



# Health Insurance Portability and Accountability Act of 1996

*Presented by:*  
**Hylant Group, Inc.**

The background of the slide is a collage of US dollar bills, including one-dollar and five-dollar bills, arranged in a pattern that suggests a stack or a fan. The bills are slightly blurred and overlapping, creating a sense of depth and abundance. The colors are primarily the green and blue of the currency, with some white and black text visible.

# Benefit Trends: Evaluating Consumer-Based Models

# PERSPECTIVES

PROVIDING INSIGHT INTO TODAY'S EMPLOYEE BENEFITS ISSUES

## SPECIAL REPORT: Prescription Drug Costs and Your Employee Health Plan

Fourth Edition

### Prescription Drug Spending Trends

Rising prescription drug costs are a primary cause of escalating overall spending on healthcare, and also represent an increasingly large portion of healthcare expenditures. Pharmaceutical research is continually providing treatment breakthroughs that should not be impeded, but the costs associated with this progress are beginning to and will continue to have a major impact on healthcare financing and delivery systems.

According to the Centers for Medicare & Medicaid Services (CMS) (formerly the Health Care Financing Administration/HCFA), overall national spending on healthcare has been rising steadily for over a decade, and will continue to rise sharply well into the new millennium. Overall healthcare expenditures were 8.8 percent of Gross Domestic Product (GDP) in 1980, and are projected to reach 18.4 percent of GDP by 2013.

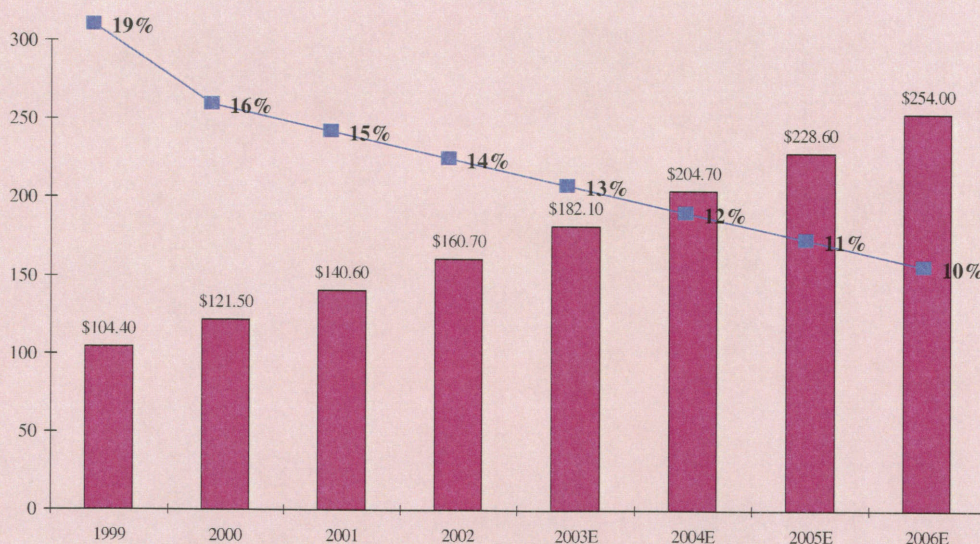
Prescription drugs are making up an increasingly large portion of those expenditures. Overall healthcare spending rose

7.3 percent from 2002 to 2003, while spending on prescription drugs rose 13.4 percent — more than any other personal health category.

Not all the news is bad, however. CMS does predict that while prescription drug spending has hit an all-time high, the upward trend may be slowing. Despite remaining the fastest-growing health expenditure category, drug spending has slowed over the last several years, from 19.7 percent in 1999 down to 13.4 percent in 2002. The deceleration is expected to continue throughout the 2003 – 2013 projection period due to slower growth in drug prices, the expiration in patent protection for several top-selling drugs, and increased use of multi-tiered copays that have slowed demand.

**Exhibit 1**, below, depicts overall drug spending from 1999 to 2006 (projected), as well as the percent change from year to year.

Drug Spending Continues to Increase, But Trend May Be Slowing



Note: 2003 – 2006 data are projections. Total Drug Spend includes uninsured expenditures.  
Source: Centers for Medicare and Medicaid Services (CMS), 2003.

Exhibit 1

# PERSPECTIVES

PROVIDING INSIGHT INTO TODAY'S EMPLOYEE BENEFITS ISSUES

## Increasing Healthcare Costs and Your Employee Health Plan

Fourth Edition

**HEALTHCARE** costs, and consequently health insurance premiums, have been increasing at an alarming rate for the past five years. Can you avoid it? Probably not. But, you can learn about why it is happening, and what you can do to decrease its impact on your organization and your employees.

