

THE EXECUTIVE *Informer*

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Did your renewal track with 2011 Health Care Trends?

- 9% increase in medical costs (based on the increase in costs of medical services assumed in setting premiums for health insurance plans)
- 42% increase in employee contributions
- 41% increase in employer medical cost sharing
- 8.9% increase in health care insurance costs
- 3% average salary raise

Average Renewal Rates (4th quarter 2010 & 1st quarter 2011)

Carrier	Small Group	Large Group (50+ employees)
CareFirst BlueCross BlueShield	0% increase to 2% decrease	7% to 10% increase 5% to 15% increase (parity)
Aetna	3% increase	Info Not Available
UnitedHealthcare	2% increase (OCI HMO) 12% to 18% increase (HDHP)	11% increase
Kaiser	15% to 17% increase	Info Not Available
Coventry	Varies According to Medical Trend (10% to 11% increase)	

Small Business Tax Credit

The full tax credit of 35% of employer health care costs (25% for non-profits) is available to companies with less than 10 employees and an average wage of less than \$25,000. The partial tax credit is available to companies with less than 25 employees, an average wage of less than \$50,000, and the company must pay at least half of the insurance premiums for employees at the employee only rate. The partial credit is calculated by number of employees over 10 and annual wages over \$25,000.

Tax Refunds

The average federal tax refund is about \$3,000 this year. As of March 31st, the IRS has received a little more than 75 million returns, with about 65 million qualifying for refunds. They expect to issue up to \$300 billion in refunds this year to add back into the economy. Filing deadline was April 18th.

Self-Employed – Medicare Part B Premiums

For the first time, the IRS is allowing self-employed individuals to deduct their Medicare Part B health insurance premiums. The IRS did not officially announce the change, but disclosed information for taxpayers to follow the instructions on Form 1040 and not Publication 535 which was last updated in 2009.

Grandfather CPI Impact

Generally, a group health plan will lose grandfather status if it:

- Increases a fixed-amount cost sharing requirement such as out-of-pocket maximum or deductible if the new amount exceeds the rate of medical inflation* plus 15% points;
- Increases a fixed-amount co-payment if it exceeds the greater of \$5 increased by medical inflation or the rate of medical inflation* plus 15%;
- Decreased employer contribution rate by more than 5%; or
- Decreases annual limits and/or imposes new limits.

Consumer Price Index: Medical Care (U.S. City Average)

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
2010	382.688	385.907	387.142	387.703	387.762	388.199	387.898	388.467	390.616	391.240	391.660	391.946
2011	393.858	397.065	397.726	398.813	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

* This amount changes monthly and the highest percentage in the past 12 months is permitted.