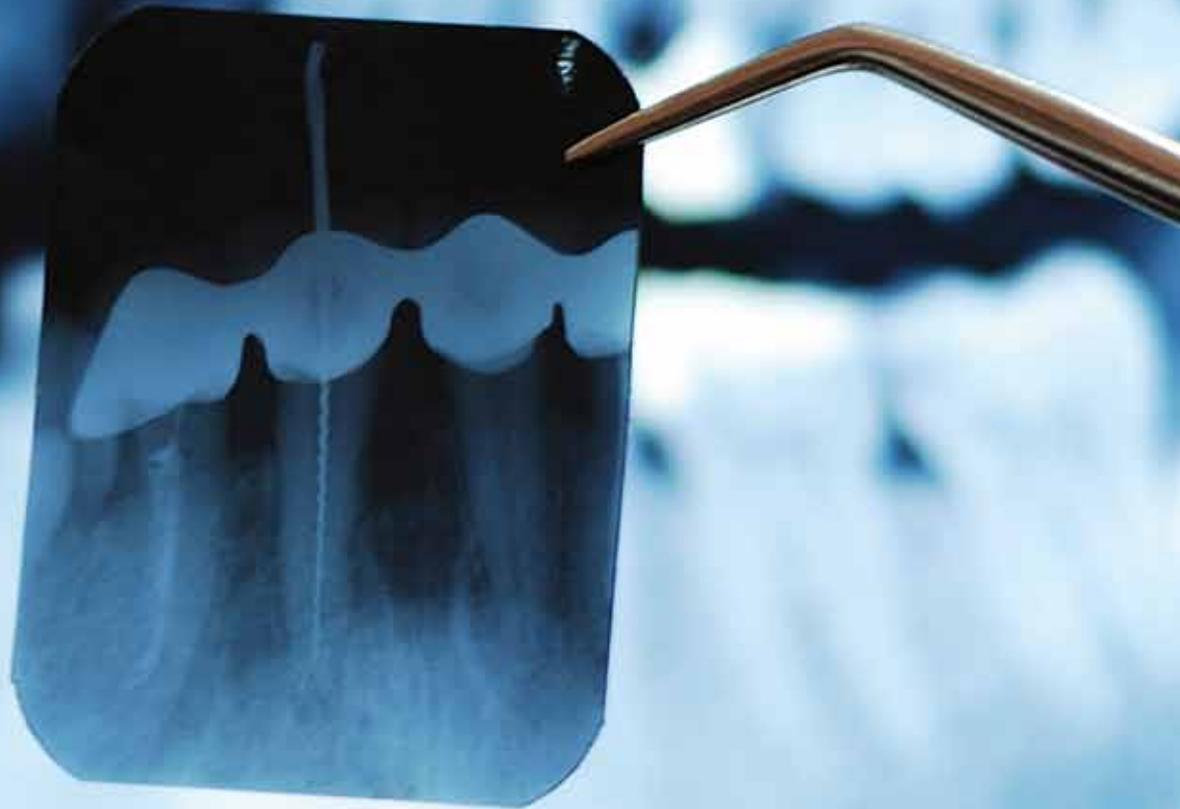


Ancillary Benefits

by | Philip Kaufman



Beyond being benefits many employees value, supplemental benefits such as vision, dental and disability insurance can improve employees' health and productivity.

Can Help Build a Healthier Workforce

Businesses looking to reduce health care costs might consider eliminating ancillary benefits such as vision, dental, disability and life insurance. But there are compelling reasons why employers should continue to offer or add these benefits—either paid for partly by the employer or as voluntary benefits with premiums paid by employees.

Many employees value these benefits, also known as *supplemental benefits*, and employers can offer them with little or no additional cost. Offering these supplemental benefits along with medical coverage can also give employers additional tools and information to help provide proactive outreach to improve employees' health and productivity while more effectively managing medical costs.

With growing evidence of a link between oral and eye health to overall health, as well as to an array of chronic medical conditions, implementing voluntary benefits can prove valuable to both employers and employees.

Many health insurers now offer packages that allow employees to select from several plans, with the company paying a set amount and employees having the option to pay the difference to enhance or expand their coverage. This approach provides companies with a predictable and manageable cost, while giving employees the opportunity to purchase added benefits on a pretax basis. Benefits such as critical illness and accident protection can also complement high-deductible

medical plans, which have become increasingly popular among many employers.

