

# Healthy Outlook

A Benefit Specialists of NY Publication

Helping You Navigate the Health Care System

February 2007

## Health Savings Account Provisions Expanded

### In this Issue

Health Savings Account Provisions Expanded

BSNY Staff Grows

Flexible Spending Account

Voluntary Products

Go Generic

The Tax Relief and Health Care Act of 2006, approved by the U.S. Congress in December expands Health Savings Account (HSA) annual limits and funding sources, as well as providing increased flexibility for employers who choose to fund the account.

#### Annual Limits

The new bill allows you to deposit up to the annual contribution limits, regardless of your qualified health plan deductible. The current limits are \$2,700 for individual coverage and \$5,450 for family coverage. Previously, contributions were limited to your health plan deductible if it was below the annual contribution limit.

In addition, you are now able to make an HSA contribution for the full annual limit even if your health plan coverage is not a full-year plan. This is important to those who begin coverage mid-year, as the full deductible still applies. The contribution was previ-

ously limited to a pro-rated limit based on the number of months of HSA-qualified coverage. You must maintain coverage in the qualified high-deductible health plan for a full year beginning in the month the HSA is opened or be subject to tax and penalty.

#### Roll Overs from other Funding Sources

Employers and employees now have a one-time opportunity to roll over unused funds from an existing Health Reimbursement Account (HRA) or a Flexible Spending Account (FSA) into an HSA. This one time transfer of funds would be tax-free, as long as the money is used for qualified medical expenses. Transfers must be made prior to January 1, 2012.

Individuals can also now make a one-time transfer of funds from an Individual Retirement Account (IRA) into an HSA. The money rolled over can not exceed the annual contribution limit.

*see Health Savings on page 3*

## Berger Commission Recommendations for New York's Hospitals and Nursing Homes

#### LEGISLATIVE UPDATE

The Commission on Health Care Facilities in the 21st Century recommended that New York State close nine hospitals, cut 7,200 hospital and nursing-home beds, and develop new home- and community-based services to meet future health care needs. They also urged state leaders to consider broader changes: comprehensive restructuring of health-care financing, expanded health-insurance coverage, and privatization of three State University teaching hospitals.

The recommendations would reduce Medicaid costs by an estimated \$249 million a year, with similar savings for employers and other private purchasers of health insurance. Hospitals and other service providers would reap an estimated \$721 million annually that could be used to help pay restructuring and other costs.

Recommendations for closure or restructuring affect one in four hospitals statewide and would eliminate 4,200 beds, 7

percent of current hospital capacity. Some 3,000 nursing-home beds, 3 percent of the statewide total, would be eliminated while more than 1,000 new openings for long-term care would be created in non-institutional settings.

The commission urged state leaders to undertake a "comprehensive review" of financing policies that affect hospitals and other health care providers as well as health-insurance purchasers and consumers. Its report also called for expansion of primary-care capacity; development of "hybrid" facilities; analysis of privatizing SUNY teaching hospitals at Brooklyn, Stony Brook and Syracuse; greater use of technology; and a broad review of "the future role of county-owned and operated nursing homes."

*see Berger on page 2*

Flexible Spending Account  
March 31  
Deadline

See page 2

# BSNY Staff Grows

Benefit Specialists of New York (BSNY) recently announced an internal promotion and the addition of a new staff member.



Jeannette Jones

Jeannette Jones has been promoted to general manager. She joined BSNY in 2006 as an account executive. In her new role, Jeannette works closely with BSNY and Chamber staff to develop strategic sales and marketing campaigns. She also works directly with the BSNY staff to ensure continuous delivery of the highest level of customer service, and makes certain that BSNY remains a valuable employee benefits resource to the community and to BSNY clients.

Jeannette has more than 20 years of experience in the health insurance industry, where she held roles as account executive, sales manager and regional product development manager. She also maintains a NYS Life, Accident and Health License.



Sean Flavin

Sean Flavin has joined the BSNY staff as an account manager. Sean is responsible for providing service and consultation to BSNY clients, as well as building relationships with the insurance carriers.

Sean recently moved to the area from Massachusetts, where he worked for the Automobile Insurance Bureau of Massachusetts. He has a Bachelor of Science degree from Suffolk University, and is a NYS Licensed Insurance Agent for Life, Accident and Health.

## Berger continued from front page

Since the Legislature did not act to reject the recommendations, the State Health Department is charged with implementing the recommendations starting in 2007. However, the state Supreme Court issued a temporary restraining order to block implementation because of a lawsuit filed charging that the legislation that created the Berger Commission was unconstitutional. More to come, to be sure.

*(Thanks to Bob Ward and the Business Council of New York for portions of this article.)*

## Healthy Outlook

A Benefit Specialists of NY Publication  
Helping You Navigate the Health Care System

Healthy Outlook is a quarterly publication of Benefits Specialists of NY, a subsidiary of the Greater Syracuse Chamber of Commerce.

Publisher: Paul Muoio Editor: Jeannette Jones

Issue No. 3 - February 2007

To advertise, please contact Bob McLean at (315) 470-1832

or visit us online at [www.BenefitSpecialistsNY.com/HO](http://www.BenefitSpecialistsNY.com/HO)

*The information included in Healthy Outlook is meant to help you navigate the healthcare system. Always consult your doctor regarding your health and your health care.*

## Flexible Spending Account - March 31 Deadline

Do you have money left over from your 2006 Flexible Spending Account? Don't forget to submit your 2006 medical receipts by March 31 for reimbursement!

