



Warehousing Data

PHRs Enable Consumers To Track Health History, Make Better Choices

IF PERSONAL banking transactions can be conducted at an ATM anywhere in the world, and letters or packages can be tracked online by the click of a mouse, it only stands to reason that consumers should be able to access their medical records in a similar manner. While proponents say that Personal Health Records (PHRs) allow patients to furnish healthcare providers with a comprehensive medical history, the coming age of consumerism might just be the catalyst that causes employees to embrace the emerging area of PHR management.



Even though PHR technology is still in its nascent stages, President Bush is its biggest advocate. His goal is for every American to have an elec-

tronic medical record by 2015. The Health Information Technology Promotion Act of 2006 (H.R. 4157), which passed the House at the end of July (and is under consideration in the Senate), directs the National Coordinator for Health Information Technology in the U.S. Department of Health and Human Services (HHS) to create a plan for implementing a nationwide interoperable health information technology infrastructure.

As such, HHS' Office of the National Coordinator for Health Information Technology has entered into a one-year, \$1.99 million-dollar contract with the National Governors Association's Center for Best *(Continued on back)*

Collision Course

Healthcare Costs Reduce Retirement Savings



HEALTHCARE COSTS are increasingly vying with retirement contributions for a piece of the household budget. According to a recent survey by the Employee Benefit Research Institute (EBRI), more than a third of Americans squeezed by higher medical costs say they've reduced their contributions to retirement and other savings accounts in response.

"Cutting back on retirement savings is easier than skimping on current needs," says EBRI's Paul Fronstin, director, health research and education programs. "When something's got to go, it's something you have time to make up for. We've always known when workers rank their benefits, healthcare ranks much higher than retirement benefits and that's because people, when focusing on benefits, are focusing on what they need now rather than what they will need 20, 30, or 40 years from now," Fronstin said. As such, it's no surprise personal health funding and retirement funding concerns are colliding.

The 25- to 34-year olds face the toughest challenges to save for retirement, but they also have the benefit of time to work toward lifelong financial security, according to Jimmy Williamson, chair, American Institute of Certified Public Accountants (AICPA) Board of Directors. According to the U.S. Census Bureau, there are approximately 40 million Americans in the 25-34 demographic. *(Continued on back)*

National Defense Authorization Act

New Act Affects TRICARE Recipients



THE JOHN WARNER National Defense Authorization Act will change the way employers treat their employees covered by TRICARE, the federal government's healthcare program for active duty and retired service members and their dependents. The law takes effect January 1, 2008 and will apply to all employers, including state and local governments, with more than 19 employees.

According to Fisher & Phillips, a labor law firm, the new law prohibits employers from offering TRICARE-eligible employees incentives not to enroll, or to terminate enrollment, in the employer's healthcare plan. Employers who violate this new law may be subject to civil penalties of up to \$5,000 per violation.

This legislation may have the effect of outlawing cafeteria plans that contain cash-out options for employees who decline employer-sponsored healthcare coverage. However, Congress has indicated *(Continued on back)*

Warehousing Data

(Continued from front)

Practices to establish the State Alliance for e-Health. "The State Alliance will provide a unique forum in which states will be able to come together to collectively consider health information exchange (HIE) issues they have been struggling with and to find solutions that will advance interoperable HIE within their communities," says Dr. Robert Kolodner, Interim National Coordinator for Health Information Technology.



In the meantime, employers have come to realize that a PHR is an important foundation for better benefit decisions, better treatment, and better providers' decisions, according to Philip Marshall, vice president, WebMD product strategy, a provider of public and private health portals. "If employees have a tool housing all of the information about their medical history, as well as information about high-quality doctors and hospitals, then workers will begin to use PHR to make cost-conscious choices," says David Lankysk, Ph.D., senior director, Markle Foundation, an information technology philanthropy group.

Starting in January, Aetna, for example, will roll out an e-PHR for its members, a tool designed to lower healthcare costs by encouraging preventive care and catching health problems early. The online health history is gleaned from claims data, including doctor's office visits, lab results, diagnostic exam results, and prescriptions. Members can also input information, including usage of over-the-counter drugs. ■

Collision Course . . . (Continued from front)



Ameriprise Financial's recent study supports similar findings. Its *Benefit Cost Increases: Impact on Worker Financial Health and Retirement Savings* found a disturbing trend resulting from escalating healthcare benefit costs: 46 percent of participants indicated they have or plan to decrease their savings or investments. The majority of their benefit-cost increases were healthcare related, including out-of-pocket increases and increased expenses for dental coverage. "By cutting back on retirement and personal savings to pay for healthcare benefits today, uncertainty about meeting future healthcare needs and other necessities in retirement grows—and stress along with it," says Rusty Field, vice president, Ameriprise Financial Education and Planning Services.

"The vast majority of Americans are not adequately planning for retirement, which could create a financial time bomb for their family that eventually places a significant financial burden on their children," says Mark Brown, managing partner, Brown & Tedstrom. ■

National Defense Authorization Act . . . (Continued from front)

its awareness of this issue, and indeed, the new law contains language granting the Department of Defense the authority to adopt exceptions to the prohibition on incentives. Congress has also directed the Secretary of Defense to provide recommendations on these cafeteria plan issues by April 1, 2007. In addition, the new law requires employers to give TRICARE-eligible employees the same opportunity to decide whether to participate in the employer's healthcare plan as similarly situated non-TRICARE eligible employees. ■

Bulletin Briefs

◆ Six States Raise Minimum Wage

Ohio (\$6.85/hour), Missouri (\$6.50/hour), Montana and Nevada (\$6.15/hour), and Arizona and Colorado (\$6.75/hour) join more than 20 states, plus the District of Columbia, to increase their minimum wage above the federal level of \$5.15/hour. The new rates are effective January 1, 2007. All will be adjusted annually for increases in the cost of living, inflation, or the Consumer Price Index.

◆ PwC: Health Plan Costs to Rise for 2007

Employers who do not make changes to their benefit packages are being told to expect double-digit increases in healthcare costs, according to PricewaterhouseCooper's (PwC) study, *Behind the Numbers: Medical Cost Trends for 2007*. Medical costs are expected to increase across all plan designs: PPO—11.9%; HMO—11.8%; CDHP—10.7%. Factors contributing to the double-digit increases are new treatments and technologies, increased demand for services, obesity, aging, and declining health status. ■



The *HRinside[®] bulletin* is brought to you each month courtesy of **EBS Capstone**, a UBA[®] member firm. For more information, contact us at info@ebscapstone.com.

NOVEMBER 2006