



FULL-TIME DEPENDENT STUDENT VERIFICATION NEEDED

Now that dependent students are back in school full-time, it's a good time to remind everyone to forward proof of full-time student status to Noridian Benefit Plan Administrators if a dependent is age 19 or older.

Acceptable certification of full-time student status includes a signed letter on official school stationery or a class schedule printout from the school registrar. You may also attach documentation of payment on official school stationery showing the paid full-time tuition. However, we cannot accept a copy of an unpaid tuition bill as verification of full-time student status. All documentation must state the dependent's name and must indicate the dependent is a full-time student during the current semester.

If dependents lose full-time status, get married or lose eligibility for any reason, the employer must be notified so COBRA (Consolidated Omnibus Budget Reconciliation Act) can be offered in a timely manner. Please refer to your benefit plan document for dependent eligibility criteria.

BCBSNC OFFERS LIMITED FREE GENERIC DRUGS

Blue Cross and Blue Shield of North Carolina (BCBSNC) doesn't want its members to choose between paying their bills or buying their prescription drugs. The insurer will offer free generic prescription drugs to about 1 million members during the first half of 2009.

Blue Advantage members and Medicare supplement members will be allowed to waive their copays on generic prescriptions after they meet an annual prescription deductible. Many members with employer-based coverage can also receive the waiver. Members in self-funded employer groups plan with a pharmacy benefit through Blue Cross are eligible if their employer is participating in the program. If more members are taking their medicine, BCBSNC may extend the program.

If you are interested in adding this type of benefit change to your plan, please contact our NBPA office to discuss this matter. In addition to helping employees, this benefit may also help curb the use of more expensive brand-name drugs.

WHAT EMPLOYERS WANT FROM THEIR HEALTH INSURER

When it comes to the services health insurers provide, large employer groups rate wellness services nearly as high in importance as accurate claims processing and provider discounts. This is one of the findings in a new report from PricewaterhouseCoopers' Health Research Institute. Large employers are defined as employers with 250 employees or more.

The biggest gap in level of importance between large and small employers was in wellness services, according to the report. Nearly 80 percent of large employers said wellness services were important compared with 50 percent of small employers. Large employers were generally more satisfied with insurer services than small employers were, but the report showed there are plenty of opportunities for improvement in both categories.

PricewaterhouseCoopers surveyed more than 100 large U.S.-based multinational companies and more than 250 privately held small companies. The table below shows large and small groups' satisfaction ratings of 12 health insurance service offerings.

HEALTH INSURER OFFERING	SATISFACTION RATING, LARGE COMPANIES	SATISFACTION RATING, SMALL COMPANIES
Claims accuracy/timeliness	86%	76%
Administrative fees	78%	65%
Discounts	77%	55%
Wellness services	74%	50%
Performance guarantees	70%	54%
Access to eligibility/payments	69%	67%
Disease management	59%	48%
Reporting	59%	56%
Consumer online tools	57%	46%
Personal health records	52%	44%
Debit card interface to benefits	51%	47%
Health risk profile	37%	35%

WORD OF MOUTH MATTERS

Most Americans pick their health care provider by word of mouth and physician referral. That matters more than the price and quality information, according to a new national study from the Center for Studying Health System Change.

UNCERTAIN ECONOMY LEAVES MANY UNINSURED

Layoffs and company bankruptcies are leaving tens of thousands of Americans without health coverage. Many workers are left with medical expenses incurred when their employer eliminates insurance. If a company terminates its insurance plan, employees are not eligible for COBRA.

2008 HEALTH COSTS STILL OUT-PACE INFLATION

Employer-provided health costs continue to exceed inflation, according to the National Health Care Trend Survey 2008 conducted by Buck Consultants.

Health insurers reported trend factors of 10 percent to 13 percent, which is 0.2 percent to 0.4 percent higher than those factors in the previous survey. Buck Consultants measured the projected average annual increase in employer-provided health care benefit costs.

The survey listed these reasons for the increase:

- Health care is subject to increases because more services are being used, including new diagnostic tests.
- Medicare and Medicaid continue to limit provider reimbursement. As a result, providers are under more pressure to shift costs to other patients.
- In addition to state mandated coverage, insurers must include federal mandates in coverage.
- Many health insurers are conservative in projecting their costs.
- Providers are under more regulatory scrutiny. That increases hospitals' costs and puts pressure on hospitals to raise their fees.
- Consolidation among providers, especially hospitals, gives providers more bargaining power with managed care organizations. As a result, these providers can negotiate higher fees.
- Providers' willingness to drop out of managed care networks if the providers feel they are not getting adequate reimbursement rates gives providers more negotiating power.
- The fear of malpractice causes some providers to be more cautious and order more diagnostic tests. Providers are increasing their fees because of large increases in their malpractice premiums.
- Technological advances are costly.

“Health insurers reported an average prescription drug trend of 11.4 percent, down slightly from

the 11.7 percent reported in the prior survey,” the Buck Consultants news release said. Pharmacy benefit managers, who generally do not take any underwriting risk, reported a 7.8 percent trend, which was up 0.3 percent from the previous survey.

Like the medical trend rate, the pharmacy trend rate is higher than inflation. Additional reasons for the prescription drug trend rate being higher than inflation are:

- Increase in number and usage of pharmaceutical products that either improve the quality of life or enhance lifestyle
- Aggressive marketing aimed at the consumer to demand specific prescription drugs
- Advances in the types of prescription drugs available
- Increased use of expensive biotech drugs
- Drug companies setting prices to recover their costs and research and development expenses as well as to improve profit margins
- A total of 79 insurers or administrators took part in the survey. Insurers providing medical trends for the survey cover approximately 98.7 million people.

ECONOMY AND HDHPS CAUSING SOME TO FORGO TREATMENT

Families with all types of health insurance are postponing medical treatment as the economy worsens, according to a *BusinessWorld* story. Those with high-deductible health plans (HDHPs) may be neglecting their health the most.

Some struggling families are deferring medical tests so they can pay the mortgage and car payment. Some may fill half a prescription if a generic isn't offered, the story said. Commonwealth research found a third of adults with HDHPs have reported one of four cost-related health problems:

- Not filling a prescription
- Not getting needed specialist care
- Skipping a recommended test or follow-up
- Having a medical problem but not visiting a doctor or clinic

Many HDHP patients wait until late in the year, after they've met their deductible and crossed the threshold where they've met their out-of-pocket medical costs.

A “primary health care medical home,” the story said, is recommended to ensure the patient gets care in the most appropriate, cost-effective way. The medical home helps the patient with decisions about going to the emergency room, for example, and tracks health over time to make sure a patient seeing multiple providers isn't getting conflicting medications or duplicate tests.