Please note that throughout the year you can find a list of qualified medical expenses at our Web site [www.ezflexplan.com/bsny](http://www.ezflexplan.com/bsny). This includes a list of eligible over the counter items (OTCs)!

## Did You Know...

Benefit Specialists of NY offers voluntary products including:

- ✓ **Prepaid Legal and Identify Theft Shield**  
*Low monthly rate to protect you and your family from unexpected costs!*
- ✓ **Medicare plans**  
*Comprehensive benefits for those eligible for Medicare*
- ✓ **Voluntary Accident and Disability Plans**  
*Helps cover gaps in medical expenses not covered by other forms of insurance*

Call us at 470-1930 for additional information about these voluntary benefits and other insurance products.



## Prevention Network

*Promoting Healthy Choices*



- Free confidential help
- Library resources  
(videos, internet, brochures)
- Presentations
- Referral service

1050 W. Genesee St., Syracuse • 471-1359

[www.PreventionNetwork.info](http://www.PreventionNetwork.info)

# Go Generic – Save money on your prescription drug benefits *By Kelly Shea-Bradley*

The number of prescriptions written for generic drugs has been on the rise for some time, and with more employers requiring their employees to make increased financial contributions to the cost of their health care, America's money-saving mindset has only intensified. The facts about generic drugs are spreading — generics are as safe, and in most cases, as effective as their brand-name counterparts. Generics also provide employers and their employees with significant savings, often fifty percent or more over the brand equivalent.

To reduce health care costs, some employers are offering their employees financial incentives to choose generic over brand-name drugs and order some maintenance prescription drugs by mail. Many health plans are also encouraging their members to use generic drugs when available.

To save money on prescription drug coverage, I suggest that employers promote the use of generic medication. Your employees are more likely to request generic medication if they understand the medication is safe, effective and offers a significant savings over brand-name drugs.

In addition to advocating generic drugs, I advise employers to implement a comprehensive prescription drug formulary, provide education on the prudent use of antibiotics and encourage employees to actively participate in their health care by understanding their prescription drug coverage, learning how and when to use their coverage, and to develop good relationships with their physicians and pharmacists.

## Popular drugs are getting cheaper

It's an exciting time to save money on drugs because so many popular prescription drugs are going off-patent and are about to get a lot cheaper. Both the anti-depressant Zoloft and cholesterol-lowering Zocor will soon cost much less. Pharmacists also expect the sleep aid Ambien and hypertension drug Norvasc to become less expensive in late 2007.

Employers, patients and governments could save up to \$50 billion in the next four years as popular brand-name drugs lose patent protection and generics take their place. The actual savings will depend on whether doctors and patients embrace the low-cost generics. The same dynamic has allowed large retail chains to offer \$4 generics: a boom

in the number of widely used drugs that are now, or soon will be, off-patent.

The U.S. Food and Drug Administration grants companies that invent drugs a period of marketing exclusivity — allowing the companies charge what the market will bear for their medicines. But when a drug's patent expires after several decades, any drug maker can apply to manufacture it, and usually many do. Generics are made exactly like the original drug, but the cost falls dramatically.

In the past year, along with Zocor and Zoloft, the anti-depressant Wellbutrin, cholesterol-lowering Pravachol and nasal spray Flonase have gone generic. Employers, governments and patients paid \$9.4 billion for these drugs in 2005. Generics can cost 80 percent less than the brand, a potential savings of \$7.5 billion on those five drugs alone.

MVP is doing its part to reduce the cost of prescription drugs by including several cost-saving features in your health coverage:

- Prescription drug formulary — Most health plans require their members to adhere to a formulary — a listing of prescription drugs approved for use. Formularies help reduce health care costs for the member, the employer and the health plan by providing rational therapeutic options and minimizing duplication where possible.

The media is quick to report America's increasing use of and costs for prescription drugs, however little attention is paid to the financial benefits of generic drugs. As the American population continues to age and cost-savings initiatives expand, more employers will be requiring their employees to share the responsibility of increasing healthcare costs. Ultimately, it's up to the doctor to prescribe a generic or the patient to request one if it's available.

MVP remains committed to the well being of our current and future members. As such, we promote the use of a prescription drug formulary, the prudent use of prescription and generic drugs, member education and adopting a healthy lifestyle.



*Kelly Shea-Bradley is Vice President of Corporate Communications for MVP Health Care.*

## Health Care Savings *continued from front page*

### Employer Flexibility

Employers are allowed to contribute more for lower-paid employees. Comparability rules have required equal dollar contributions to all non-highly compensated employees. This exception provides employers the flexibility to contribute more to the HSA accounts for their lower-paid workers.

### Annual Announcements

The new bill also requires that annual adjustments to

minimum deductibles and annual contribution limits be announced by June 1<sup>st</sup> of each year, allowing time for insurance carriers to make decisions about product and plan design changes. This in turn should provide more time for employers and employees to fully understand their options and make informed decisions on health plans and HSA contributions.

These changes were effective January 1, 2007.

Lower your  
costs and your  
blood pressure.



Take a minute to learn about MVP's new, more affordable options for business. And we'll help you and your employees take on life and live well.

**Call 1-800-TALK-MVP or your broker today.**

**[joinMVP.com](http://joinMVP.com)**

