Health & Retirement Services of Illinois
Newsletter July 2021

OUR NEWS LETTER

How has workers' comp fared in the face of the pandemic?

by Bethan Moorcraft 26 May 2021

In Our Newsletter

HOW HAS WORKERS` COMP FARED IN THE FACE OF THE PANDEMIC?

4 QUESTIONS TO ASK BEFORE BUYING AN ANNUITY

WORKING AFTER RETIREMENT?

PANDEMIC ACCELERATES VOLUNTARY BENEFIT OFFERINGS

THE IMPORTANCE OF HOLISTIC CARE WHEN TACKLING CHRONIC PAIN AND MENTAL HEALTH

INFLATION ISN'T EVERYWHERE

YOUR BLOOD PRESSURE AND YOUR HEALTH

The workers' compensation market is thriving after several years of unparalleled results. Even with the COVID-19 pandemic causing global health and economic crises, workers' compensation remains one of the most profitable segments within the US property & casualty (P&C) industry. As a result, the market is attracting a great deal of capacity in the shape of new carriers, programs and insurtech companies that continue to drive competition and put pressure on rates.

According to the National Council on Compensation Insurance (NCCI), net written premium in the workers' compensation market dropped by 10% to $42 billion in 2020, a decline largely attributed to job losses and shrinking payrolls during the pandemic-driven recession. Despite that, the NCCI's State of the Line Report confirmed the profitability of the industry, with private insurers posting a calendar year combined ratio of 87%, marking the fourth straight year with a combined ratio below 90%. The reserve position for private insurers also remains strong, growing to a redundancy of $14 billion as of December 31, 2020.

"I think there's plentiful capacity in the workers' compensation market right now," said John Beckman, chief underwriting officer, QBE North America. "It's a healthy market that has continued to benefit from a reduction in claim frequency. That reduction is, of course, due in part to COVID-19 because fewer workers have been on the job, but more so I'd say that employees are simply safer at work than in the past. Workplace safety has vastly improved and that is being reflected in what companies pay for their coverage."

Despite remaining a strong and resilient market, the workers' compensation system has faced some unprecedented challenges amid the coronavirus pandemic. When the severe impact of COVID-19 became clear and states started to issue urgent public health

guidance and stay-at-home orders, many carriers had to scramble and reposition some of their underwriting standards.

“Many class codes, especially those in high-contact industries, were evaluated to determine whether they could be underwritten safely,” said Matt Zender (pictured immediately above), senior vice president, workers’ compensation strategy at AmTrust Financial Services, Inc. “Carriers also quickly had to pivot to create protocols to allow for appropriate absorption of regulatory changes, many of which were occurring rapidly and disparately, as individual states varied in their approaches. Additionally, carriers had to complete extensive reviews of their claims operations to ensure that changes to compensability presumptions were contemplated properly.”

As for COVID-19 claims, the NCCI reported that workers hurt by the coronavirus made more than 45,000 claims in 2020, with more than 95% of those claims costing less than $10,000. Hardest hit were workers in nursing homes, hospitals, clinics, and other healthcare settings along with first responders, which all together accounted for 75% of the claims. Carriers reported $260 million in total COVID-19 incurred losses in 2020, with the costliest 1% of those claims accounting for 60% of pandemic-related loss dollars.

The potential longer-term impacts of the COVID-19 pandemic remain to be seen. Andy Shaw (pictured top), executive vice president, managing partner of PMC Insurance Group, commented: “How quickly the recovery of getting payrolls back to the first quarter of 2020, how those workers that did get COVID with long-haul symptoms fare, and the ultimate impact of the claims costs, along with the employment shift to a higher level of remote workforce and the rapid hiring of the on-demand industry, will all be important factors for long-term impact.”

Over the past year, there have also been significant advancements in technology throughout the workers’ compensation value chain, from the use of video conferencing for loss assessment and risk management, to digital distribution of products, and virtual claims assessments, nurse triage services and telehealth options on the back-end.

At the same time, employers are also using technology to create safer work environments and therefore reduce their workers’ compensation risks. Glen Backus (pictured below), chief business development officer at Davies, gave the example of wearables and ergonomics programs, which more and more employers across the nation are piloting with the goal of improving work safety.

