

# BENEFIT

## Plan Developments

A monthly report covering plan design and legislative changes

Volume 46, Number 12

## Fewer Americans Have Health Insurance Coverage

The number of Americans covered by employer-sponsored health insurance plans has dropped to 45% from 63% between 2003 and 1993, according to the U.S. Department of Labor's Bureau of Labor Statistics (BLS, 2003). Meanwhile, the majority of those covered by health plans have seen their average contributions increased by about 75% for both family and single coverage.

Of those participating in health plans, the BLS said 20% were in **defined benefit plans** and 40% were covered by **defined contribution plans**. Those percentages have shifted over the past decade, according to the BLS. "Defined benefit plans cover a smaller portion of workers than they did 10 years ago, while defined contribution plans cover a larger portion."

Americans having access to benefits plans and participating

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in them varied by occupation, hours worked, union status, and earnings, according to the BLS report. Workers in white-collar occupations, for example, were more likely to participate in defined contribution plans than service workers, and those belonging to unions had higher rates of coverage for most benefits. Paid leave benefits were commonly available to most workers regardless of occupation or union status, but were reported less frequently for part-time workers.

For the first time, the BLS data tabulated benefits separately for workers in jobs averaging under and over \$15 an hour. Those in jobs averaging \$15 an hour or more were far more likely to be covered by all benefits. And those in higher paid occupations were twice as likely to participate in health and retirement plans.

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Firms with 100 or more employees were more likely to offer all types of insurance than those that were smaller (55% versus 36%). A similar pattern emerged with dental plans, with 44% of larger firms offering such coverage versus 21% of smaller firms.

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## ERIC Supports Health Benefits Exemption

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The **Equal Employment Opportunity Commission (EEOC)** has received support from the **ERISA Industry Committee (ERIC)** in its efforts to have retiree medical benefits exempted from the **Age Discrimination in Employment Act (ADEA)**—if an employer changes or eliminates health benefits when retirees become eligible for **Medicare** benefits.

In its supportive comments, ERIC recommended that the EEOC amend its *proposed regulations* so they clarify the exemption would be retroactive to changes made by existing plans before *final regulations* are published in the Federal Register. If the exemption does not apply retroactively, ERIC said the final regulations should state the exemption does not imply that practices covered by the exemption would be unlawful in the absence of an exemption.

The EEOC issued its proposed regulations this past summer in response to a ruling by the Third Circuit U.S. Court of Appeals in the case of *Erie County Retiree Association v. Erie County*. In that ruling, the court said benefit reductions could not be linked to Medicare eligibility due to ADEA. That ruling, ERIC said it believed, could result in the decrease or elimination of many employer-provided retiree health benefits.



*EEOC was asked to clarify its proposed regulations regarding exemptions being retroactive.*

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## Intergenerational Care Programs: The Next Trend?

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Combining child and elder care in shared facilities to help reduce costs and bridge the “generation gap” between young and old is a concept being proposed by Generations United (GU), a Washington, D.C.-based nonprofit organization.

GU states that—due to their cost-effectiveness—intergenerational care programs could provide the answer for employers interested in providing such services but are unable to afford them.

Approximately 1,000 intergenerational care facilities currently exist in the country, according to GU.

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## Health Benefits, Time Off Preferred Over Pay Hikes

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A majority of Americans (56%) would prefer to have adequate health care benefits in lieu of a pay raise, according to a *Wall Street Journal Online*/Harris Interactive poll. Meanwhile, another poll conducted by a Maryland-based nonprofit group reveals that most workers (52%) would prefer more free time than more pay. Both surveys were conducted this year.

Retirees and those nearing retirement (77% and 70%, respectively) were the largest segment within the WSJ/Harris poll that opted for health benefits over pay hikes. Perhaps not surprising, those 25–29 years of age were the smallest group within the majority to take a similar stance (4%).

The 981 employed adults polled by WSJ/Harris were also asked if their retirement and health insurance benefits had changed in recent months. Forty-one percent of the respondents said their retirement benefits remained the same, and 39% said their health insurance remained the same. Another 16% said their retirement benefits had improved, while 10% said their health care coverage had gotten better.

