Health & Retirement Services of Illinois

Newsletter May 2014

OUR NEWS LETTER HRSI

Five secret tips for big mortgage savings

Cut costs on your mortgage with our experts' little-known tips and tricks.

YAHOO! HOMES
By Sarita Harbour March 28, 2014 Secret mortgage tips

Are you shopping for a mortgage or looking for ways to cut costs on your current home loan? We have news for you: A low rate isn't the only way to save money on your mortgage.

Whether you are a first time mortgage seeker or an experienced homeowner who wants to refinance, there are a variety of programs and strategies that can save you money when it comes to your mortgage.

We asked mortgage experts from across the country to share their best money-saving mortgage tips to help you save on your mortgage.

Get a mortgage from a banker you already use

Loyalty pays off - even when it comes to shopping for a mortgage. So if you have a banking product, such as a checking, saving, or private student loan account, it could pay off to get a mortgage with your lending or banking institution. As a current customer, you may be able to get a rate discount on your mortgage.

For example, TD Bank offers a rate discount of .125 percent to mortgage customers who have an existing checking account with the institution, saysMike Copley, head of retail money-out products at TD Bank. Deals like this are comparable to bundling cable and Internet services with one provider. The reason behind the discount is to reward their customers, increase loyalty to their company, and generate more business.

"It's a life-of-loan rate discount which has the potential to offer significant cost savings over the course of a mortgage," says Copley.

In Our Newsletter

Make your job work for you with an occupation-based mortgage discount

Your job isn't just a source of income. Depending on your occupation, it could help you get a discount when you take out a mortgage. If you're a teacher, firefighter, or police officer, you should research discounted mortgage loans aimed at these occupations.

"Ask about special rate and fee discounts. Institutions like ours offer discounts to community service workers," says Anthony Pili, director of strategic planning for Greater Hudson Bank in Bardonia, New York.

Professionals who work in certain fields receive discounts, because they serve their communities. Some banking institutions, such as Greater Hudson Bank, want to reward them for their service by making it easier to purchase a home.

See if your state offers a Mortgage Credit Certificate

Many states have a program called the Mortgage Credit Certificate (MCC), which could save you money on the interest of your mortgage, says Aaron Ferkinhoff of Cincinnati, Ohio's Academy Mortgage.

"[An MCC] allows homebuyers to lower their federal tax liability by taking a direct tax credit for a portion of their mortgage interest for the life of their mortgage," he says. This provides a dollar-for-dollar reduction of income tax liability for the life of the loan, Ferkinhoff explains, but there is a limit.

"The tax credit cannot be larger than your annual federal income tax liability after deductions, exemptions and other credits," he explains.

In order to qualify in Ohio, applicants must apply for the certificate through their lender when they apply for their mortgage, he explains.

Additionally, they must meet one of the following criteria: Be a first-time homeowner, must not have owned any real estate in the last three years, be a military veteran, or must purchase a home in a targeted area. Since targeted areas may change, you will need to contact your lender to find out the current target areas, he says.

Borrow money for closing costs at zero percent APR

When buying your home, you'll want to avoid rolling the closing costs into your mortgage, because you will pay interest on the costs for the life of the mortgage, says David Bakke, writer at the personal finance website moneycrashers.com. Instead, he says, borrow the money for closing costs at zero percent.

"Finance your closing costs by putting them on a credit card with an extended introductory zero percent rate," he suggests. The key is to pay it off before the rate jumps.

For example, if you put your closing costs of $2,500 on a credit card with a zero percent rate for 18 months, you could pay roughly $140 each month and pay off your closing costs interest-free.

"This would reduce the amount of your home loan, and you would pay less in overall interest," says Bakke.

Avoid PMI insurance costs with a piggyback loan

When homebuyers have less than 20 percent equity in a property, they are required to pay private mortgage insurance (PMI). Mortgage insurance protects lenders in case of default on payments.

But you can avoid PMI by getting a piggyback loan, according to Rob Drury, executive director of the Association of Christian Financial Advisors. It's a second mortgage that carries at least 20 percent of the house's fair market value while the primary loan carries 80 percent, which is why it's also known as an 80/20 loan.

A piggyback loan can serve as a 20 percent down payment, lower the loan-to-value ratio, and help you reach enough equity to eliminate the need for PMI, even if it is a loan, says Drury. Depending on the interest rate and how fast you pay back the second mortgage, you could save money, he explains.

But there are potential costs from having two mortgages instead of just one, warns Drury. There may be separate processing, underwriting, and account fees for the second mortgage as it would be an additional loan. So borrowers should also ask about the terms of both loans, he says.

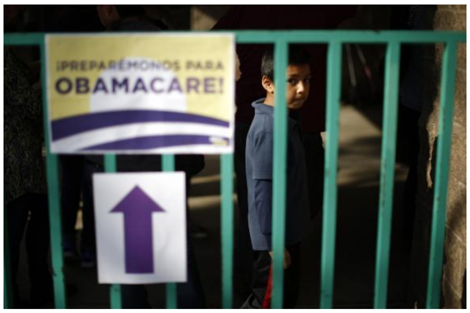
Drury also warns that borrowers going the 80/20 route should make doubly sure they make all payments as agreed to protect their credit records.

"Any derogatory activity [default, late payments, etc.] may apply to two high-end loans rather than one, having a greater negative impact on one's credit history," adds Drury.

With the potential risk, not all lenders allow piggyback loans, but it may be worth contacting your lender to find out if it's right for you.

U.S. insurers fear backlash over new Obamacare rate increases

BY **CAROLINE HUMER** AND **DAVID MORGAN WASHINGTON** Tue Apr 1, 2014



A boy waits in line at a health insurance enrollment event in Cudahy, California March 27, 2014.

CREDIT: REUTERS/LUCY NICHOLSON

(Reuters) - As the first Obamacare enrollment period comes to a close, U.S. insurers are already anticipating the need to raise prices for 2015 and fear that it will put them at the center of the political blame game over President Barack Obama's healthcare law.