“The wearables are smart watches or any device with smart sensors worn on the body,” he explained. “The devices allow companies to monitor and analyze movements, but also vibrate or alert the employee when a specific range of motion is exceeded or an increase in lifting is detected. While this is only speculation, you can expect insurance carriers in the

future to offer premium discounts for a company to implement a wearables program, like auto insurers offering safe driving discounts for the plug-in ‘snapshot’.”

Suffice to say, there’s a lot going on in the workers’ compensation market, and there are more challenges to come as the workforce continues to evolve and the impacts of emerging risks like the gig economy and the legal marijuana market are realized. What’s promising is that the workers’ compensation market continues to demonstrate its resilience. It has come through a global pandemic almost unscathed, so its odds look favorable for future success.

4 Questions to Ask Before Buying an Annuity

If you've started to research ways to generate income in retirement, you've likely encountered some conflicting opinions about annuities. Some see them as welcome security, while others rail against their complexity and fees. The truth is, certain types can be beneficial for turning some of your savings into guaranteed retirement income (subject to the claims-paying ability of the insurer) if you educate yourself on the benefits and know how to avoid pitfalls, if any, for the type of annuity you're considering.

Here are four questions you can ask to understand the differences between various types of annuities and decide whether they make sense for your retirement.

1. What kind of annuity is it?

The first thing to know is that there are many types of annuities. Generally, annuities are contracts with an insurance company. Some can be used to save for retirement. Others can be used to help guard against the perils of outliving your assets. There are three major categories of annuities: fixed, indexed, and variable annuities.

Fixed immediate annuities

With these annuities, you give a lump sum in the form of a premium payment (purchase payment) to an insurance company, and in exchange you receive a monthly payment. Importantly, the premium payment is *irrevocable*—once you turn it over, you won't have access again to your premium. On the flip side, the company guarantees you a monthly payment for the fixed period you've chosen, for the rest of your life, or for the life of you and your spouse. These annuities are relatively straightforward and have explicit costs or fees, and can work well in combination with a portfolio of investments. There are two kinds:

- *Single premium immediate annuities* can begin paying you a consistent amount each month soon after you buy them. These payments continue, typically for life, regardless of future interest rates or market performance.
- *Deferred income annuities* allow you to choose a point in the future when you want the payments to start generally, 13 months to 40 years from the initial purchase. Other than

that, they operate like immediate annuities. Generally, an efficient approach is to purchase it at age 65 and start taking income around age 85 (the longer time horizon increases the income potential). That said, you should take *your* life expectancy into account before implementing this or any strategy.

Keep in mind that regardless of which type you choose, the annuity guarantees are subject to the financial strength and claims-paying ability of the issuing insurance company.

Deferred Annuities

Some tax-deferred retirement savings vehicles incorporate investments into your insurance contract to give you the opportunity to participate in any potential market growth. Here again, there are two types:

- *Fixed indexed annuities* (FIAs) track an index, and your potential profit is capped at a certain level. One downside of FIAs is that you can underperform conservative investments during years with poor market performance. An upside is that in good markets, you may outperform conservative investments. Also, some fixed indexed annuities won't allow the value of your original principal to fall unless you make a withdrawal.
- *Variable annuities* allow you to invest in underlying sub-accounts. Given the market exposure, it is possible to lose money.

FIAs and variable annuities are generally more complex than fixed immediate and deferred income annuities, in part because they generally offer a variety of optional features, or "riders," for a fee, including guaranteed lifetime withdrawals benefits (also called "living benefits") and death benefits. They may also include a more complex series of terms, guaranteed payout amounts, income floors, and other features.

Unlike fixed immediate and deferred income annuities, FIAs and variable annuities that can include optional living benefits don't require that you turn over an irrevocable lump sum. But in exchange for this flexibility, the provider may impose surrender charges—that is, early withdrawal fees—or may reduce income benefits if you withdraw more than a certain amount each year.

FIAs and variable annuities allow you to convert your assets into a series of periodic payments (annuitization) for life or a specific period of time. There is no cost for this option

and you give up control of your assets. Many FIAs and variable annuities offer an optional living benefit rider that allows you to withdraw money each year (after a set period of time determined by the rider) whenever you choose. Often, depending on the contract, the rider stipulates that you can take a guaranteed withdrawal amount every year for as long as you, or you and your spouse, are alive. Again, it's critical to understand and ask as many questions as you need to understand the details and costs.

As with income annuities, the guarantees of fixed indexed annuities and variable annuities, along with any optional riders purchased, are subject to the financial strength and claims-paying ability of the issuing insurance company.