Surveys show that voluntary benefits can help attract and retain employees while improving morale, according to a 2014 report from LIMRA International.¹ These benefits can be especially attractive depending on an employee's life stage, such as someone with two teenagers who need braces or a middle-aged person whose vision is diminishing.

Voluntary benefits include more than dental and vision coverage. Disability, life insurance, accident protection and long-term care can also be provided as voluntary benefits. Another example is critical-illness coverage, which pays cash benefits that can be used for living expenses and out-of-pocket medical costs if a covered employee or family member contracts a specific illness or has a condition such as cancer, a heart attack, a stroke or paralysis.

Combining medical and voluntary benefits can result in more comprehensive and coordinated care that includes wellness initiatives aimed at improving the overall health of employees.

Health plans that combine medical and voluntary benefits have shown the ability to reduce the duration of disability claims when disability and medical programs are managed together. Upon filing a critical illness or disability claim, plan participants with a chronic condition such as cardiovascular disease can receive additional support and information, in-

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Education

Voluntary Benefits in a Health Care Reform Environment—The Missing Piece

Gary Gustafson, CEBS. On-Demand Presentation from November 12, 2013.

Visit www.ifebp.org/books.asp?DL1078 for more information.

From the Bookstore

Dental Benefits: A Guide to Managed Plans, Third Edition

Cathy Smithwick. International Foundation. 2012.

Visit www.ifebp.org/books.asp?6979 for more details.

cluding a case manager and exercise and nutrition advice. These additional resources mean employees may get back to health—and work—more quickly.

Other integrated programs encourage preventive dental and vision care, helping to stop diseases before they start.

A 2012 UnitedHealthcare study confirms this link. “Integrating Eye Care With Disease Management: It’s Not Just About Diabetes Anymore”² demonstrated how eye care providers can play a key role in identifying people with various diseases. The study concluded that eye care practitioners can help detect and monitor many chronic conditions—in addition to diabetes—including several unexpected ones.

Eye care providers can also help detect and monitor multiple sclerosis, tumors, Crohn’s disease and sickle cell anemia. For some conditions, such as sickle cell anemia, the value of eye care is in monitoring the disease. For others, such as Crohn’s disease, the impact is greatest when a comprehensive eye exam helps care providers identify the condition earlier and track ocular complications caused by medications used during treatment. Eye care providers can also help monitor disease severity and progression for many conditions, including high cholesterol, rheuma-

toid and juvenile rheumatoid arthritis, Graves’ disease, AIDS and lupus.

Many employers are starting to embrace this approach by using programs that integrate vision and medical benefits that support patients and health care professionals with information, decisions and outcomes. These programs can include a variety of features, including:

- Eye care practitioners can be encouraged to code claims with chronic condition categories. Those diagnoses automatically are referred to disease management programs for followup based on the patient’s needs.
- Eye care practitioners can be notified of patients with at-risk conditions during the exam authorization process, with a recommendation to include, as part of the comprehensive eye examination, a dilated fundus exam that uses eye drops to dilate the pupil to gain a better view of the eye.
- Patients with diabetes, diabetic retinopathy, hypertension, hypertensive retinopathy, vascular disease or high cholesterol can be notified with a phone call, which is more effective than a postcard reminder, about the importance of their annual eye exam.

- For patients who may have chronic conditions, referrals to primary care providers or specialists can be supported via specially designed forms available online to eye care practitioners.

Dental and medical benefits also can be integrated. UnitedHealthcare studied three years (2008 to 2011) of dental claims data associated with more than 130,000 plan participants enrolled in both employer-sponsored dental and medical plans. The study showed that improving the oral health of people with chronic medical conditions, such as diabetes, asthma and cardiovascular disease, can reduce health care costs.³

The research showed that people with certain chronic conditions who received appropriate dental care, including preventive services and the treatment of gum disease, had net medical and dental claims that were on average \$1,038 lower per year than claims for chronically ill people who did not receive that type of oral care. Among diabetics, the average annual net medical and dentals claims were \$1,279 lower per person for individuals who were treated for gum disease compared with people who were not. The savings for all of those groups were achieved even after accounting for the additional cost of the dental care.