The Obama administration declared victory on Tuesday over signing up more than 7 million people for this year, overcoming technology failures that stymied enrollment in the program's early weeks and Republican efforts to discredit it in the eyes of consumers.

But insurers have already said that the first group of new enrollees under Obamacare, as the law is widely known, represent a higher rate of older and costlier members than hoped. To keep their health plans from losing money in the coming years, many expect monthly premium rates to rise by double-digit percentages in some parts of the country.

That could set the stage for a public outcry ahead of congressional elections this year, giving ammunition to Republicans and creating new friction with the White House that could endure into the 2016 presidential election.

"I do think that it's likely premium rate shocks are coming. I think they begin to make themselves at least partially known in 2015 and fully known in 2016," said Chet Burrell, chief executive officer of CareFirst BlueCross BlueShield. "That will be different in different parts of the country. I don't think it will be uniformly the same."

"Do the premiums need to rise, just to cover the cost, to such a level that it creates both political heat, regulatory heat, finger-pointing, accusation?" Burrell said at the Reuters Health Summit in Washington on Tuesday. "If that happened, then the environment becomes very difficult and it doesn't in a sense matter that you worked out all the details. You're at each others' throats because it just costs so much."

CareFirst, which sells Obamacare plans in Maryland, Virginia and the District of Columbia, expects to have signed up 140,000 people for this year. Burrell said about half of the sign-ups were people over the age of 45.

David Cordani, CEO of insurer Cigna, said his company has raised the issue of potential rate increases with the Obama administration and has suggestions for changes to the program that could help mitigate sharp spikes, including providing new lower-cost options to consumers and giving them a greater choice over which health benefits are covered.

He described the discussion as part of an ongoing, carefully crafted dialogue with the White House that has been built in recent years.

"There's a risk of finger pointing," Cordani said. "If rock-throwing transpires, the party that will probably lose in the equation is the individual. That will be a failure. To me, that's a failure of leadership of all the parties involved: states, insurers, the administration. And we're trying to proactively engage in that conversation now."

Cigna, which is selling Obamacare plans in five states and is considering whether to expand that further in 2015, has said it won't make money on the business this year. It expects to have signed up as many as 100,000 new members under the program for this year.

Cordani said on Tuesday he didn't expect "a big positive return" financially in 2015.

White House spokesman Jay Carney said that the proportion of old and young customers in the exchanges will not keep the exchanges from working well or trouble insurers.

"We already know that breakdown is sufficient to ensure that the marketplaces will effectively function, that issuers will feel comfortable with the demographics," he said.

BALANCING THE BUSINESS

Some policy experts question whether insurers would really be wise to raise prices dramatically next year as they try to build a new market and gain share.

"You want to establish a client base. You want to attract good risks," said Henry Aaron, an economist at the left-leaning Brookings Institution, referring to healthier consumers. "You don't do that by charging very high premiums. If I were in the insurance business, and I got a little bit of deterioration in my pool, I'm not sure I would respond to it next year."

Some states are confident that their Obamacare markets will be robust enough to prevent sharp rate rises. In California, which embraced the law early on and has the single largest insurance exchange in the country, more than 1.2 million people signed up for coverage this year.

The head of the state's insurance exchange said he expects insurers to factor in that strong enrollment as they calculate rates for 2015.

"They are going to look at enrollment and I think that bodes well for having certainly single-digit (rate increases) and, I hope, as low rates as possible," Covered California Director Peter Lee said.

But U.S. Senator Marco Rubio, a prominent Republican critic of Obamacare, said the skew of enrollment towards older consumers who are more likely to be sick is one of the program's fundamental flaws and proof it should be changed or even repealed.

While he said insurers may have no choice but to raise prices to prevent major losses, he opposes provisions in the law that provides funding to the industry in the next few years to offset such risks.

"I think what they should be more concerned about is that once the exchanges fail and once this happens, that the argument that might come from the administration would be 'well, the reason this is happening is the greedy insurance companies want to make more money' as opposed to these companies are simply pricing out what it is they are getting," Rubio told the Reuters Health Summit.

"I would say to you that many of these companies were willing participants in all of this. Many of them supported the law, thinking it was going to force more customers in their direction. It's not turning out the way they planned," he added. "I'm not sure that taxpayers should be involved in paying for it."

The average monthly insurance premium in 2014 for an individual is $328 nationwide, according to government data. But the figures varied widely by state, and within states. More than 80 percent of people signing up for Obamacare this year were also eligible for government subsidies, in the form of tax credits and cost-sharing assistance, to offset their monthly costs.

At the same time, several million Americans who were already insured under the individual market faced the cancellation of their policies this year, creating a political firestorm for Obama, who had promised that consumers who liked their existing plans could keep them.

Many of them found the new Obamacare health plans, which require insurers to cover more benefits, were more expensive than their old policies. The administration has allowed insurers to extend those policies for up to three years.

As Parents Age, Children And Their Employers Feel The Burden

About a year after his father died from pulmonary fibrosis, Richard Cabrera's mother's mental capacity began to decline noticeably. She was in the early stages of Alzheimer's disease, and for the next five years Cabrera, now 49, would become her full-time caretaker.

"Because I work from home it was convenient for me to look after my mom," said Cabrera, who of his five siblings is the only person who works from home and isn't married. "But it affected my work. It affected my social life. I could no longer go out, I couldn't do anything."

Cabrera is just like millions of other Americans who provide care for an aging parent or parent-in-law while working full-time. A 2011 AARP report stated that 49% of the American workforce expected to be caring for an aging adult "within the next five years." But even as the number of affected employees continues to grow, creating a raft of new workplace issues and measurable lost productivity for employers, company-sanctioned solutions to the problem have remained elusive.

" Eighty-percent of long-term care is provided by family caregivers. That translates to $450 billion of care ," said Jody Gastfriend, VP of Senior Care Services at Care.com. "Employers are waking up to the reality that this is something that's impacting productivity and engagement, and they're looking for solutions."