Meanwhile, the Maryland-based poll, conducted by the Center for a New American Dream in Takoma Park, found that 52% of those surveyed said they would prefer to have a day off instead of an extra day's pay. Another 20% said they would even accept a pay cut in exchange for more free time, along with a decrease in pressure and stress. So, what would they do with their free time? Between 83% and 88% said they would spend more time with their families.

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## Senate Supports Safeguards For Genetic Information

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The U.S. Senate has voted unanimously (95-0) to approve legislation that would ban employers and insurers from discriminating on the basis of an individual's genetic profile or family history. The proposal now awaits action by the House, which is not expected until 2004.

If adopted, the legislation would prevent employers from using genetic information in making employment-related decisions. Health insurers would be prohibited from using genetic information to deny coverage or to set rates. Proponents

of the legislation said it is necessary so people can benefit from advances in genetic testing without fear of job or health insurance repercussions.

Donald Young, president of the Health Insurance Association of America, however, has said the bill would "only add unnecessary and costly regulatory burdens without. . . improving consumer protection."

The legislation was introduced by Sen. Olympia J. Snowe, R-Maine. It is viewed by Sen. Snowe and other supporters as an extension of legislation adopted in 1996 that protects patients' records from discriminatory use.

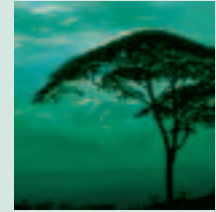
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## Proposed Bill Would Require Infertility Coverage

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Group health plans and health insurance companies would be required to provide coverage for the treatment of infertility if Congress adopts a bill submitted by Rep. Anthony D. Weiner, D-NY.

The **Family Building Act of 2003** (H.R. 3014) calls for all health coverage "deemed appropriate" by the participant and treating physician. Covered services would include ovulation induction, artificial insemination, in vitro fertilization, and any other "non-experimental" treatment. Health coverage would also be provided in the case of assisted reproductive technology if the participant has been unable to bring a pregnancy to a live birth through less costly treatments for which coverage is available under the plan.




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*Proponents said the legislation is necessary so people can benefit from genetic testings.*

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The proposed legislation states that a health plan could not impose **deductibles, coinsurance, and other cost-sharing limitations** that are greater than those imposed on other services. In addition, the bill would prohibit plans and issuers from denying a participant eligibility to enroll or renew coverage for the purpose of avoiding the requirements of the legislation.

H.R. 3014 would not preempt state laws that provide greater benefits for infertility treatments. More than six million Americans, or about 10% of the reproductive age population, are affected by infertility, according to a statement of findings included within the proposed legislation. If adopted, the legislation would amend the **Employee Retirement Income Security Act (ERISA)**, the **Internal Revenue Code**, and the **Public Health Service Act**.

In recognition for submitting the bill, Rep. Weiner was named the recipient of the first “Friends of RESOLVE Award.” RESOLVE is a national infertility association that provides education, advocacy, and support to couples struggling to conceive.

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## Many Americans Say Retirement Is Not For Them

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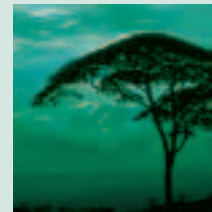
Is the concept of retirement headed the way of the dodo bird? Nearly seven out of ten older Americans say they will continue to work at their present or other jobs into their 70s and beyond, according to a survey by the AARP (2003).

A total of 2,001 workers between the ages of 50 and 70 participated in the survey. The most frequent reason given for continuing to work by those *nearing retirement* was the need for money (22%), followed by the need for health benefits (17%). Other reasons given were to: stay mentally active (15%); be productive (14%); remain physically active (9%); help other people (6%); and to have fun (5%).

Respondents who obtained other jobs after their initial retirement also cited the need for money (35%), followed by the need to be productive or useful (14%). Other “working retirees” cited the need to: stay mentally active (10%); remain physically active (8%); help others (7%); and to have fun (5%).

Among the pre-retirees responding to the survey, 27% said they anticipated working in a different occupation than their current one. Twenty percent said they anticipated obtaining a professional job, 14% said they would move to a skilled or semi-skilled position, and 13% cited the service field. Still others taking the survey said they were specifically interested in: teaching (6%); office support (4%); retail sales (3%); and consulting (3%).

Based on the results of the survey, the AARP recommended that employers consider taking advantage of this non-retirement trend and consider adding work/life balance programs to make it easier for older workers to stay employed.




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