Among the study’s other findings:

- Total average medical costs were lower across all chronic conditions for people who received periodontal treatment or cleanings compared with those who did not receive such services, even after accounting for the costs of additional dental treatments.
- People with chronic conditions who received regular cleanings (at

least three times during the three years) had the lowest health care costs of any other dental treatment group (i.e., infrequent cleanings or no cleanings).

- The savings were significant even for those who received regular dental care but were not compliant with the recommended care for their chronic medical condition. Among the group receiving dental care, annual average medical costs were \$2,320 lower than those not receiving dental care, with net savings of \$1,829 after accounting for the cost of the dental care.

Besides dental and vision coverage, employers may want to consider programs that help their employees address hearing loss. Hearing loss is a significant health issue for more than 48 million Americans, 60% of whom are still in the workforce or in school. A growing number of private health insurance plans, along with standalone programs offered by some national hearing aid companies, provide discounts for hearing aids, helping to make these devices more accessible and affordable. Hearing aids can help more than 90% of people with hearing loss; however, they can cost up to \$8,000 a pair, making them unaffordable to many people.

Helping address hearing loss can foster a healthier, more productive workforce. New research shows that hearing loss is associated with a range of physical and mental health issues, including increased risk of falls, social isolation and even dementia. People with hearing loss are more likely to

takeaways >>

- The evidence is growing of links between oral and eye health to an array of chronic medical conditions.
- Offering voluntary benefits can help attract and retain employees while improving morale.
- Combining medical and voluntary benefits can result in more comprehensive and coordinated care.
- Appropriate dental care can lower health care costs for people with certain chronic conditions.
- A growing number of private health insurance plans, along with standalone programs offered by some national hearing aid companies, provide discounts for hearing aids.

be unemployed, while people who are employed earn about 25% less on average than those without that diagnosis, according to a study published in the *Annals of Otolaryngology & Laryngology*.⁴

Finally, hearing loss may affect a patient's ability to fully understand recommendations provided by their health professional, affecting adherence and, in turn, their ability to manage their health.

Offering voluntary benefits as part of an employee's menu of benefits options can maximize the effectiveness of a company's health care dollars and, when offered alongside medical insurance, can provide families with added peace of mind for both their health and financial protection. Employers that combine voluntary and medical benefits may be able to reduce turnover, increase productivity and build a culture of health. **■**

Endnotes

1. LIMRA survey of more than 1,300 employee benefit decision makers conducted during May and June of 2014. More details are available at www.limra.com/Posts/PR/News_Releases/LIMRA_Study_Finds_Employers_Interested_in_Offering_Voluntary_Benefits.aspx.

2. Linda M. Chous, O.D., and Kim K. Christopher, "Integrating Eye Care With Disease Management: It's Not Just About Diabetes Anymore," UnitedHealthcare. 2012. Available at www.uhc.com/content/dam/uhcdotcom/en/Employers/PDF/EyeCare_DiseaseManagement.pdf.

3. Dimple Ambooken, FSA, MAAA; Stephanie Lepsky, D.D.S.; Herschel Reich, FSA, MAAA; and Steve Stender, FSA, MAAA, "Medical Dental Integration Study," Optum. 2013. More details are available at www.uhc.com/content/dam/uhcdotcom/en/Employers/PDF/B2H_Study.pdf.

4. David Jung, M.D., Ph.D., Medical Expenditure Panel Survey, *Annals of Otolaryngology, Rhinology & Laryngology*, 2012. More details are available at http://journals.lww.com/thehearingjournal/Fulltext/2013/02001/Hearing_Loss_Linked_to_Unemployment,_Lower_Income.2.aspx.

<< bio



Philip Kaufman is president of UnitedHealthcare Specialty Benefits, a national ancillary benefits company serving more than 20 million members. He oversees the strategic development and growth for UnitedHealthcare's dental, vision and financial protection businesses. Kaufman has held several positions at UnitedHealth Group, including CEO of UnitedHealthcare Vision. He previously worked for the Rothschild Group and Deutsche Bank AG, focused on mergers and acquisitions. Kaufman holds an M.B.A. degree from Harvard Business School and a bachelor of arts degree in economics from Harvard University.

