

Navigating Benefits Key to Success in 2011 and Beyond

When it comes to managing employee benefits, about the only thing that's constant is change – and 2010 was no exception.

Signed into law on March 23, 2010, the Patient Protection and Affordable Care Act (PPACA) – and the ramifications the November elections ultimately will have on the legislation – will change the landscape of employee benefits for years to come.

In 2011 and beyond, employee benefits administrators will face numerous challenges in addition to health care reform, including how to:

- Keep pace with complex legislative changes
- Help employees make smart benefit choices
- Anticipate future benefit needs

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Keep Pace with Complex Legislative Changes

One of the most daunting challenges facing employers

today is, without a doubt, preparing for changes resulting from passage of the PPACA, or health care reform. Already some requirements are in effect – with plan years beginning on or after September 23, 2010. Several additional key provisions are slated to take effect in 2014, including individual and employer mandates to maintain and provide “minimum essential coverage,” along with the creation of online, state health care Exchanges.

Reform will be implemented over the next decade and beyond, with further guidance expected from Health and Human Services on several key provisions. CIGNA is acting to ensure that its plans comply with PPACA and we are working closely with clients, brokers and consultants to provide clarification on the impacts to their businesses.

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informed  **reform**

For those seeking detailed information on health care reform, CIGNA offers www.informedonreform.com – a website dedicated to helping our clients, consultants and customers stay up-to-date on the new legislation. Visitors to the site can find the latest news on PPACA along with access to additional resources, such as educational webinars. Employee benefits administrators can also turn to their brokers for information about the effects of, and compliance with, health care reform.



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Of course, health care reform is far from the only challenge. Organizations must also remain focused to stay compliant with other complex benefit-related legislation, including the Family and Medical Leave Act (FMLA) and the Americans with Disabilities Act Amendments Act (ADAAA).

Approximately 60 percent of family medical leaves also involve a short-term disability (STD), often requiring that the two be managed concurrently.

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Benefits administrators need to be aware of the requirements of these key pieces of legislation

at both the federal and, if applicable, state levels. These laws must be administered properly, within the parameters of the employer's leave requirements and policies. Of course, the issue of administration alone is a challenge nowadays, as there is more of an administrative burden on benefits administrators than ever before. In most organizations, there is *less* staff available to handle the increased workload.

- Employers that fail to manage employee benefit programs in compliance with the FMLA and ADA face numerous potential risks, including government-imposed fines and penalties (some severe) for non-compliance – and possible legal action from employees. Conversely, employers that are in full compliance with these laws benefit from reduced employee absences and lower costs of managing their leave programs.
- For most organizations, managing employee benefit programs can be a significant drain – in terms of both staffing and costs. This often diverts valuable resources away from the employer's core business objectives.

> PPACA at a Glance

President Obama signed the **Patient Protection and Affordable Care Act (PPACA)** into law on March 23, 2010. This legislation, widely referred to as "health care reform," marked the most comprehensive changes to health benefits in the United States since the Social Security Act of 1965 – which resulted in the creation of Medicare. PPACA started taking effect in 2010. Reform will be implemented over the next decade, with 2014 an important year featuring several key milestones including the availability of online, state health care Exchanges where many Americans will buy their health coverage.

> FMLA at a Glance

The **Family and Medical Leave Act (FMLA)** was enacted to protect individuals' jobs in the event they need to take a leave of absence due to: 1) the birth or adoption of a child; 2) caring for an immediate family member in the event of a serious health care problem; or 3) a serious medical problem. Eligible employees may take up to 12 weeks of unpaid leave if they qualify for benefits under the FMLA.

> ADA At a Glance

The **Americans with Disabilities Act (ADA)**, originally signed into law in 1990, prohibits discrimination against disabled employees and job applicants. On January 1, 2009, the Americans with Disabilities Act Amendments Act (ADAAA) went into effect and substantially broadened the class of individuals who may seek protection from discrimination under the ADA. Specifically, the ADAAA emphasizes that the definition of disability should be construed in favor of broad coverage of individuals to the maximum extent permitted by the terms of the ADA and generally shall not require extensive analysis.

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Employers that would like to maximize their benefit management dollars should consider bundling their employee benefits offering with a single company – one

that can provide a wide array of health and productivity services, including the management of medical, disability and family medical leave programs. This single-source approach enables the employer to look to one company for consultative guidance with respect to their complete benefit package.

