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What Employees Need to Know About the Real Cost of Healthcare

Everyone in America knows that the health-care landscape is rapidly changing. Although the Obama administration is working to make sweeping changes in how healthcare is paid for, no one yet knows if and/or when the new plans will affect individuals and businesses. In the meantime, insurance premiums are growing by leaps and bounds, and employers and healthcare organizations everywhere are seeking innovative approaches to reduce, or at least stabilize, these costs. Most experts agree that any savings generated from managed care options has long since evaporated. These experts feel the greatest chance for improvement lies in consumer directed healthcare. The idea behind the movement towards consumer directed care is that patients will better understand expenditures and will share in the costs, making them more discerning consumers of health care.

To understand why the cost of healthcare is skyrocketing, there are several factors to consider. The list includes:

- New Medications being marketed aggressively
- New Medical Technologies
- An Aging Population
- Overuse of Medical Services

Cost Insulation that isolates patients from the real cost of healthcare services, as well as the true cost of pharmaceuticals

But what can be done about any of these factors? Obviously, insurance carriers, employers and consumers have little control over medical advancements or the increasing age of the U.S. population. Additionally, to attract and retain valuable employees, employers need to continue offering comprehensive medical plans. Although employers may not be able to directly affect costs, they can play an active role in creating an informed healthcare consumer.

In our current healthcare system, consumers are sheltered from the true value of their healthcare. Many employees believe that the average prescription drug and doctor visit costs little more than their \$15 or \$20 co-pay. But health insurers and employers are keenly aware of what these services cost. Taken together, the lack of incentives for employees to use healthcare prudently, plus the ever-rising healthcare costs, lead us to the difficult spot we are in today.

Over recent years, defined contribution healthcare plans have garnered much attention to the need for consumer education. With a "consumer-directed" model of health coverage, consumers bear a significant amount of responsibility for financial decision-making. And although employees still have coverage for disastrous events, they may only have a certain set dollar amount to use toward day-to-day expenses, generally excluding preventative care. Therefore, when a consumer-directed approach is being considered, communication is vital, and a strategy for educating employees is a must.

How can employers help? The answer depends on the size and the resources of the company. Large companies, which are often self-funded, have a greater stake in the outcome of an educational effort. These companies might have the resources to hire third party providers to develop and implement programs for employee education. However, even many larger businesses may not have the extra time or resources to commit to a full-scale education effort.

Despite this fact, most employers have free access to education resources directly through their health insurer. In particular, pharmacy education is often integrated within a specific medical plan. For example, some insurance companies give their members cost comparison information of brand name versus generic drugs.

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Employees Value Benefits and Job Security the Most

According to a recent report from the Society for Human Resource Management (SHRM), employees consider benefits and job security as the two most important factors that contribute to their overall job satisfaction. This marks the fourth time in as many years that these two factors topped the SHRM's annual Employee Job Satisfaction survey.

The survey also polled HR professionals on their thoughts about job satisfaction, and found similar results. HR professionals agreed with the employee population on the value of job security, positioning it as their second most important factor. An astonishing 72% of the HR population polled, selected the employee-supervisor relationship as the most important factor effecting job satisfaction, ranking number one in the survey for the seventh time in the last eight years. In comparison, only 48% of employees polled selected "relationship with supervisor" as an important factor, ranking it seventh on the list.

The 2010 survey was made up of 25 elements spread across four categories, and included factors regarding wages, benefits, work environment, and advancement opportunities, among others. To ensure the validity of the survey's results, the SHRM polled a wide sample of over 600 employees and 589 HR professionals, all from the United States.

This year's survey had other interesting results. Employee compensation fell to its lowest rank ever this year, coming in at fifth on the employees' poll. Last year, compensation fell out of the top five rankings for HR professionals, and this year it was listed as the ninth biggest contributor to job satisfaction.

Besides job security, employees and HR professionals appear to agree that having opportunities to utilize skills/abilities while at work contributes to overall satisfaction. It is the third consecutive year this factor has ranked in the top five in both surveys, with employees placing more emphasis on this choice in 2010 than in previous years.

SHRM included a new choice in this year's survey that received a lot of attention from both sides of the table. For the first time in the survey's history, participants could select "organization's financial stability" as a key contributor to job satisfaction, receiving enough selections to rank fourth on both surveys.

As for employee benefits, a secondary survey revealed that health care coverage was the most important benefit, followed closely by paid time off. Despite the amount of significance employees' place on benefits, only 38% of employees polled felt "very satisfied" with their current medical benefits. Conversely, the majority of employees were very satisfied by the amount of paid time off being received.

Some employers are concerned about how health care reform could affect the benefits they offer, which could also affect job satisfaction. On the brighter side, this year's employee survey showed that "the work itself" was selected enough to tie for fourth, pointing out that satisfaction does not only come in the form of paychecks and paid vacations.

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Insurers have also created tiered pharmacy plans, which use lower co-pays to encourage members to use generic drugs whenever possible. Since an increasing proportion of health dollars is spent on developing and marketing pharmaceuticals, the situation would only worsen if not for these early education efforts.

Many insurance carriers in the U.S. now offer searchable online databases for their members where they can research the approximate cost of certain procedures. Employees considering a "routine" MRI are able to view the cost of this procedure and their out-of-pocket cost potential. While this information may not affect everyone's decision, some will consider foregoing the procedure if they feel it is not really necessary.

Another idea is for insurance carrier representatives to host health seminars and workshops for businesses and

employees. Topics could range from healthy diets to disease management, as well as the value of preventative care. Employers should show commitment to these programs by making such meetings mandatory.

