



Your prescription for surviving health care reform

By **TONY DARE, Principal at BSI**
Special for Lehigh Valley Business

In 2003, I founded my employee benefits consulting firm, BSI Corporate Benefits. I have two business partners who run one of the most



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successful law firms in the Midwest. The most important piece of advice they gave me – and that I continue to follow – is, “focus on what you need to do to grow your business.”

So many businesses fail in the first two years because they are penny wise and pound foolish.

For example, they decide to handle their own taxes instead of hiring a CPA, “because it saves money,” and they subsequently spend over a 1,000 hours trying to figure out how to keep their books and pay their taxes instead of focusing on selling their intended product or service.

I believe that companies large or small can use this same approach to steering through the myriad of new rules and regulations that Health Care Reform (HCR) promises to deliver in 2014.

I firmly believe that by subscribing to the following course of action, companies can come out ahead of their peers when it comes to surviving HCR.

Utilize your insurance agent and their expertise

If you currently offer health insurance to your employees then you most certainly have an insurance agent or consulting firm that handles your employee benefits. That insurance



agent gets a check from the insurance company every month regardless of whether they are actively working for you or not.

Pick up the phone and schedule a meeting with them. They are licensed and are getting paid to provide you with the exact compliance support your company will need to navigate HCR.

If your agent or consultant's official response to HCR consists of the following responses, “We do not have a crystal ball,” “You should expect health care costs to rise,” and/or “I will email you some links to articles and IRS guidelines,” then it's time to find a new agent.

They are putting the responsibility back on you and not providing you with the expertise or guidance to maximize your company's health care investment. Your consultant should be proactive in charting a course for your company and is responsible for giving you concrete recommendations.

A proactive company develops specific action plans for each client based on their current situation (i.e. benefit structure, number of employees, demographics, etc.). They provide

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Maximum coverage for a minimal price

Insurance experts reveal the best ways to keep a company covered for less

By **KATHLEEN SHANNON**
Special for Lehigh Valley Business

Who doesn't want to save on insurance policy premiums? With a little research and reading you can lower this line item — this year and most every year.

Workman's compensation payments can be indirectly reduced by conducting drug tests and physical exams on prospective hires. It's a good way to detect issues that might affect workplace safety down the road.

Safety programs, with a lot of on-site reminders and posters, can help reduce accidents that will affect workman's comp premium payments.

Ann Moll, president of Gallen Insurance in Shillington, a Berks County family business since 1957, said, “If you present a large number of claims to your carrier on a regular basis, a

major red flag will go up.

“If there is a frequency issue, it's only a matter of time before you have increased rates and a severe claim.”

The Pennsylvania Department of Insurance provides an extensive website with an excellent guide to workers' compensation guidelines and coverage.

Many people may not be aware that, in some cases, an employer with only one or two employees, full or part-time, may be required to provide workman's compensation insurance. The site also clearly outlines what employers are required to provide employees with in order to create a safe workplace.

Workman's compensation premiums are severely impacted by choice of deductible, which can typically range from \$1,000 to \$10,000. Raising that deductible will dramati-

cally lower your premium.

Other insurance premiums can also be reduced with some study and understanding of what best meets your needs.

Fred Saracino of State Farm in Emmaus has been in the insurance business for over 40 years. He recommends a thorough inventory of workplace contents to assess the cost of replacement value.

“Most people overestimate the value of what they have and they end up with an inflated premium,” he said.

“If you have an accurate dollar value your premium will most likely come down.”

Saracino also suggests contacting and meeting with your agent as soon as business changes occur.

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13 Must-Read Insurance Tips

By **MICHAEL J. FRAILEY**
Special for Lehigh Valley Business

Think big! Consider increasing your deductibles to lower your premiums. Take a “big picture” view of your insurance program; carry the highest deductibles you can afford and do so across all insurance policies – auto, home, business, and even health.

Go back to school! For Pennsylvania drivers age 55 and over, attending a Defensive Driving school saves you 5 percent on your auto insurance for up to three years.

Umbrellas aren't just for rain! Excess liability policies (umbrella policies) add an extra \$1,000,000 liability protection over and above your underlying auto or home liability insurance limits. They even fill in gaps in underlying policies by covering claims for libel/slander, false imprisonment, or wrongful detention. Umbrella insurance policies are a great value and since they include legal defense costs, make sure you have one covering you right away.



Frailey

Seek out a professional! Fifteen minutes might be all it takes to eat a sandwich, but it's not enough to get professional advice and make sound insurance decisions. A big part of your insurance broker's job is sharing his knowledge so you can make informed decisions (and we don't bill by the hour). Take advantage of this opportunity to understand your entire insurance program.

Membership has its privileges! Are you insured with a “Mutual” insurance company or a “Stock” company? Mutual companies are owned by their policyholders and tend to have a longer-term view of profit and loss. This tends to result in slower rate changes and a more long-suffering attitude toward your accident history.



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FOCUS ON INSURANCE

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each client with detailed information on how the “pay or play” calculation will affect their organization with respect to the potential penalty for not offering insurance to all full-time employees.

Proactive companies also retain attorneys at no cost to the clients and issue legal opinions when necessary. It is imperative that you work with an agency that is proactive in examining your current situation and offering recommendations and solutions to keep your company from significant financial risk.

If your current agent is not meeting these requirements, it may be time for a change. You can change agents or consultants at any time without changing your current insurance carriers. It is important you have the right team to support you and your company.