The next few pages will discuss factors leading to the greatest increases in healthcare costs since the early 1990s, and some solutions that firms around the U.S. are undertaking to help soften the blow.

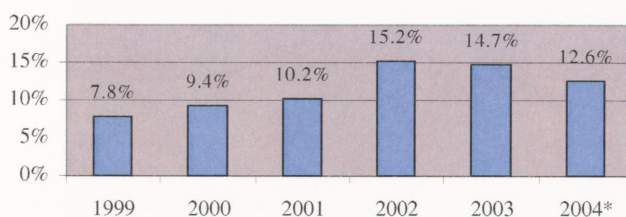
### National Healthcare Cost and Renewal Rate Projections

Health benefits remain one of the most valuable components of any employee compensation package. Nonetheless, unpredictable and uncontrollable rate increases every year make it difficult for employers to balance employee needs with their own capabilities and bottom lines.

To understand why rates are rising so dramatically, one must understand that overall national healthcare costs are skyrocketing — reflecting the biggest surge in medical inflation since the early 1990s. From 1994 to 1998, average annual healthcare cost increases hovered around 2%. From 1999 to 2000, however, costs leapt 9.4%, and the annual percent change has entered and stayed in the double digits since. **Exhibit 1A**, right, depicts the percent change in average annual healthcare cost increases from 1999 to 2004.

Healthcare cost increases have varied across the country over the last several years, with some metropolitan areas hit much harder than others. **Exhibit 1B**, right, illustrates healthcare cost increases in some major metropolitan areas in the U.S.

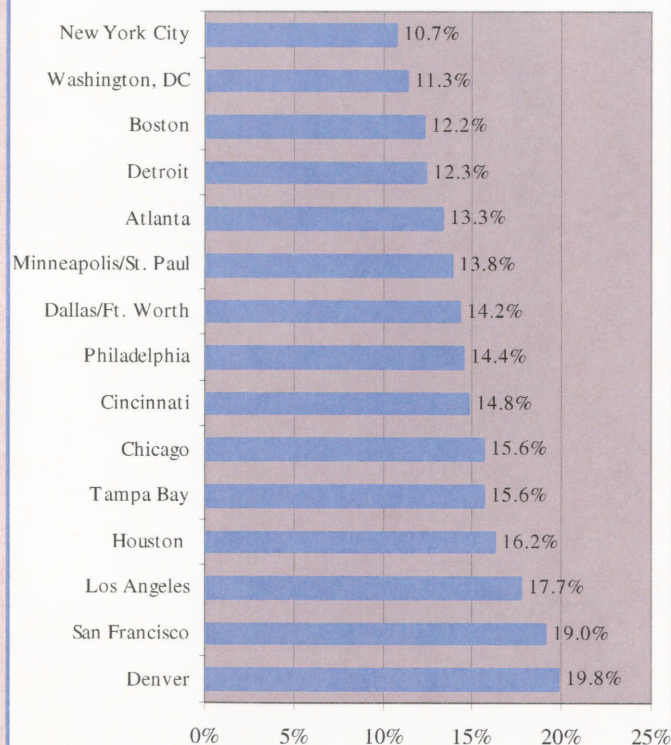
**A Health Care Cost Increases, National Averages 1999-2004**



\*Projected

Source: Hewitt Health Value Initiative™ 2003.

**B Health Care Cost Increases in Major Metropolitan Areas, 2003**



Source: Hewitt Health Value Initiative™ 2003.

Exhibit 1

# THE HYLANT REPORT

## INSIDE THIS ISSUE...

### 1. INSTRUCTIONS FOR USING THIS TEMPLATE

### 2. PICTURES & FOOTERS

### 3. FORMATTING TIPS

FEEDBACK IS ALWAYS WELCOME!  
JUST CONTACT YOUR [B\_ABBRNAME]  
REPRESENTATIVE:

[Bc\_fname] [Bc\_iname]

[Bc\_title]

[B\_phone]

## INSTRUCTIONS FOR USING THIS TEMPLATE

How to customize this template with your information

By: Author

Please read the following instructions before starting! To use this template, you need to be familiar with Microsoft Word, text boxes, inserting pictures, and how to add additional pages. Each section of this newsletter describes how to do all of the above so you can use this newsletter template successfully!

To insert your new text over the existing text, take your mouse and click in front of the "P" in the first word of the first paragraph. Then drag your mouse to the bottom of this text box, let go and then just start typing. You will be highlighting the existing text, which will enable you to type in your information. If you continue

typing you will see that the words will automatically flow into the next text box.

If you delete words from the first text box, the words in the next text box may move back to adjust the spacing.

