



JOHNSTONE'S JOURNAL is published monthly, and designed to provide topical information of interest not only to plan administrators, but to all employees who enjoy coverage under the benefit plan. Feel free to make copies, and use as a payroll staffer.

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Claiming Trends

Increased utilization continues to impact health and dental plans

Annual Rate Increases for Benefits

Annually, insurance companies adjust their health and dental benefit rates in anticipation of changes in the cost of services during the next year. Referred to as "trend," this is the insurers' way of trying to predict the cost of future claims. They review the claims history, or utilization, of each group, but also consider other factors, such as inflation, changes in legislation and fee guide increases.

Most of the factors that push health care costs ever-upward are well known. They include the introduction of new and costly drugs, the transfer of costs from government plans onto the private sector, and new or alternative approaches to health care.

In the past, dental plan increases reflected only those increases found in the annually published dental fee guides. However, an aging and better-informed population is now demanding a higher standard of dental treatment and they are using their dental plans more often. Additionally, dentists are far better at ensuring patients don't miss their regular check-ups, and they offer services that may not have been offered or even available in the past.

In response, insurers are forced to apply a trend factor which factors in the increased cost of products and services, the increased number of services being claimed, and the continued transfer of government offloading.

An Aging Workforce

As the "boomers" continue to work their way toward retirement, statistics indicate employees are delaying retirement and therefore the average age of an employee across North America is increasing. Not surprisingly, this aging workforce significantly impacts the use of benefit plans.

Access to Information and Consumerism

In addition to TV ads, the health-conscious consumer now has access to vast amounts of information through myriad websites, as well as social media sites such as YouTube and Facebook. Consumers can find extensive up-to-date information about the latest trends in health and dental care available in today's marketplace. People are taking control of their health, and acting upon this information.

What can we do?

As health and dental plan trends remain in the double digits annually, the question that everyone is asking is: "what can we do to reduce our costs?" Undoubtedly, this is not something that we can solve here. However, clearly reducing the cost of claims is the only way to long-term savings. And to reduce claims, we need to better manage our health:

- educate ourselves about proper diet, fitness and smoking—*an ounce of prevention is worth a pound of cure.*
- manage our chronic health conditions before they become acute (high blood pressure, diabetes, heart disease, etc.)
- brush and floss, and get regular dental check ups. *Dentists say we should only brush and floss the teeth we want to keep.*

An aging workforce, shifting consumer habits, and new products and services all combine to cause increases in both utilization and your costs.

Working with an experienced employee benefits specialist will help you develop and manage a plan to control these costs and navigate through this increasingly complex environment.