"Family caregiver"—defined by Gastfriend as "providing any kind of ongoing support and care to family members who have some level of dependency"—is a term that has been in use since the 1990s. Gastfriend says the majority of those doing the caregiving are members of the so-called "sandwich generation:" those responsible for both aging parents and their own children.

But the impact of this growing phenomenon, though tangible, can be difficult to measure precisely. Prior studies have presented a range of estimated figures in terms such as an employee's lost wages and an employer's lost productivity. An oft-cited 2011 MetLife MET +0.32% report references studies that estimate the impact on caregivers' lost wages and pension benefits at anywhere from $303,260 to $659,139 throughout retirement. An AARP report estimates the price tag on lost productivity at $33.6 billion.

Family caregivers are also less likely to seek preventative care for themselves, a choice that could manifest in additional time away from work and expense down the road.

"This population tends to report higher work-family conflict, higher stress, and an increase in depressive symptoms—which is particularly true when you compare elder care versus childcare," says Dr. Marcie Pitt-Catsouphes, Director of the Sloan Center on Aging & Work at Boston College.

The comparison to workplace policies on childcare is one that arises frequently in discussions about caregiving, though many agree that the conversation has advanced only to where perspectives on working professionals and childcare were about twenty-five years ago.

Both the stigma associated with employees who must sometimes leave work to deal with a family crisis and employers' confusion about how to confront the issue are recalled less-than-fondly by professionals who've shouldered the burdens of both child and elder care in the span of one career.

But the not-insignificant challenges of raising a healthy child while working can still be more predictable than elder care. Milestones such as the birth of a child and when a child will begin attending school full-time can be pinned to a general timeline. Conversely, a parent's decline can unfold over a decade or more of periodic crises and increasing levels of necessary care and medical attention, making it difficult to make use of even the benefits currently in place, such as the Family and Medical Leave Act (FMLA).

Further challenges arise when the timelines of child rearing and parent decline occur simultaneously, making crafting a useful benefit that both aids employees and protects employers a dizzying prospect.

"Some companies are really flexible with FMLA," says Gastfriend. "Some people take it around a terminal illness, but it's not structured in a way that reflects the nature of caregiving."

But even at companies where resources for caregivers are available, most people do not participate. Part of the problem, says Drew Holzapfel, is that a significant percentage–nearly a third–of employees facilitating elder care do not self-identify as "caregivers." Holzapfel is the convener of Respecting a Caregiver's Time (ReACT), a coalition of employers focused on addressing the issues of employee caregivers.

He says that even as employer awareness of the need for edler care benefits has risen, employee utilization has remained nearly flat.

"Many [employees surveyed] would say, 'No, I'm a son. No, I'm a spouse. No, I'm an engineer or a lawyer,'" says Drew. "They see it as a personal responsibility rather than an obligation. That's how they see their role within the family. They're seeking 'caregiver' as a profession.'"

Gastfriend agrees. "You call it, 'Taking your mom to the doctor.' You think of it as isolated tasks. 'Of course I'm helping my mom.'"

So what do employee caregivers want, and how can employers lessen their burden while maintaining an engaged office environment? "Flexibility" and "access to resources"—what Gastfriend calls a "roadmap"—are the answers that arise most often.

"It's not just 'Sally can take the afternoon off to help her mom,'" says Gastfriend. "It's having some organizational mindset around having flexibility so people can be caregivers and employees at the same time."

Pitt-Catsouphes cites examples of work weeks that are both flexible and structured—usually four ten-hour days replacing the usual five eight-hour days—so that medical appointments can be scheduled for the fifth day, or employees can travel to be with an aging parent who lives far away.

And caregiver benefits might not always mean time away from the office. Many want their company to help them navigate the dizzying administrative network associated with elder and health care.

"When we asked 3,500 employee caregivers what they wanted most, they wanted access to legal and financial assistance," says Holzapfel, citing examples ranging from assistance setting up power of attorney to financial planning help to pay for elder care. "It's not just the Pfizers and CVSs of the world that can address this. There's a lot employers can do that has no cost or very little additional cost."

From the employee's perspective, how you approach your supervisor about your responsibilities outside of work can significantly impact the professional outcome.

Pitt-Catsouphes says it's important that flexibility be viewed as a resource rather than a break—and that employees demonstrate to managers that they're approaching it as a way to maintain strong professional performance even while dealing with a family crisis.

"Employees need to reassure their supervisor, but also confirm to themselves, 'Doing a good job matters to me," says Pitt-Catsouphes. "To start the conversation with, 'Here's the work ahead of me, and here's how I think I can get it done in a spectacular fashion'—that's important."

A study of innovative benefit practices by the Sloan Center on Aging & Work at Boston College looked at employers who were implementing benefits for caregivers, including American Express AXP +0.12%, CBS CBS +0.21%, and Duke University.

After a staff survey found that elder care was an issue for a significant number of employees, the CBS Corporation took several steps to lessen the burden, implementing a combination of benefits and resources. Company employees and relatives can now receive services from the Health Advocate program, which provides healthcare system navigation support that an employee can utilize to, for example, better understand a parent's Medicaid benefits, or find additional senior care resources.

Caregiving support services from other external vendors, as well as health fairs and books and informational materials are also available, some at no cost. An estimated 10% of CBS employees have availed themselves of these resources.

Ultimately, says Holzapfel, what's required is a cultural shift in the understood work-life responsibilities of full-time professionals—and the necessary research that can help companies decide how to best allocate resources to meet the needs of employees, and understand the return on that investment.

"It was a cultural shift that allowed for two working parents. It wasn't just about having daycare on sight, it was about having a manager understand the dynamics of the relationship," says Holzapfel. " You can walk into any office and see a picture of someone's kids. You don't walk into an office and see a picture of an aging parent, or someone who's receiving care just as intensely as a child would."