It's also helpful to know that, generally, any growth of your original principal, when withdrawn, will be taxed as ordinary income and may be subject to an early withdrawal penalty if take before age 59 ½.

2. How much will the annuity cost?

The cost of an annuity depends on which kind you're considering. Payout annuities and fixed indexed annuities do not have explicit costs; FIAs and variable annuities do and also charge an additional cost for any optional benefits elected, including living benefit riders. The table below gives you an idea of how much those explicit costs might run you. For example, a fixed index annuity with a guaranteed lifetime rider can range from 1% to 3% of the contract value. Though the average cost of a variable annuity is 2.3%, costs *can* exceed 3 percent.

	Mortality, Expense and Administration (ME&A) Fees	**Investment Management Fees***	**Living Benefit Rider****	**Total**
Fixed income annuity	**NA**	**NA**	**NA**	**NA**
Deferred income	**NA**	**NA**	**NA**	**NA**

annuity				
Fixed index annuity (FIA)	**NA**	**NA**	**NA**	**NA**
FIA with living benefit	**NA**	**NA**	**0.5%–1.5%**	**0.5%–1.5%**
Variable annuity (VA)	**0.3%–1.5%**	**0%–3%**	**NA**	**0.3%–4.5%**
VA with living benefit	**0.3%–1.5%**	**0%–3%**	**0.5%–1.5%**	**0.8%–6%**

Source: Schwab Center for Financial Research with data from Annuity.org and Beacon Research, as of August 2019. The above table is hypothetical and provided for illustrative purposes only. It is not intended to represent any specific product.

*Fees associated with the sub-accounts available for investment within a variable annuity.

**Living benefit rider costs generally are a percentage that is assessed against an “income base,” and deducted from contract value on either a quarterly or annual basis. The income base may be higher than contract value, which would increase the cost of the rider.

It’s also worth noting that annuity companies generally pay commissions to the brokers who recommend them. The commissions are generally built into the annuity contract, so the consumer isn't paying it directly, but fees and expenses are generally built into the contract to cover the fee the salesperson earns. You might consider asking the annuity salesperson or your advisor how—and how much—they’re paid, for the types of annuities they recommend.

3. What are the tradeoffs?

Every benefit you receive from an annuity can have a commensurate risk, tradeoff, or real or potential cost—in some cases, several. So make sure you ask questions about the risks and tradeoffs based on the benefits your annuity offers. While you gain the benefit of guaranteed monthly payments with a fixed immediate annuity, for example, you give up access to your money and potential growth. You also accept that your purchasing power will decline over time (unless you pay extra for an inflation-adjustment option).

4. How will this annuity work with my other income?

When considering annuities and whether a particular type of annuity fits your needs, do so in the context of all your retirement income, savings, investments, and assets, and determine which purpose each income stream will serve. You'll probably already have one form of income—monthly payments from either Social Security or a government pension—and that might be enough to satisfy your need for lifetime guaranteed income.

But if you're concerned about outliving your savings and want a higher level of guaranteed income that doesn't depend on markets, one strategy might be to allocate a portion of your retirement savings to a fixed-income annuity and invest the rest in a portfolio of investments. A combination of annuity payouts and portfolio can be particularly helpful if what you receive from Social Security or a pension doesn't meet your financial needs.

Another approach is to purchase a deferred income annuity that begins to pay out only later in life. This requires a smaller investment, usually 5%–10% percent of your savings, and help protect against the risk of outliving your portfolio. Here again, you'll be able to diversify the remainder of your savings in a way that allows for liquidity, additional income, and growth potential—and feel more confident in drawing money from your portfolio sustainably early in retirement.

FIAs and variable annuities that may have optional living benefits can also work with your existing sources of retirement income and portfolio, but these can be more complex and warrant additional questions and scrutiny. Make sure you understand the details before you buy.

Regardless of the strategy you choose, it's reasonable to use predictable and—if possible—guaranteed income sources to cover essential expenses in retirement such as food, housing, and utilities. Then look to your portfolio to fund more flexible or less essential expenses. If you understand the details, having a baseline of income from an annuity in combination with your investments can provide the combination of protection, flexibility, and potential for growth you need to enjoy retirement.

Financial FAQs: Working After Retirement

By Rob Williams

After you retire, you may discover that you want to return to work for an extra stream of income or for the benefits of activity and a second career. Whatever the reason, it's helpful to plan ahead because your Social Security benefits, health insurance, and tax situation may be affected.