The rest of this is just text to take up space. As with the rest of the newsletter, just select it and overwrite it with your own content. ♦

## PICTURES & FOOTERS

Inserting/Editing Pictures & Footers

By: Author

You can replace the pictures in this template with your company's artwork. First save the picture you want to insert to your directory. Next, click outside of the text box and go to Insert – Picture – From File, find the picture you saved and select the picture and click Insert.

To edit a picture, click on it to activate the Picture toolbar. You can use this toolbar to adjust brightness and contrast, change line properties and crop the image.

You can also use the Format Picture dialog box to edit a picture. To open it, select the picture, click the right mouse button, and click Format Picture. You can change the size and position of the picture, crop it, adjust the brightness and contrast, and change the text wrapping.

For more detailed editing, double-click on the graphic to activate the drawing layer, where you can group or ungroup picture objects, re-color, or delete objects.

To change the text at the very bottom of each page of your newsletter, click on the text box, highlight the text and type over the top of it.

If you choose not to use a footer, select the text box and hit delete. ♦





## FORMATTING TIPS

Pointers on Text Boxes, Symbols, & Adding Pages.

By: Author



This space can be used for a quote relating to Article 3 or you can insert a picture of your company's art. Read article 2 to learn how to insert a picture.

If you chose to insert a quote, follow the instructions in Article 1 about how to add your company's text to an existing text box.

Use this text box for illustration of above picture (if picture is used.)



You can change the look of a text box by applying color, shading, borders, and other formatting. If you want to format all the text boxes in an article, you must format them individually.

Select the text box and double click its border. If you want to change the color or borders on a text box, choose the Colors and Lines tab. To change the size, scale, or rotation, click the Size tab. To change the position of the text box on the page, click the Position Tab. If you have other text surrounding the text box, and want to change the way the text wraps around it, click the Wrapping tab.

It is a good idea to place a small symbol at the end of each article to let the reader know that the article will not continue onto another page. (For example "♦") Position your cursor after the last sentence in the article, go to

Insert - Symbol, and choose the symbol you want, and then click Insert.

If you decide you would like to add another page, go to the last page (the mailer page) and click between the dashed line and blue circles. Then go to Insert – Break – Next Page. This will move down the mailer section so there is room to add more text. The easiest way to add more text is by copying and pasting an existing text box. To do this, click on the text box & then click on the border around it and go to Edit – Copy. Then move to the page/area you want more text added and go to Edit – Paste. The text boxes will appear and may need to be moved around a little. To move them click on the text box & then click on the border around it and then you can use your arrow keys to maneuver them around to the appropriate locations. ♦

Hylant

[b\_address]

[b\_city], [b\_state] [b\_zip]



[c\_officialname]

[c\_address]

[c\_city], [c\_state] [c\_zip]

## DISCUSSION POINTS

**Explanation of Tool** – HRconnection™ helps you manage company information in one secure and convenient location that employees can view from any computer with Internet access. It lets employees reach a comprehensive resource for company and benefits information, any time of the day or night by answering most questions that would normally be directed to your Human Resource department. HRconnection™ allows human resources personnel to function more efficiently and devote more time to strategic issues. HRconnection is a secure website that can be set up with company-wide, division or individual passwords.

### Global Features

- Customized site design that allows you to upload your logo and choose your own color scheme and images.
- Employee tools such as a links section, global communication campaigns, bulletin board and access to health information via *HealthShop*.
- Global or division login options provide flexibility to your unique business.
- Spanish site template allows for effective communication across all employee groups.

### Company and HR Information:

- Provides a venue to communicate your company's history, value and mission statements to the employees.
- Employees can access an employee directory and a company calendar.
- Uploaded human resource forms ensure the employees are getting the most updated information.
- Your employees get their questions answered quickly through the Frequently Asked Questions area.
- Automated Life Event Notification feature keeps you updated with changing employee information.

### Benefit Plans:

- Allows you to house all benefit information in one secure location, including benefit items, eligibility details, forms, carrier contacts, rates and Summary Plan Descriptions.
- Compare Plans feature allows employees to view benefit options side by side.

### Career Growth:

- You can notify your employees of internal job opportunities, posting all information they may need for as long as needed.
- Internal training opportunities can also be posted for the employees. HRconnection allows employees to register online while administrators can generate attendance reports and send reminder emails.

### Version 2.0 Features:

- Track employee specific data including dependent information.
- The New employee wizard can be activated to introduce the site in an organized fashion.
- Employees will have unique logins that allow you to gather an unlimited amount of information.
- Use the vacation tracking system to allow employees to request time off via the site.

### Version 3.0 Features:

- Employees can make their benefit elections online during open enrollment or qualifying life event.
- Personalized election summaries can be printed by individual or multiple employees.
- Advanced life event administration allows you to open up enrollment during the plan year.
- Detailed reporting and extract capabilities allow you to pull employee information out of the system including their benefit elections.