The 10 most dangerous states for cyclists—and the coverage riders need

by Insurance Business | Apr 01, 2014

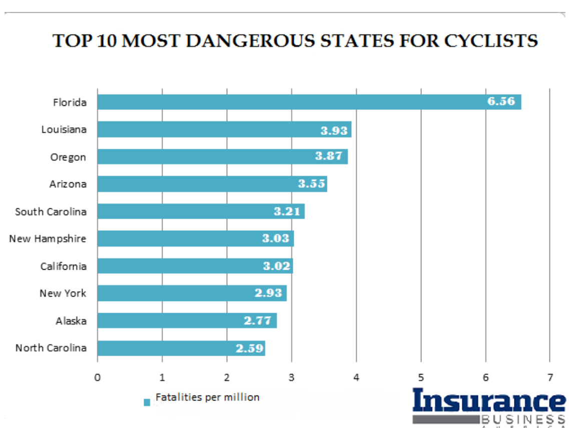
Spring is approaching and legions of bicyclists are taking to the streets.

Bicycling is a great way to increase health and happiness, but it's also a liability—particularly if you live in some areas of the US. For cyclists in these states, certain insurance policies are vital.

Florida is the most hostile state for bicyclists, with 6.56 pedalcyclist fatalities per million people in 2011, according to data from the US Department of Transportation. Louisiana and Oregon follow close behind, with 3.93 and 3.87 deaths per million.

In Arizona, the city of Phoenix alone averages between 450 and 500 accidents a year involving bicycles.

No one is quite sure why these states rank as highly as they do in cyclist fatalities. Each municipality has different reporting procedures for accidents, which makes drawing conclusions about factors like time of day, model of bicycle, and rural versus urban streets more difficult. However, they do send an important message about potential safety hazards that producers in these areas would do well to express to cycling clients.



Merely updating medical and liability coverage for clients who bicycle won't cut it, says the League of American Bicyclists.

"Claims against any of your existing policies may result in an increase in premiums," said Scott Williams, membership director for the League. "But filing bike-related claims under a bike-specific policy may protect you from rate increases—and provide additional, supplemental coverage."

Instead, producers in at-risk states should try to spread the risk. Williams recommends looking at carriers who offer cycle-centric policies that combine enhanced medical, accident, liability and damage coverage.

Such policies base premiums off of a client's level of participation in cycling, and offer uninsured motorist coverage and roadside assistance as well as medical payments for incidents ranging from head injuries—the most common cycling injury—to death.

Policies aren't overly expensive, either. Markel, a carrier for specialist insurance, offers comprehensive coverage ranging from $250 to $300 a year for most riders.

And cyclist insurance isn't just for people who bicycle professionally, says bicycle attorney Robert Mionske. Producers would do well to recommend cyclist insurance to all clients who regularly ride a bike and don't have proper coverage elsewhere.

"It has to do with what other insurance you have in place. If you own a car and that's insured, you've got a lot of coverage there," said Mionske. "But bicycle insurance does some extra things. It covers bicycle theft, bicycle damage—no other policy does that—roadside assistance, and trip interruption coverage. That's critical."

Mionske noted that with more people biking to work and fewer young people with driver's licenses, there is a "big movement" in the insurance industry for bicycle coverage, which may pay off handsomely for producers in at-risk states.

REPORT: YOUNG ENROLLEES LACKING ON EXCHANGES

By Bruce Kennedy MONEYWATCH April 2, 2014

The White House says more than 7 million Americans signed up during the Affordable Care Act's open enrollment window, which ended Monday night. And that number is expected to rise, as states with their own health insurance marketplaces compile more data on the number of people who signed up.

But to date the ACA, also known as Obamacare, has been something short of a roaring success, with even the White House acknowledging that its Healthcare.gov website "got off to a rocky start in October." A recent CBS News poll says 53 percent of respondents disapprove of Obamacare, with 41 percent approving.

As part of the ACA, 3 million Americans under 26 are now covered under their parents' plans. But many younger people are also preferring to pay a penalty rather than sign up, due to its cost. As of last month, only one-fourth of ACA applicants were under age 34.

Have enough "young invincibles" enrolled to sustain Obamacare?

The lines were long at last-minute enrollment events for California's health care exchange. Ben Tracy meets a so-called "young invincible," the 1...

"It doesn't work for me," said San Jose, Calif., bartender Brian Roi. "I went to college. I have to pay all these student loans.... I'm paying credit card bills that occurred when I went to college."
Roi said he'd prefer to pay the penalty for not getting coverage under Obamacare: $95, or 1 percent of a person's taxable income, whichever amount is greater. For Roi, that penalty comes to around $350 for the year, compared to the $3,000 he'd have to pay for health care insurance as part of the ACA.

"I guess they're trying to scare people into doing it," he added. "But a smart person will realize that's only one month of insurance."

Obamacare sign-ups surge in final hours

Hundreds of thousands of Americans signed up for health insurance on the final day of open enrollment. "CBS This Morning" national correspondent ...

Robert Hicken, a self-employed entrepreneur, says he's willing to risk going without health insurance for now.
"I could have done it," he said. "I could have pulled the trigger, but that feeling in the back of my mind still kind of rubbed me the wrong way that I live here in the United States of America and I'm being forced to do something."

But Dana Howard, a spokesperson for Covered California, the state's new health insurance exchange, says not signing up could be a mistake.

"You might be able to come out ahead financially for a short time of paying the penalty and not paying for your premium," he noted, "but you will pay that penalty and you will have nothing to show for it."

Obama administration opens Medicare to same-sex married couples

WASHINGTON, April 3 Thu Apr 3, 2014

(Reuters) - The Obama administration announced on Thursday that same-sex married couples can qualify for Medicare hospital and physician benefits for the first time.

The decision, coming after a 2013 U.S. Supreme Court ruling that struck down a federal ban against same-sex marriage, allows the Social Security Administration (SSA) to determine the eligibility of married gay applicants to Medicare, the federal government's healthcare program for the elderly and the disabled.