Repetition is the key to making health education work. Employees should have easy access to healthcare alternatives. Communication at annual enrollment time is not enough. The message needs to be communicated more often, using multi-media with clear and clever delivery.

Undoubtedly, employers will benefit from lower premiums in the future by educating employees today. When employees utilize healthcare resources more efficiently, everyone wins. Over the long haul, cost-effective healthcare choices can produce savings that not only flow directly back to the employer, but to the consumer as well. And, in these tough economic times, who can argue with that?

The Importance Of Disability Insurance To Workers And Their Employers

The need for disability insurance is all too often underestimated. While most people wouldn't dare forgo necessary evils such as homeowner's insurance, insuring a new car, or even obtaining life insurance, the need for disability insurance is far too often underestimated. Underestimating the value of insuring earning power, especially considering the rate of personal savings in the U.S. is at an almost unprecedented low, could spell disaster if a disabling event was to occur.

Disability Insurance From A Worker's Perspective

If you're one of those that think you don't need to purchase disability insurance because you figure it's unlikely you'll ever become disabled, prepare yourself for some alarming statistics. According to government studies, younger individuals have a one-in-three chance of suffering a disabling event before they reach 65-years-old. Older individuals have a one-in-six chance of the same fate.

Others might be counting on alternative sources of income, such as Social Security Disability Benefits, to replace their income if they become disabled. While this benefit is available after a disabling event, it comes with many rules and regulations. For example, the SSA will consider your ability to perform any type of work, not just whatever your previous line of work was prior to the disabling event, as they are determining your eligibility for benefits.

Furthermore, Social Security Disability Benefits are only available to someone that's totally disabled and that has a disability expected to result in death or last longer than one year. Those suffering a short-term or partial disability don't qualify. The SSA has a very strict definition of disability and assumes that working individuals that become temporarily unable to work will have access to alternative sources of income to support themselves until they return to work. As mentioned above, alternative sources of income like personal savings are at all-time lows. In fact, data from the U.S. Bureau of Economic Analysis shows that personal saving rates have been in the red for several years now, with lows of -1.6. This essentially means that many individuals are living paycheck-

to-paycheck or spending more than they earn and simply don't have emergency savings to carry them through their period of disability.

Now that we've established why workers need disability insurance, you might be curious how you can purchase it. Most individuals generally find purchasing their disability insurance through their employer to be the most cost-effective and simple source.

Disability Insurance From An Employer's Perspective

Offering disability insurance in the workplace makes good business sense for employers; after all, employees are one of your business's most valuable assets. Employers can offer disability insurance on a voluntary basis, which allows employees that desire the coverage to elect it and pay the entire premium themselves, or provide a base amount and give employees the option to pay for supplemental coverage on their own. Supplemental or voluntary, either option allows employees to conveniently pay the premiums through payroll deductions and allows them to benefit from reduced group rates.

Since lost work time from injury or illness has a substantial cost to employers, plans that include return-to-work and rehabilitation services might be a strong consideration when an employer is selecting a plan for their workplace. Other attractive features to consider are the proactive management of disabilities through regular early contact with both the disabled employee and his/her physician; a reduced benefit for disabled workers able to return to work on a part-time basis; and working with the employee, employee's physician, and employer to find creative and flexible ways to get the employee back to work.

Disability insurance plans have long been a highly-valued and appreciated benefit offering, but in today's economy, such offerings are more important than ever to employees and employers alike.

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1. High Blood Pressure

Your eye doctor can often pick up the tell-tale signs of high blood pressure by examining the blood vessels in your eyes.

2. Tumors

Tumors are often a warning of potential cancer. These can be easily detected by an eye doctor.

3. Heart Disease

The early symptoms of heart disease can also be detected by a thorough examination of the eye's blood vessels. Heart disease is often caused by a hardening of the arteries and veins of the body.

With all the diseases that can be diagnosed by a simple dental or eye exam, it simply doesn't make sense to consider these crucial exams as mere supplemental health benefits. Even if your group doesn't include these as part of the basic package, you may want to offer these as a voluntary benefit. You and your employees' lives may depend on it.

Supplemental Benefits Play Important Role in Maintaining Overall Health

When you think of a dental or vision plan as being included in your employee medical insurance package, you usually think of them as a nice perk. However, for many people it can actually be much more than that. Many serious diseases and illnesses can often be diagnosed during a routine dental or vision exam that would have ordinarily gone undiagnosed. Let's take a look at how each of these supplemental plans can be vitally important to your health.

Dental Exams



Dental exams can catch many diseases early before they get out of hand and before the patient even realizes that they may be a problem. Here are a few of the most notable:

1. Diabetes

Diabetes is a disease that can often creep up on an individual without the person even being aware of it. If left untreated, diabetes can lead to many adverse health effects, including heart disease and death. Many lives have been saved because dentists spotted the warning signs of diabetes right inside

someone's mouth. Gum disease, cavities, and oral infections are some of the most common warning signs.

2. Immune Deficiency

An immune deficiency can be a disaster on a person's health. Even a cold or flu virus can leave them crippled and can possibly even kill them. While a person might not know he has such a deficiency because he hasn't contracted a major virus—a dentist can sometimes notice that the patient's oral inflammations aren't healing in a reasonable amount of time.

3. Stress

A dentist can notice that a patient has been grinding his teeth—a sure indication of stress. He can then recommend that he see a doctor and get the proper medication.

Vision Exams

Vision Exams can be equally important for catching disorders before they get out of hand. Here are a few of the most important:

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