To help you decide whether returning to work would benefit you, here are answers to some frequently asked questions:

Q: What financial issues should I consider if I return to work?

Work-related expenses, including transportation, food or business attire, will likely return. Your income will be subject to income and payroll taxes, and combined with your existing income, may change your tax situation. Also keep in mind that earned income may affect your Social Security benefits, as well as how much is taxed.

If you want a clear idea of how going back to work might affect your finances, crunch the numbers and do some "what-if" planning. Don't hesitate to get help from a financial planner and tax professional with the more complex tax and retirement benefit implications.

Q: Will my Social Security benefits be reduced if I return to work?

Whether your Social Security income is reduced depends on your age. For people born in 1943 or later, the Social Security Administration (SSA) defines full retirement age (FRA) as between 66 and 67. If you haven't yet reached your full retirement age, working could temporarily reduce your Social Security benefits. Consider the following:

If you go back to work before reaching your FRA, $1 in benefits will be deducted for every $2 you earn above the annual limit (which is $18,960 in 2021).

EXAMPLE: You retire early and go back to work before you reach your full retirement age. In that time you earn $30,000 in salary. Because you are $11,040 over the annual limit, your Social Security benefits are reduced by $5,520.

If you go back to work during the year you reach your full retirement age, $1 in benefits will be deducted for every $3 you earn above a higher limit ($50,520 in 2021), but only counting earnings before the month you reach your FRA.

EXAMPLE: You work all year and reach your full retirement age in June. From January 1 to May 31 you earned $15,000. Because your earnings are under the limit, your Social Security benefits for the year are unaffected.

EXAMPLE: You work all year and reach your full retirement age in June. From January 1- May 31 you earn $51,920. At this point you have earned $1,400 over the annual limit, which reduces your Social Security benefits for the year by $466.

Starting the month you hit your full retirement age, your benefits are no longer reduced no matter how much you earn.

Note: A reduction in benefits due to the earnings test is temporary. After you reach full retirement age, the IRS re-calculates the benefit amount and gives credit for months that you did not receive a benefit due to earnings. So don't let a temporary reduction in payments alone keep you from returning to work in retirement. For more information, refer to "How we deduct earnings from benefits," at www.ssa.gov.

Remember, as long as you're working you, and your employer (if applicable), will need to pay the Social Security Federal Insurance Contributions Act (FICA) tax. Because Social Security benefits are based on your highest 35 years of income, the additional earnings may boost your Social Security benefits by replacing or filling in years where you had little or no earnings.

You can estimate how much your annual benefits will be reduced by using the SSA's Retirement Earnings Test Calculator. For more information, see the SSA publication "How Work Affects Your Benefits."

Q: Will my Social Security benefits be taxable if I return to work?

Your Social Security benefits may be taxable, depending on your modified adjusted gross income (MAGI). As your MAGI increases above a certain threshold (from earning a paycheck, for instance), a greater percentage of your benefits is subject to income tax, to a maximum of 85%.

Q: Can I pay back Social Security benefits I've already received, and then restart them later at a higher amount?

If you've taken Social Security benefits early at a reduced rate, you have the option of paying back to the government what you've already received and restarting benefits at a later date with a higher payout. (You receive your largest monthly benefit by delaying retirement until age 70, but not beyond, so it never makes sense to wait past that age.)

The option to pay back Social Security is limited to the first 11 months' worth of benefits, and the SSA only allows repayment in the first year after you start to receive benefits.

For example, if you choose to receive benefits at age 62 and nine months later decide you'd like to return to work, you could stop receiving Social Security by withdrawing your application for benefits, pay back the benefits received, return to work and then defer your benefit up to age 70 to restart your benefits at a higher level. You aren't able to do this, however, if you wait longer than a year to pay back the benefits. Keep in mind that you will need to repay any money that was withheld from your checks, including Medicare premiums and income tax withholding.

Q: Will Medicare eligibility affect my potential health insurance benefits from my new employer?

Eligibility for group health insurance offered by an employer is one of the primary reasons many people under age 65 stay in, or return to, the work force. If you're 65 or older and already covered by Medicare, check with your employer's human resources department about how their insurance coverage would work with your Medicare. You can also read "Medicare and Other Health Benefits: Your Guide to Who Pays First."

If you have private health insurance, compare your benefits and coverage with plans offered by a new employer. Although group plans tend to be less expensive than individual policies, you could be better off keeping your individual policy rather than canceling it and hoping you can get your old coverage and rates back at a later date.