"We are working together with SSA to process these requests in a timely manner to ensure all beneficiaries, regardless of sexual orientation, are treated fairly under the law," U.S. Health and Human Services Secretary Kathleen Sebelius said in a statement.

The U.S. Centers for Medicare and Medicaid Services (CMS)said the government has begun the enrollment process for some same-sex spouses while handling requests for special enrollment periods from others. CMS oversees the $635 billion Medicare program. But SSA determines eligibility.

"If you're in, or are a surviving spouse of, a same-sex marriage, we encourage you to apply for Medicare if you think you might be eligible," CMS said in a web posting. (Reporting by David Morgan; Editing by Jeffrey Benkoe)

Caregivers need greater support, Harvard study says

Kathryn Roethel Wednesday, April 9, 2014

A Harvard report released last month provides statistics to back up what millions of Baby Boomers supporting aging parents already suspected. The vast majority of long-term care in the United States takes place at home, and 43.5 million friends and family members are the unpaid caregivers.

The report, published in the Journal of the American Medical Association, reveals that most caregivers are women and that the hours they spend assisting their loved one usually equates to a part-time job. As the U.S. population ages, the problem is likely to worsen because there will be fewer caregivers to go around.

"Unpaid and untrained family caregivers must handle medical devices, medications, and treatments that were once restricted to clinicians," said an editorial that accompanied the study. "Indeed, family caregivers provide most of the hands-on care - often for years without a break, without pay, vacation, recognition, backup, or help."

As a result, the study says, caregivers are likely to suffer depression, physical ailments, social isolation and financial problems. The editorials call on doctors to identify who is caring for their patients at home and make them aware of community support options - like adult day care, home health aides or even services to help with the cooking, cleaning and transportation for patients - to give caregivers a break.

Employers can help, too, by providing flexible work hours, paid time off or other financial or mental health assistance to employees caring for a loved one.

Here's a look at the numbers behind America's unpaid caregivers.

Times 2

By 2030, there will likely be twice as many Americans older than 85 than there were in 2000. By 2050, it could be double what it was in 2030. That's according to population projections from the Department of Health and Human Services Administration on Aging.

4:1

As the number of elderly Americans doubles, the number of family members and friends who could be caregivers will shrink. AARP projects that by 2030 there will be four people ages 45 to 64 to care for one person over age 80. That's a steep decline from 2010, when the ratio was 7-to-1. Most of the potential caregivers are the aging populations' adult children.

20.5

The average number of hours per week caregivers spend supporting their ill friend or family member. Twenty percent of caregivers said they spend more than 40 hours a week, according to the Harvard report.

$56,290

The estimated value of care each person with dementia receives from unpaid friends and family members each year, according to another study cited in the Harvard report. This surpasses the average yearly per-patient spending on formal home health care or nursing facilities.

588% more for health insurance? It's true, survey finds

by Caitlin Bronson | Apr 09, 2014

Producers have been charged with selling some of the priciest individual and small group health plans in recent years, a new survey from financial service firm Morgan Stanley reveals. For some, the attached price tag is as much as 588%.

Based on information collected from 148 brokers, premiums around the country increased an average 11% for group plans and 12% for individual policies. And in some parts of the country, the rate increases are even higher.

Premiums for individual plans in Delaware increased a whopping 100%, followed by New Hampshire at 90% and Indiana at 54%. In the small group market, Washington state held the dubious honor with rates increasing 588%. Pennsylvania small groups faced a 66% increase and in California, employers can expect to pay premiums 37% higher than last year.

Morgan Stanley said that while the rate hikes are "largely due to changes under the [Affordable Care Act]" like the minimum essential benefit requirement or increased insurer taxes, there are other factors at work.

Age restrictions on premiums, for example, prevent carriers from charging older customers a higher premium. That means younger, healthier clients are paying disproportionately.

Another factor may be commercial underwriting restrictions, which inflate insurer costs and are passed on to policyholders through premium increases.

Whatever is causing the high rate increases, producers are struggling to break the bad news to clients. Ingrid Martin, an account executive with Ohio-based CBIZ, said that her agency's push to help clients budget for a rate increase of 15% was confounded when rate increases came in closer to 30%.

"Our smaller group markets, with between 50 and 60 employees, are seeing 30% increases right out of the gate," she said. "I had one very small group in Florida that just saw a 44% increase. Obviously we moved the plan, but [the increases] are all in the high double-digits. It's just crazy."

Martin said she is managing to contain some of the cost by exploring self-funding options with her clients.

"Right off the top, that takes away some of those premium fees," she said. "They're now looking at these level premium plans to try to offset not only the fees, but also to better handle their claims. Our actuarial teams can help with that, thankfully."

Wellness programs specifically designed to target where claims are coming in is another way to add value to clients, Martin said.

And as a last resort?

"I think most brokers are looking at minimum value plans to make sure employees have access to acceptable plans," she said. "If some move to that, it reduces the cost for those that are young and healthy."

IRS prepares to go after ObamaCare mandate fines

Published April 10, 2014

FoxNews.com

FILE: March 27, 2014: A woman reads a pamphlet in Spanish at a health insurance enrollment event in Cudahy, Calif. REUTERS

With the Obama Care enrollment deadline in the rearview for most, the IRS is preparing for the next step -- tracking and penalizing those who choose not, or cannot afford, to buy approved health insurance.

How aggressive the agency will be in pursuing those fines, though, is an open question. The IRS already is under fire over last year's political targeting scandal and talk of harsh fines on the millions who still do not have insurance is a touchy subject in an election year.

The agency says it is still drafting final tax forms and hiring staff to carry out the task, and is offering some details about how it will collect the penalties.

For most, the penalty will not apply until early next year. Those who failed to purchase insurance by the March 31, 2014, deadline -- and are not exempt, or did not get an extension -- must inform the government on their tax forms in early 2015.

The IRS is using a trust-but-verify approach.

According to the agency, the IRS plans to include a specific line on the 1040 forms for taxpayers to "self-attest" whether they purchased insurance. It will most likely include a worksheet for taxpayers to calculate how much they owe -- essentially either a flat penalty or a percentage of their income.