In addition, outsourcing benefits administration to a company that can serve as an extension of the organization's Human Resources (HR) staff is a smart move that can offer several advantages for employers:

- Remain in compliance with the PPACA's provisions
- Take advantage of premium discounts
- Put greater focus on the organization's strategic initiatives
- Relieve the HR staff's administrative burden
- Follow complex FMLA and ADA regulations
- Manage their disability programs and other benefits effectively

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Help Employees Make Smart Benefit Choices

Employees have more financial concerns than ever before, including a volatile economy that affects their finances *today* and fears about the inadequacy of their retirement income *tomorrow*. That's why many find themselves questioning which benefit plans to choose and how to use their benefit dollars wisely. The more knowledgeable individuals are about their choices, the better able they are to make confident and appropriate decisions when allocating their benefit dollars.

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Employees who make efficient and effective use of their benefits

often have a greater appreciation for their entire compensation program.

This can provide long-term advantages to organizations, such as enhanced productivity, lower plan premiums, and greater retention levels (which may result from improved employee morale).

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There are numerous steps that organizations can take

to help their employees make smart benefit-related decisions:

- Create cultures of health. Promote and reinforce the importance of overall health and well-being. Employees will be able to make better benefit and health care choices – and may even need less medical care. Encourage employees to take their preventive health screenings – this could aid in identifying health issues and potentially reduce the likelihood of a disabling event.
- Look for health plans that are coupled with health and wellness services that are designed to keep employees healthy and productive on the job.
- Develop HR and leadership advocates who will set a positive tone and lead benefit discussions. Employees will be more likely to take the time to review their benefits and options if their managers are informed and encouraging.
- Provide employees with year-round access to educational information to help them make informed decisions – this will reinforce that they are valued and help them save money.
- Look for benefit plans that offer comprehensive, multi-media communications support to help educate and motivate employees to use their benefits wisely.
- Consider unique and convenient ways to reach and engage employees and their families, such as through the use of evening webinars.

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challengeAnticipate
Future Benefit
Needs

Managing today's benefit complexities and helping employees make the most of their benefit programs are just a few of the challenges facing today's employee benefits administrators. But those who successfully do *only* those two things will soon fall behind. That's because anticipating the employee benefits world of the future is critical to any organization's long-term success.

Employee benefit plans are constantly evolving. With the passage of health care reform, individuals will soon have more choices concerning where and how they obtain their medical coverage. Further, many benefit experts point to an increased trend toward consumer-directed and consumer-funded benefits.

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Individuals will soon have – and demand – more choices than ever before. Consequently, in order to succeed, organizations must stay a step ahead of the game. By anticipating employees' future benefit needs, forward-thinking employers can offer competitive benefits packages that help them to successfully recruit and retain top talent.

critical
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Employee benefit plans of the future will need to offer greater *choice* – including supplementary, employee-paid (voluntary) benefits designed to help individuals:

- Maintain a measure of financial security
- Insure a portion of their paycheck
- Choose the products and level of protection they need for themselves and their family members
- Take advantage of group rates and the convenience of payroll deduction

Employers may also think about whether to update their non-medical plans for consistency with PPACA provisions, and the implications of any changes they may be considering, for example, to dependent eligibility age.

Voluntary Benefits Can
Enhance the Value of
Your Benefits Package

Supplementary employee-paid benefits – also called voluntary benefits – can help employees provide themselves and their loved ones with greater health, well-being and sense of security. Examples include:

- Dental and vision coverage
- Disability insurance that provides financial protection in the event of a disabling illness or injury
- Group Term Life insurance that provides life insurance protection
- Group Universal Life insurance that provides portable life insurance protection and a cash accumulation fund feature
- Accident insurance that helps fill a potential gap in coverage for those unexpected expenses arising from death or serious injury caused by a covered accident

Expanding benefit offerings to include supplemental employee-paid (voluntary) options helps organizations:

- Build better, more customizable benefits packages
- Offer more benefits with less expense
- Attract quality employees
- Improve employees' satisfaction and retention levels

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summary

Helping Organizations Thrive – Today and Tomorrow

Today, both employers and employees are facing challenges like never before. By tapping into the right resources, organizations can enhance the management and structure of their benefit programs. In addition, they can help their employees make smart benefit decisions and plan for the future – all of which can help them stay one step ahead of the competition.

To learn more, contact your CIGNA representative. We understand the benefit-related complexities you face today, and we can provide plan design assistance to help you explore the future direction of your benefit program.

Your organization's long-term success depends on your ability to plan for your employees' future benefit needs. Your CIGNA representative can help you anticipate those needs – and devise a plan for fulfilling them – *today*.

To learn more,
contact your CIGNA
representative today.

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