Both Medicare and Medigap have specific enrollment periods. You may be able to enroll after age 65 without penalties if for a period after age 65 you are receiving employer coverage. Pay close attention to Medicare enrollment periods if you have retiree health insurance from a former employer or are under COBRA. These types of coverage do not allow you to defer enrollment past age 65 without penalties and potentially leaving gaps in your coverage.

Also note that once you are enrolled in Medicare, you're not permitted to make contributions to a Health Savings Account (HSA). If you enroll in Medicare after reaching age 65, Medicare will backdate your enrollment by 6 months (but no earlier than age 65). To avoid an IRS penalty, make sure you stop contributions to the HSA in time.

Q: Will my pension be affected if I return to work?

The rules vary, depending on the plan, so check with your pension plan provider and the human resources department at your new employer to see if returning to work will affect your benefits or pension payments. This is especially important if you return to work for a former employer.

Q: Will I need to take required minimum distributions from my IRA or 401(k) if I go back to work?

Working past age 72 (70½ if turned age 70½ in 2019 or earlier) does not affect the required minimum distribution (RMD) rules for traditional IRAs—RMDs are still required. However, there are no RMD requirements for Roth IRAs.

The rules for qualified employer plans, such as 401(k)s, are different. If you continue to work past age 72, and do not own more than 5% of the business you work for, most plans allow you to postpone RMDs from your current—but not a prior—employer's plan until after you retire—to no later than April 1st of the year after retirement. If you have a 401(k) from a prior employer, you may still be subject to the RMD requirement. Check with your plan administrator for both your new and prior employers.

Q: Can I start contributing to my retirement accounts again?

In most cases, under current law, you should be able to contribute to your employer's qualified retirement plan regardless of your age as long as you are working. If you meet relevant income limits, based on recent changes to tax law, you can also contribute to a traditional IRA or Roth IRA if you have earned income.

Whether the IRA contribution is tax deductible depends on your income and whether you're also an active participant in an employer-provided retirement plan. There are no age limits for Roth IRAs, although income restrictions apply.

Q: If I go back to work, should I change my asset allocation to account for my new income?

Generally, no. To build a retirement portfolio with a good chance of lasting your lifetime, we generally recommend that retirees who plan to use their investments primarily to support retirement spending versus a legacy or other goals allocate at least 20% (conservative) but no more than 60% (moderate) of their portfolios to stocks depending on their age, time horizon, and spending needs.

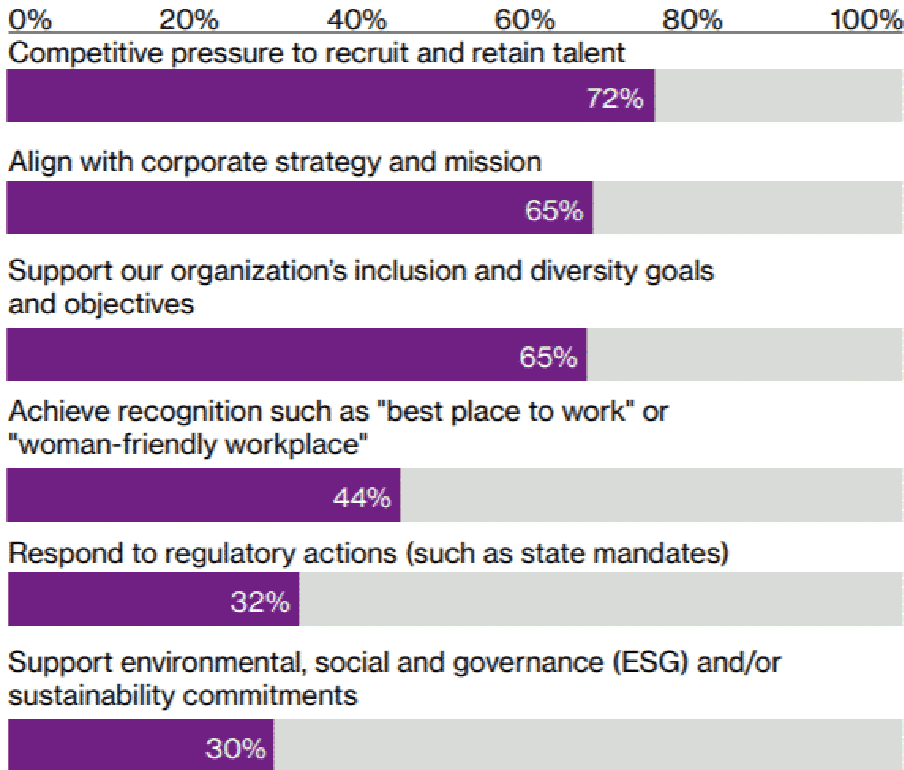
If you have saved enough that your investments aren't earmarked solely to your retirement, how much you allocate to stocks may be more flexible and depend on your personal

circumstances time horizon, spending relative to the size of your portfolio, and risk tolerance.