But the IRS also said it will aim to detect falsely reported information in the same way it does with income reported on the 1040s -- through a third party.

Just as employers send a copy of a worker's W-2 forms to the IRS, insurance companies will send the government information on who has purchased a policy. (This could be complicated by the fact that many businesses who originally would have been required to offer insurance to employees now have until 2016.)

For those who do not buy insurance, the question for the IRS is how far the agency goes to extract the penalty.

The IRS has said since Congress passed the Affordable Care Act in 2010 that it will follow the letter of law for those who fail to purchase insurance -- that is, Americans will face a fine but will not have their property or bank accounts levied.

"Congress was very careful to make sure that there was nothing too punitive in this bill," then-IRS Commissioner Douglas Shulman said in 2010.

He said at the time that those who fail to purchase insurance will get a letter from the IRS and could have their penalty taken from subsequent tax refunds. But he also made clear the agency "can actually do collection if need be."

But whether Americans' wages can be garnished remains unclear.

The penalty will start relatively small, which has led to speculation that many young and healthy people will simply choose to pay it this year as opposed to buying insurance. It starts at $95 per person or 1 percent of family income, whichever is greater. But over the next couple years, it rises to $695 per person -- while aggressively pursuing these fines could prove politically unpopular, failing to do so could also increase deficit projections.

The IRS did not respond Wednesday to a question about how many additional employees have been hired as a result of ObamaCare.

The IRS asked in 2012 to hire an additional 1,269 employees, at a cost of $473.4 million, to prepare for the health law's implementation, according to a budget proposal it made to the Treasury Department.

However, most the requests were for support roles such as information technology or customer service, and few were for agents, according to the Tampa Bay Times' PolitiFact team, after examining the 159-page budget request.

To be sure, there is already plenty of additional paperwork.

An estimated 44 million Americans were without insurance before ObamaCare enrollment started Oct. 1, 2013. An estimated 7.5 million enrolled through the government's exchanges, though some of them were people who were kicked off their old insurance plans.

Some of the low- and middle-income earners who enrolled will be eligible for tax credits.

MANY HEART ATTACK DEATHS COULD BE AVOIDED

Simple Tests Can Reduce Heart Attack Deaths

By Lisa Collier Cool Apr 14, 2014

Health Blogs Main

Day in Health

Tests—one of which only costs $15—could help prevent heart attack deaths, according to new research. One of the studies, published in the journal *Heart*, is first to show that an electrocardiogram (ECG) administered by paramedics in ambulance crews is associated with improved survival after a heart attack, according to lead study author professor Tom Quinn from the University of Surrey.

The study, funded by the British Heart Foundation (BHF), included nearly half a million heart attack patients admitted to hospitals in England and Wales. People who received an ECG—a test that records the heart's rhythms and electrical activity—in the ambulance had significantly lower 30-day death rates, compared to those who did not receive the test.

Dr. Mike Knapton, associate medical director of the BHF, said in a statement: "This research suggests that if someone suffering a suspected heart attack has a simple ECG test before they reach hospital, it can help save their life."

In the United States, however, only about 25 percent of such patients get an ECG in the ambulance, despite scientific evidence showing that getting one leads to faster treatment, the study authors report.

7 Warning Signs of Heart Attack

ECG Leads to Life-Saving Treatment

The researchers found that one third (more than 165,000) of the patients in the study did not received an ECG in the ambulance, even though the test "helps paramedics provide the most appropriate treatment outside hospital and means that hospital staff are more prepared when the patient arrives," reports Dr. Knapton.

A key finding of the study was that having an ECG in the ambulance was the strongest predictor of whether patients received treatment to reopen the blocked artery. This treatment helps save lives by reducing damage to the heart muscle, explains Amy Doneen, ARNP, medical director of the Heart Attack& Stroke Prevention Center in Spokane, Washington.

Earlier research also shows that women and minorities are less likely to receive other treatments that have been shown to be beneficial or lifesaving after a heart attack, explaining why both groups tend to have worse survival after cardiac events, adds Doneen.

$15 Blood Test Predicts Heart Attack Risk

A simple, widely available blood test could help predict which patients with chest pain are at risk for a heart attack, according to another new study published in *Journal of the American College of Cardiology*. Because chest pain is a relatively common symptom, the ability to rule out heart attack risk in the ER with a simple, low-cost blood test is an important breakthrough, says Doneen.

The test checks for levels of a biomarker called high-sensitivity cardiac troponin T (hs-cTnT), a substance released when heart muscle dies. Higher-than-normal levels of hs-cTnT are a sign of heart damage and elevated risk for a heart attack. Swedish researchers report that if levels of this biomarker and an ECG are both normal, there is a 99 percent probability that the patient will not suffer a heart attack during the next month—and a 100 percent probability that the person will not die from cardiovascular causes during that time span.

Easy Ways to Lower Blood Pressure

The test used in the study is widely available in the U.S. through medical providers and hospitals—and it comes with a small price tag. The blood test costs about $15 and is covered by most insurance plans, according to Stan Morse, regional sales director of Singulex, Inc., makers of test in the US.

The Swedish study included nearly 15,000 patients who had sought medical help at a Stockholm Hospital for chest pain over a two-year period.

Predicting Long-Term Risk of Cardiovascular-Related Death

The Swedish study adds to earlier research reporting that this test can also predict long-term risk for heart-related death. In a 2012 study published in *Journal of Clinical Chemistry,* initially healthy patients were tracked for eight to 15 years. Those with rising levels of hs-cTnT during the study period were more than eight times more likely to die from cardiovascular (CV) causes than those with stable levels.

The study analyzed blood test results from 211 people who died from CV causes and those from 253 matched control patients. The study took such factors as age, sex, smoking, abdominal obesity, cholesterol, diabetes, and other biomarkers into account.

Doneen cautions that this test is just one of many biomarkers—including blood sugar levels, cholesterol levels, and inflammation—that should be tracked in patients with cardiovascular risk.