Steps to becoming HCR compliant

✓ Retain the right agent or consulting firm that is prepared to navigate the compliance regulations on current and future Health Care Reform laws.

✓ Determine if your company must comply with HCR by conducting a battery of full-time employee tests.

✓ If you have to comply per the guidelines, ask if your organization is at risk of penalty based on lack of providing insurance or providing inadequate insurance (benefit/cost to employees).

✓ Review and analyze the benefits and costs that will be offered through the state-wide exchanges.

✓ Develop a strategic business plan that meets your organizations employee benefit needs and protects the bottom line.

Addressing rising health care costs

Health Care Reform will neither save nor destroy your business.

Once you have identified professionals



that you are confident will protect you from financial penalties associated with Health Care Reform, take a deep breath. Now it's time to refocus your discussions with your agent on fixing the larger problem – rising health care costs.

Health care costs continue to rise at double digit levels. The companies that are adopting the following course of action with their benefits programs will be successful in slowing the rise in employee health care costs.

• **Negotiate with insurance carriers.** Your agent or consultant should not be a carrier pigeon for the insurance company. It is their responsibility to represent you, the CLIENT, to make sure that you and your employees are getting the highest level of benefits for the lowest possible cost.

• **Implementing purpose-driven employee wellness programs.** In order to be successful, wellness programs require top down leadership (“Do as I do.”) and incentives for employees to engage. A good benefits company provides substantial incentives to clients to encourage wellness participation. It's important to supply

a wellness coordinator for each client. These coordinators are in charge of taking the shiny wellness tools the insurance carriers offer and working with the client to come up with a strat-

Engage professionals you trust to handle these health care changes. Only then can you shift your attention to doing whatever you do best.

egy that helps employees access these tools. If you own a company and are relying on employees to engage because “it's the right thing to do” without providing incentives and support, you will surely be disappointed with the results.

• **Adoption of consumer-driven care.** Health Savings Accounts (HSA) have been around since 2004 and, if implemented correctly, can enhance the benefit offering to your employees and introduce the fundamental shift which is required to slow rising costs. When implemented properly, HSA programs can slow yearly increases by as

much as 5 percent over traditional plans. Some clients have saved millions of dollars.

• **Adopting a value-based benefits program.** These types of programs tie engagement by employees to benefit level and cost. This involves carefully evaluating carrot and stick approaches to give employees incentive and motivation to engage in their well-being. These programs work. BSI represents a Michigan auto manufacturer that has succeeded in having 90 percent of its 1,000 employees and their spouses receive yearly physicals. How? Simply by including incentives to do so in their benefits program. Employees receive a higher level of benefits if they choose to get a physical and complete a health risk assessment.

The best prescription for surviving health care reform: engage professionals you trust to handle these health care changes. Only then can you shift your attention to doing whatever you do best.

The year 2014 will come and go and the companies that will thrive will be the ones who are proactive about HCR – the ones who have engaged professionals to handle these regulations

so they can shift their time, energy and money to improving their own products and services.

Anthony (Tony) DaRe, the Agency Principal of BSI Corporate Benefits in Bethlehem, worked 17 years for a pair of large insurance carriers prior to founding BSI in 2003. His firm represents over 100 clients in 17 states, including local clients Coordinated Health, LifePath, Lehigh Valley IronPigs and The Express-Times. He can be reached at adare@bsicorporate.com or (484) 821-1300, ext. 201.

INSURANCE TIPS

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Group your affiliations! Are you a member of any associations, clubs or even certain financial institutions? You may be entitled to lower group rates simply because “you belong.”

Bundle 'n save! Insuring your car and home with the same insurance company results in significant premium savings.

Throw in a life insurance policy with the same carrier and the savings can be even greater!

Good students are great drivers! Younger drivers (school students) qualify for good student discounts if they maintain a B or better average.

Hot rod Lincolns! While the song may evoke images of a bygone era, fast cars do tend to have bigger engines, larger price tags, and higher insurance premiums (not to mention drivers that like to drive them... well, fast).

Most “family” cars have safety features that make them better overall values when it comes to insurance coverages.



Maintenance is major! Proper maintenance of your car or home helps eliminate insurance claims in the first place. And since no one wins in an accident (that's why they're called losses), why not avoid claims by keeping your car in sound working condition and your home safe from the elements? Maintaining your brakes

allows you to stop quicker and clearing your gutters of debris allows water to drain away properly.

Credit yourself! Like it or not, your credit profile is part of your insurance rating. Note I did not say your credit score. Insurance companies take many factors into account when determining a credit profile; it's not based solely on

your credit score. Keep doing your best to pay bills on time, maintain continuous insurance (no lapses), and keep filed claims to a minimum. All of these suggestions work together to enable you to enjoy a lower insurance premium expense.

Seat belts save! Wear them. We like developing long-term relationships with our members and so we need you around a long time if we are to achieve this goal. When you call to submit a claim, your insurance adjuster will ask you if you had your seat belt on. Make sure you always wear it and can say an unequivocal “yes” when asked!

Get your annual exam! Have you had yours yet this year? If you haven't gotten a call from your insurance professional for your annual review make a call. Like everything else, the only constant is change, and insurance companies are changing and improving their policies and programs every year. It's worth an hour of your time to make certain your coverage limits are up to date, you have all available discounts, and your program is still meeting your needs. *Michael J. Frailey is a third-generation insurance professional for his family's Stroudsburg firm, Frailey Agency, which has been serving the region since 1937.*