The bottom line

Returning to work after retirement is ultimately a personal decision that hinges on your financial circumstances, as well as your personal goals and lifestyle. When considering the financial implications, take into account all sources of income, compare budgets and determine the tax implications of various scenarios. As always, contact your financial advisor or other trusted financial professional for guidance.

Pandemic Accelerates Voluntary Benefit Offerings



This Willis Towers Watson survey delves into employee benefits and why they are becoming more important.

The pandemic is driving more employers to offer voluntary benefits, with nearly all employers (94%) expecting these employee-pay-all or unsubsidized benefits to hold great importance in their organizations during the next three years, according to a survey by Willis Towers Watson.

The Emerging Trends in Health Care Survey found that employer interest in offering voluntary benefits has been burgeoning, with 94% of employers finding voluntary benefits to be important to their employee value proposition and Total Rewards strategy three years from now, compared with just 36% of employers deeming them to be important in 2018.

"Employers view voluntary benefits as a cost-effective way to offer employees a wide range of benefit options that best meet their needs," said Lydia Jilek, senior director, Voluntary Benefits Solutions, Willis Towers Watson. "The pandemic has given rise to an increase in benefits that protect employees against big hospital bills and loss of income, and provide personal protection."

Survey Identifies Top Five Growing Benefits

As employers face a different landscape, they are proactively expanding their voluntary benefits to address new trends and better meet the needs of a diverse workforce, especially those affected by the pandemic.

The top five fastest growing benefits are:

Voluntary benefit	Currently offered	Will offer by 2022 or beyond	Percentage point change
Identify theft	53%	78%	+25%
Hospital indemnity	42%	65%	+23%
Pet insurance	47%	69%	+22%
Critical illness	57%	76%	+19%
Group legal	58%	75%	+17%

The survey also found that the following voluntary offerings are among the most widespread benefits, services and perks that employers currently offer or are planning to offer over the next two years:

- Financial planning/counseling through an existing vendor (93%)
- Tuition reimbursement programs (88%)
- Telephonic financial planning/counseling (77%)
- Onsite fitness center (54%)
- Backup childcare (48%)
- Elder care (44%)

"Our research shows that employees are craving more voluntary and flexible benefits," said Jilek. "Employers are supplementing existing core benefits with more personalized benefits to provide additional ways to support their employees' overall wellbeing and enhance the perceived value of their benefit offerings — including adding voluntary benefits to the core benefits administration flow."

About the survey

A total of 446 employers participated in the 2021 Emerging Trends in Health Care Survey, which was conducted between February 23 and March 12, 2021. Among those, 238 employers, who employ 3.7 million workers, responded to the voluntary benefits section of the survey.

The importance of holistic care when tackling chronic pain and mental health

by Bethan Moorcraft 30 Apr 2021

Mental health in the United States is in dire straits. According to Mental Health America's (MHA) 'The State of Mental Health in America 2021' report, the prevalence of mental illness among youth and adults is increasing, and the COVID-19 pandemic has only made the situation worse. The number of people looking for help with anxiety and depression skyrocketed from January to September 2020, and the number of people screening with moderate to severe symptoms also increased in that period.

This is a big concern for workers' compensation insurers and employers because mental health is inextricably linked to the outcome of bodily injury claims, especially if an injured worker is experiencing chronic pain. If injured workers do not receive adequate support for both their physical and mental recovery, then their workers' compensation claims can inflate dramatically in severity.

"There's a strong correlation between chronic pain and mental health," said Dr. Melissa Burke, vice president, head of Managed Care and Clinical for AmTrust Financial Services. "When we see an individual that is suffering from chronic pain, we first want to find out the root cause of that pain. If we're able to rule out physical [distress], it could be caused by fear, anxiety or depression. We need to figure out what's really behind an injured worker's pain, and how we can treat those symptoms in order to improve their overall outcome."

