We thank you in advance for doing your part. It will take all of us working together to get the most out of your benefits.

Aging of State Employees Impacts Higher Premium Costs

Do you know how much the average age of state employees has changed over the last decade? Have you thought about the impact the aging population has on your health insurance premiums?

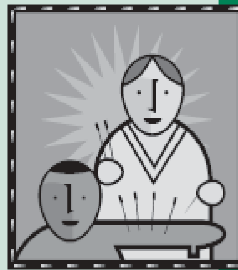
Over the past decade, the average age of state employees has gone up 3.67 years, from 40.91 in 1992 to 44.58 in 2002. The increase in average age is more dramatic for males (3.82 years) than it is for females (3.58 years). Overall, there was an 8.05% increase in the proportion of 51 to 55 year olds and a 6.76% decrease in the proportion of 36 to 40 year olds.

The most noteworthy shifts in age categories for male employees:

· a 6.74% increase in the number of 51 to 55 year olds and a 6.09% decrease in the number of 36 to 40 year olds.

The most noteworthy shifts in age categories for female employees:

· a 6.10% increase in the proportion of 46 to 50 year olds



· a 9.68% increase in the proportion of 51 to 55 year olds

· a 6.20% decrease in the proportion of 31 to 35 year olds

· a 7.58% decrease in the proportion of 36 to 40 year olds

As people age, they tend to use more health care services, and those services are often more expensive. Actuaries have estimated that the increase in the average age of the state employee population translates into a 9.49% increase in health care costs, which is then reflected in higher premium costs. This means that if the average age of state employees had remained what it was 10 years ago, insurance premiums would be almost 10 percent lower than they are today!

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or five years have elapsed since the date of your layoff, whichever occurs first. A layoff is not considered ended until you have terminated employment or have resumed employment for at least 50% of what is considered your normal work time for that employer for 30 consecutive calendar days.

What if I'm laid off and my coverage lapses, but then I get called back to work?

You must submit a new application within 30 days of returning to employment to reinstate the lapsed coverage. Coverage will be effective the first of the month after the application is received by your payroll office. Lapsed coverage can also be reinstated if you have been laid off and are entitled to, and apply for, an immediate annuity. After coverage lapses, you will have no rights to continuation of health coverage.

Employee Reimbursement Accounts (ERA) Program

If you participate in a medical expense account under the Employee Reimbursement Accounts (ERA) program, you may either terminate or continue your account during layoff. To continue your participation:

(a) You may pay the remainder of your annual election amount on a pre-tax basis from your last paycheck(s) before layoff begins; or

(b) You may pay the remainder of your annual election amount to your employer out-of-pocket while on layoff. The out-of-pocket payment may be in a lump sum or coincide with pay periods.

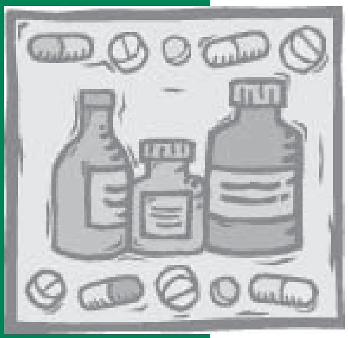
You may also elect to continue your coverage at a reduced annual election amount by filing a *Change in Status* form within 30 days of your layoff date. If you do not act to continue your coverage, coverage will end at the end of the pay period following the last pay period from which ERA deductions were taken. Claims incurred after the coverage end date will not be reimbursable and any money left in the account after all eligible claims have been reimbursed will be forfeited.

Contributions to an ERA dependent care account cannot be continued. However, any money left in the account may be used for eligible dependent care expenses during the remainder of the plan year. If coverage in your medical or dependent care expense account lapses, you may re-enroll within 30 days following your return from layoff.

News Capsules

Aspirin for Stroke Prevention

Aspirin has been a pain reliever for more than 100 years. It will reduce pain, fever and inflammation, prevent blood clots, and



reduce the risk of heart attacks and stroke. Aspirin helps decrease blood clotting by chemically altering platelets in the blood. Platelets act to promote and form blood clots when they receive messages within the blood. If the message to act comes from a cut on the skin, that is good. But if the message is from the inner wall of an artery, the resulting blood clot can cause stroke or heart attack.

Researchers studied the results of nearly 300 studies that looked at aspirin's value in these common disorders. The conclusion? For patients at risk for stroke, the relative risk of an attack was reduced about 25% with aspirin use. After the occurrence of an acute stroke, nine fewer vascular events occur with the use of aspirin for three weeks in 1,000 patients.

Colorectal Cancer Screening Saves Lives

The federal Department of Health and Human Services (HHS) is encouraging screening for colorectal cancer, especially among Americans age 50 or older. "Colorectal cancer is the second leading cancer killer in the United States and screening can save lives," Secretary Tommy Thompson said. "If Americans age 50 or older had regular screening tests, our nation would see a substantial reduction in colorectal cancer deaths."

This year, an estimated 148,300 people will be diagnosed with the cancer and about 56,600 will die from it. Only lung cancer kills more Americans. An estimated 90 million Americans are at risk for developing colorectal cancer. A major risk factor is age, with people at least 50 years old considered at risk. Other risk factors include a diet low in fruits and vegetables and high in animal fat, a family or personal history of colorectal polyps or cancer, obesity, alcohol onsumption, tobacco use, and a condition known as inflammatory bowel disease.

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