Learn the secret codes to shopping success

REUTERS

By Lou Carlozo

NEW YORK, April 16 (Reuters) - As superstore pricing mysteries go, it's not the equivalent of "The Da Vinci Code," but there's still something deliciously elusive about the so-called "Costco Code" that has set the tongues of shopping mavens wagging for the past several months.

At least the plot line is direct enough: If you can interpret what the various sequences of digits and asterisks mean on Costco Wholesale Club price signs, you're on your way to scoring serious bargains.

Here's how it works, according to Costco shoppers spreading the word online: If a price at Costco ends in .99, you're paying full price. But if it ends in, say, a .97, it represents a deal with a special price decided by the manager. And if you happen to see an asterisk in the upper right corner of the sign, then the item is on its way out of the store-and probably at the lowest price you're going to see.

"That asterisk, that's the holy grail," says Kyle James, who runs the shopping blog Rather-Be-Shopping.com (http://www.rather-be-shopping.com/). He has shopped at Costco for 20 years now, and the Redding, California resident has studied the matter of the Costco Code well. By his count, he and his wife have saved at least $300 using the Costco Code over the last seven months.

For the record, he doesn't claim to have discovered it; he says there's been Internet chatter about Costco and its pricing system going back about five years before he took up the topic on his blog.

So is the Costco Code really so much of a pricing potboiler as it seems? No one would know as well as Costco's Richard Galanti, who's the company's executive vice president and chief financial officer.

Indeed he confirms that the codes do exist, though "It's more for efficiency, for the employees," Galanti says. "It's not any sort of secret agent stuff. But you see it on a blog and people think it's a secret. It's just a way of moving some merchandise, to help the fork lift operators and the stocking clerks."

Galanti says that "when a price ends in a '7,' usually it's a buyer designated markdown." And as for those asterisks, "That's what we call a pending delete. Sometimes an item's not selling well and we want to move it out, or it could be the end of the season. Let's say we've got three TV models and the latest and greatest comes out; we might want to bring the newest one in."

But Galanti cautions against reading too much into the price codes, as Costco's margins are low enough (in the 10-11 percent range) that a shopper might have more advantage buying a newer item at the ".99" full price. "The question is, do you want something at the end of its season or at the beginning of a new season?" he asks.

Retail experts say that such pricing codes and systems are common. At his website, James lists price tag codes that he's found for retailers under the juicy heading "Retailer's Big Secret: Crack the Price Tag Code."

Paula Rosenblum, managing partner of RSR Research, a retail technology research and advisory firm says Home Depot indicator is a green tag, while at Office Depot, anything with a price other than 00, 50 or 99 is a markdown.

As for why, chalk it up to something not quite as old as the human desire to crack secret codes, though it does predate computers and the digital age.

"It all goes back to the retail method of accounting, and it's a very old story," Rosenblum says. "Before the days of price scanners, and when there was no technology in the store at all, a seven at the end of a price let associates know where they were with the item. If they couldn't move it in three weeks, it was gone."

Still, she can't help throwing in an observation for consumers who choose to make note of the code, and where asterisks are most likely to appear: "Costco's non-food items don't always move fast enough, so those might be good items to add to the treasure hunt."

Much of James' information from comes from chatting up employees (many of whom have requested anonymity). At Target , for example, he says that the discounting system on clearance items, as told to him by a sales associate, goes like this: "They mark something down every 10 to 15 days. And the upper right hand corner of the clearance tag, which is red and white, has the numbers 15, 30, 50, 75 or 90 on it. And that number indicates the percentage off the original price."

Target would not confirm it uses such a mechanism. "It is not possible to determine the final markdown or timing of the price change from the item's current price," Target spokesman Evan Lapiska said.

But Lewis says his key advice for fellow shoppers on the hunt for price tag secrets is this: "Talk to the employees on the floor. I've found they're pretty open about it."

ACA’s “pay or play” rule could cost employers big

by Caitlin Bronson | Apr 22, 2014

For producers pushing commercial clients to adopt ACA-compliant health plans, the stakes just got higher. According to a new report from Mercer, employers that choose to opt out of the employer mandate provision can expect to pay an average $173.33 per employee per month in 2015.

The cost is even steeper for employers who offer plans the health law dubs inadequate or unaffordable. For those businesses, the cost of non-compliance is slightly higher than $260 per employee per month.

Mercer’s projections are based on data from the Internal Revenue Service, as well as the final regulations released by the US Department of Health and Human Services. The consultant superseded the IRS in calculating the estimated employer costs.

Mercer researchers also looked into several 2015 limits that will influence employer’s high-deductible health plans and health savings accounts (HSAs) under the current US tax code.

Using medical premium inflation data, Mercer calculated the minimum annual deductible under an employer-sponsored high-deductible health plan will cost $1,300 for single coverage and $2,600 for family coverage. Employee out-of-pocket costs will likely be capped at $6,450 for single coverage and $12,900 for family coverage.

As for HSAs, employees’ tax-deductible contributions will be limited to $3,350 for single coverage and $6,650 for family coverage.

According to the law’s Employer Shared Responsibility provision, employers with more than 50 full-time employees are required to either provide healthcare coverage to most of their employees or pay a penalty. The provision goes into effect on Jan. 15, 2015.

Assessing tax penalties has been a major strategy for health reform, meant to compel both employers and individuals to comply with the law’s requirements. While the 2014 individual fee failed to persuade roughly 16% of Americans to sign up for health insurance, recent polls indicate the increase in the penalty may have a measurable effect later.

According to an April Gallup poll, a $1,000 fine would persuade roughly 62% of uninsured Americans to get insured. That's compared to about half of uninsured Americans who said the current $95 fee persuaded them to buy insurance, and 60% who said a $500 fine would compel them to seek coverage.

After the $1,000 fine, the percentage levels off, suggesting some uninsured Americans will choose to stay that way, regardless.