AmTrust has embraced the concept of holistic care and pain management. The insurer's internal nurse case managers are trained to engage closely with injured workers to provide ongoing support, information and resources throughout their recovery. This is important, according to Burke, so that injured workers know what to expect from their injury, they understand how to manage their pain, and they're not left isolated, looking for external help or catastrophizing their injury.

"The concept of staying connected became even more important during the COVID-19 pandemic," Burke told *Insurance Business*. "There are so many concerns, fears and unknowns tied to the pandemic, and when you add a work-related injury on top of that, people just need more support. We had to check in more to ensure people were staying connected and to support the prevention of mental health issues, such as depression and anxiety, from their injuries. We were able to bring in additional services like telehealth, behavioral health, psychiatry, cognitive-behavioral therapy support, and other coping mechanisms to provide a personalized path to recovery for every injured worker."

Employers also have a part to play in supporting injured workers and helping them to stay mentally healthy. They need to remove any remaining stigma around the topic of mental health and make it something that employees are comfortable discussing. They also need to stay connected with their employees, and encourage them to utilize mental health resources if they need help as they're recovering from injury.

"It's about doing the right thing for the injured employee overall because that leads to a better outcome," Burke stressed. "If we can treat an injured worker holistically, and teach them coping mechanisms to deal with their pain rather than prescribing opioids, medical marijuana, or any other pain masking substance, then they're going to have a better quality of life. That's our goal at AmTrust – to improve the quality of care and recovery – and that helps society overall.

"Things like opioids are inexpensive on the front-end, but they end up costing more and negatively impacting the quality of an injured employee's life as the timeline extends. It's so important to put more effort in upfront, and to explain the value and the need for pain coping mechanisms and cognitive behavioral therapy because that will lead to a better outcome – both physically and mentally - in bodily injury claims."

Inflation isn't everywhere

Rick Newman Senior Columnist Tue, June 15, 2021

Inflation has hit the highest level since 2008, when gas prices exceeded $4 per gallon. Overall prices are up 4.9% during the last 12 months, with the biggest jumps in pandemic-affected parts of the economy. A shortage of semiconductors needed for new cars has pushed used-car prices up 30%. Transportation costs, driven by rising airfares, are up 20%, with volatile gas prices up 56%. Surging demand for real estate has pushed home prices up 13%, with many buyers shut out completely.

Consumers have clearly noticed, with inflation expectations rising, according to the New York Federal Reserve. What consumers may not have noticed, however, is that there's little to no inflation in important parts of the economy, with Americans getting a break on some costs to help offset rising costs elsewhere.

The cost of medical care, for instance, has risen just 0.9% during the last year. That's a sharp slowdown from the average of 2.8% during the last 10 years, and 4% in a few years. College tuition is up just 0.3% during the last year, compared with an average 2.7% annual increase during the last decade.

Home prices soared during the pandemic, spurred by historically low interest rates, strong demand and a shortage of new homes. But renters have been getting good deals, with average rent rising just 1.8% during the last year. In cities such as New York and Chicago, rents have dropped as people fled to more open areas, either temporarily or permanently.

Day care and preschool costs are up just 1.6%. Personal care services are up by the same amount. Educational costs, including things like books and supplies, are up just 1.9%. And technology, including computers, smartphones and Internet service, is flat, with just a 0.1% annual price change.

'Transitory factors'

These odd inflation disparities reflect the ongoing disruptions the pandemic wrought on the global economy—and suggest inflation is a temporary phenomenon, not a long-term worry. "Transitory factors are driving prices higher right now," economist Evan Karson of Moody's Analytics wrote in a June 11 report. "We do not anticipate inflation of this speed to be the new norm. The economy's reopening is a one-off event that is lifting prices of most leisure services, including admission tickets, airfare, hotels and rental cars."

In some ways, these scattershot inflation surges may not be as painful as the numbers make them sound. Many car shoppers can put off a purchase until more supply comes online and prices moderate. Leisure travel is discretionary. And the expenses people have to pay—rent, school costs, medical care— are things that have gone up the least. The one exception is gasoline, now around $3.10 per gallon. Still, that's within the range of the historical average for the last 15 years.

The lumber market may foretell where pandemic inflation is heading. Lumber prices hit record highs in May, due to supply shortages, strong demand for homes and a national remodeling binge. But prices have plunged 40% in just a few weeks and seem headed back toward normal levels. Since the surge in prices was adding as much as $36,000 to the average cost of a new home, the normalization of lumber prices will spell relief throughout the economy.