However, the majority of the uninsured population will likely be coming into broker offices in 2015 when the fine increases to $325, or 2% of taxable income. In 2016, the penalty jumps to $695 or 2.5% of income.

Wellness programs grow more popular with employers

By TOM MURPHY and CATHERINE LUCEY Associated Press Wednesday, April 23, 2014

In this Thursday, April 10, 2014 photo, Dominion Resources Inc. nuclear power ... more >

That little voice nagging you to put down the cake and lace up the running shoes is increasingly coming from your employer and is likely to grow louder with a looming change under the federal health care overhaul.

More companies are starting or expanding wellness programs that aim to reduce their medical costs by improving their employees' health. They're asking workers to take physical exams, complete detailed health assessments and focus on controlling conditions such as diabetes. Along with that, many companies also are dangling the threat of higher monthly insurance premiums to prod workers into action.

The Affordable Care Act is one reason the programs are spreading. The federal law calls for a 40 percent tax on expensive benefit plans starting in 2018, and many companies that offer employer-based coverage already have begun looking for ways to lower costs and avoid that tax.

"It is a very powerful … visible wake-up call to all employers," said Helen Darling, chief executive of the National Business Group on Health, a nonprofit organization that represents large employers on health care issues.

Businesses see wellness programs as a win for themselves and their workers. But studies have shown that the programs have a limited ability to reduce costs. They also raise concerns about privacy and discrimination against older workers or those who are more likely to have chronic conditions.

Penalties also can hit lower-wage workers harder than they would executives because premiums already consume a larger portion of those workers' paychecks.

"The top-line concern is that it has a huge potential to be discriminatory," said Lydia Mitts, a health policy analyst with the nonprofit Families USA.

Benefits consultants say federal regulations help guard against that. Companies can be penalized under the overhaul for offering coverage that is considered unaffordable.

Businesses also are required to offer alternatives that help workers avoid penalties like a higher premium because they can't meet a wellness program goal.

Despite employee concerns, the idea of prevention as a way to reduce health care costs has been largely embraced by employers, who provide the most common form of health insurance in the U.S.

For years, they have offered gift cards, cash and other rewards to employees who agree to get physical exams, fill out health assessments or take other steps to monitor their health. The goal is to at least make workers more aware of their health, and it worked for Roy Simmons, a 55-year-old nuclear power plant manager for energy provider Dominion Resources Inc.

Dominion started offering a $400 premium credit a couple of years ago for employees who agreed to have a health assessment, so Simmons had basics such as his weight and cholesterol measured. He then forgot about the numbers until a reminder arrived last year. Another physical told him he had gained 40 pounds and his cholesterol was up.

"That was a bit of a wake-up call for me," said Simmons, who manages a Dominion plant near Williamsburg, Va. "I didn't know it had happened to me. I know that sounds stupid, but I wasn't paying attention to it, and it just snuck up on me."

Simmons cut junk food from his diet and asked his college football-playing son to become a workout partner over the summer. He has since dropped the weight.

Benefits experts say companies haven't seen enough cases like Simmons', in which an incentive helps nudge an employee to participate in a wellness program, so some employers have started using penalties.

These penalties most often stick employees who do not participate with larger premiums or deductibles, but they also can come in the form of a straight monthly surcharge, deducted from paychecks.

A survey of nearly 600 large U.S. companies by benefits consultant Towers Watson found that 22 percent of companies that use financial incentives to encourage wellness program participation structured them as penalties. That's up from 18 percent last year.

"There's going to be more of your skin in the game," said Michael Wood, a Towers Watson senior consultant. "If you help us control costs, uses the system wisely, you will be rewarded."

Companies also are moving beyond rewarding or penalizing employees simply for participating. More are requiring workers to reach a health goal such as improved blood pressure, said Beth Umland, director of health and benefits research for the benefits consultant Mercer.

Whether the various versions of wellness programs are achieving their intended effect - reducing a company's health costs - is a matter of debate.

The average annual premium for employer-sponsored family health coverage topped $16,000 last year, according to the nonprofit Kaiser Family Foundation, which studies health care issues.

Employers, who pay most of that bill, have watched that figure climb faster than inflation for years, and it has more than doubled since 2002.

Rand Corp. researchers studied several years of data from a PepsiCo wellness program to determine how it affected health care costs. They reported in the January issue of Health Affairs that disease management programs, which helped people with chronic conditions, reduced hospital admissions and lowered costs.

But programs that simply tried to make employees live a healthier lifestyle did not, and the researchers said companies should not assume those programs will lower costs.

At the same time, the programs have begun generating a backlash from employees.

Last fall, faculty and staff at Penn State University objected to new wellness requirements that the university was eventually forced to modify. After significant pushback, the university said it would not institute a $100 monthly charge for people who failed to complete a series of activities, including a detailed online questionnaire.

"They asked about pregnancy, they asked if men were doing testicular exams, they asked about depression, they asked about violence in the home," said Matthew Woessner, a professor of political science at the Harrisburg campus. "It was an incredible invasion of privacy."

CVS Caremark Corp. employee Roberta Watterson has filed a lawsuit in California against her company over a wellness program that offers a $600 annual premium break for participants.

The cashier's lawsuit accuses the company of asking personal questions in its survey, including whether its employees are sexually active. Watterson also alleged that blood work performed in the exam is used to flag employees who are at risk for certain conditions. She declined to comment on her case.

CVS spokeswoman Carolyn Castel said the company offers a lower premium for employees who complete a health assessment and screening. She said an outside company designed the questionnaire her company uses, and CVS had asked it to "remove certain questions" before Watterson filed her complaint.

She also said CVS management cannot see employee-specific information compiled in the wellness exams.

Having an outside business run the wellness program is a common way for companies to counter privacy concerns. The vendor can tell a company about trends, such as whether it has a lot of employees with high blood pressure, so the employer can implement programs to address that. But it is not supposed to share details about individual employees.

State and federal laws are designed to prevent employers from seeing employees' specific responses or health statistics.

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