The Biden White House and the Federal Reserve insist the recent bout of inflation is "transitory," and many economists agree. That means there's no need for the Fed to start raising interest rates to combat inflation, as it has done in the past, since inflation should abate on its own. Financial markets also seem unperturbed, with the S&P 500 recently hitting a new record and bond prices subdued.

Consumers are in relatively good shape, too, with a glut of savings from a year of inactivity and wages that have held up well, for those who remained employed. Average hourly earnings are up 2% during the last year, which is much less than the 4.9% inflation rate, suggesting the typical worker is falling behind. But since February 2020—the last month before the pandemic disruptions—earnings are up 6.4%. That's a statistical quirk reflecting a huge jump in average wages after the pandemic shutdowns last year, which happened because lower-paid workers got laid off in disproportionately large numbers, boosting the average for those still working. Aside from some 8 million people who are still unemployed, workers have held up better than many economists expected. They may not like inflation, but they can probably handle it.

Your Blood Pressure and Your Health

BCBSIL Connect Team May 11, 2020

Your blood pressure is a big deal. Keeping it in a healthy range is one of the best things you can do for your health. That's because high blood pressure is the single biggest risk factor for heart disease, stroke and other health problems.

High blood pressure can be deadly. Many times, people don't know they have it. That's why it's called "the silent killer." The only way to know if you're at risk is to have it checked often.

As many as 1 in 3 U.S. adults has high blood pressure. That's about 75 million people. High blood pressure, also called hypertension, raises the risk of kidney disease, stroke, heart attacks and other serious health issues.

What Exactly Is It?

Blood pressure is the force of blood against your artery walls as it circulates through your body. Blood pressure often rises and falls throughout the day, but it can cause health problems if it stays high for a long time.

Are You at Risk?

Anyone, including children, can get it. Some things that are beyond your control can raise your risk for high blood pressure. These include your age, sex, and race or ethnicity. But you can work to cut your risk factors with lifestyle changes. That includes keeping a healthy weight and being physically active. Talk with your doctor about the best ways to reduce your risk for high blood pressure.

What Are the Signs and Symptoms?

High blood pressure usually has no warning signs or symptoms, so many people don't realize they have it. That's why it's vital to visit your doctor and have your blood pressure checked regularly.

How Do You Know if It's High?

Having your blood pressure checked is the only way to find out if you have high blood pressure.

Blood pressure readings measure two things. One is the force that pushes on the walls of your blood vessels as they carry blood and oxygen to your organs. That is called systolic pressure. It's the top number.

The second number is the pressure in your blood vessels when your heart rests between beats. That is called diastolic pressure.

If either number is too high, it means that your blood vessels are under too much pressure. That can raise your risk for blood clots and other serious health problems.

One method your doctor uses to measure your blood pressure is wrapping an inflatable cuff with a pressure gauge around your arm to squeeze the blood vessels. Then they listen to your pulse with a stethoscope while releasing air from the cuff.

The gauge measures the pressure in the blood vessels when the heart beats (systolic) and when it rests (diastolic).

How Is It Treated?

If you have high blood pressure, your doctor may prescribe medicine to treat it. And lifestyle changes can be just as important as taking medicines.

Try these tips for lowering your blood pressure from the American Heart Association:

- Eat a healthy diet. Limit salt (sodium), fat and cholesterol.
- Maintain a healthy weight. Talk with your doctor if you need help.
- Trim your alcohol intake.
- Make physical activity a daily part of your life. Talk with your doctor before starting any type of exercise program.
- If you smoke, quit.
- Deal with stress and tension. Try walking, writing in a journal, meditation, relaxation techniques or yoga.
- Get your family involved in your plan.

If you have high blood pressure, be sure to take any medication your doctor orders as directed. If you have any side effects, don't stop taking it without checking with your doctor first.

Sources: High Blood Pressure, Centers for Disease Control and Prevention (CDC), 2020; Measure Your Blood Pressure, CDC, 2020; Know Your Risk for High Blood Pressure, CDC, 2020; Changes You Can Make to Manage High Blood Pressure, American Heart Association, 2017

Dental Coverage
for as
low as
$15
a month!

Click Here for more
Details
OR
Call 1-800-739-4700

To contact us: go to www.healthcareil.com or Call (800) 739-4700