

EMPLOYEE COMMUNICATION

EMPLOYEE BENEFITS COMMUNICATIONS - SHIFTING PERSPECTIVE

Communication is more than information. Effective communication requires an understanding of one’s audience. Without that, information may be abundant, but communication nil. Applying this principle to your organization, ask yourself: Do I understand my employees? Do I know what they want and what they value? Answering these simple but profound questions will go a long way in helping you tailor a benefits communication strategy that improves not only the health and wellbeing of your employees, but your bottom line. Remember, when it comes to benefits communication, one size does not fit all.

Studies show that proper employee benefits communications will not only lead to greater usage and understanding of the benefits offered, but will also bolster appreciation for, and loyalty to, your organization. The MetLife 8th Annual Study of Employee Benefits Trends compared employees who felt strongly that their benefits communications were effective to those who felt otherwise. The results are revealing. Employees receiving effective communications were approximately 50% more satisfied with their jobs and their benefits, and loyal to employers, compared to those receiving ineffective communication. So, how do you tailor an effective communications campaign? By changing the way you approach communications – by a shift in perspective.

As in every aspect of life, the most effective way to communicate with others is to have an understanding of their perspective and values. To create an effective benefits communication campaign, know your target audience: benefits most desired and most highly valued may vary by the types and roles of your employees. So the first question is: What do your employees value most and how do they communicate? Each employee population is going to view their benefits differently and hold a different understanding of the benefits offered. To learn more about your employees and what they value, you can conduct simple surveys, provide a forum where employees can submit suggestions and ask questions, or hold quarterly meetings where

2006 Employee Group Insurance Premiums

Optional Life	Monthly Rate (per \$1,000 of coverage)	Biweekly Rate (per \$1,000 of coverage)
Age < 25	\$0.050	\$0.02
25 - 29	\$0.060	\$0.03
30 - 34	\$0.080	\$0.04
35 - 39	\$0.090	\$0.04
40 - 44	\$0.125	\$0.06
45 - 49	\$0.215	\$0.10
50 - 54	\$0.255	\$0.13
55 - 59	\$0.585	\$0.27
60 - 64	\$0.890	\$0.41
65 - 69	\$1.550	\$0.71
70 - 74	\$2.000	\$0.95
75 & >	\$3.780	\$1.54

Dependent Life	Monthly Rate	Biweekly Rate
Spouse - Childless	\$1.49	\$0.4
\$10,000 - \$2,000	\$3.39	\$1.1
\$25,000 - \$2,000	\$6.52	\$2.1
\$50,000 - \$10,000	\$10.60	\$3.4
\$75,000 - \$10,000	\$13.75	\$4.5
\$100,000 - \$10,000	\$0.23	\$0.1
\$2,000 - \$10,000	\$1.36	\$0.4

Long Term Disability	Monthly Rate (per \$100 of monthly benefit)
50%	
60-27%	

Benefits Annual Open Enrollment

TABLE OF CONTENTS

Employee Benefits Communications - Shifting Perspective	1
WELLNESS	
Wellness Incentives: An Essential Part of a Total Rewards Strategy	3
HR CORNER	
Culture of Trust, Mutual Respect Results in HR, Business Benefits	4
Top Workplaces Master Six Drivers of Employee Engagement	5
LEGAL & COMPLIANCE	
The Tools You Need	7
Tricare Amended	8
Wisconsin Allows HSA Tax Breaks	8
Expiring Tax Provisions Released	9
SINCE YOU ASKED	
Medicare Secondary Payer Rules and COBRA	9
WEBCASTS	11
CONTACTS	12

they can voice concerns. By highlighting and addressing gaps in education of common questions you may receive you can demonstrate relevancy (answering the “what’s in it for me?” question). To assist in understanding and help further relate to an employee’s situation, consider providing real life examples to help employees realize the value of their benefits.

NOT SURE WHERE ADDITIONAL EDUCATION MAY BE NEEDED?

The following actions can help you determine which benefits your employees value, where they need additional information and why they do not take advantage of certain benefits.

- Set up employee focus groups or small discussion groups
- Create anonymous drop boxes to be placed around the office
- Conduct a short survey
- Review call logs or common questions received by your Human Resources team
- Identify commonly referenced online benefit information

branded document that includes all plan information as opposed to a collection of carrier information is easier for your employees to review and comprehend. This approach also helps employees to appreciate the plan as part of your organization, rather than as coming from various carriers and vendors with whom they have no other connection.

At the most basic level, your employees want to feel appreciated and valued. Within your organization, and geared to your own unique workforce, employee benefits are a great way to manifest and communicate this appreciation. To make this happen, it is also important to move beyond a single focus on medical benefits and a once-a-year open enrollment communication campaign.

While communicating, help your employees stay focused by explaining your benefits clearly and concisely. We know benefits can be a confusing subject and, with the abundance of details we share with employees, it is easy to become wordy and stray from the most important and relevant information. If you do not already have one, develop a benefits program guide or overview that is clearly laid out, easy to understand and includes the most pertinent information. This is a great start in educating employees about your plan. One cohesive,

If you find an underutilized benefit or benefit with low enrollment, such as a Flexible Spending Account or the EAP, or even a certain aspect of a plan such as preventive care, it could be that employees do not understand the benefit, don’t know it is available, or have not been able to relate its value to their personal situation. Working in these special education topics throughout the year maintains relevancy and helps you effectively educate.

Year-round communication not only better educates employees about the benefits offered to them but serves as a reminder of the range of benefits that exist and are available for their use all year long. It also lets your employees know you are interested in helping them maximize their benefits 12 months a year – not just during open enrollment and new hire orientation.

Wellness campaigns are a perfect opportunity to engage employees throughout the year. Highlight your wellness program by sending out monthly newsletters or wellness calendars. Use communications that encourage people to become involved in the process and with each other and reinforce how important a comprehensive wellness approach is for their health and the health of their families. Send out quarterly invitations to group meetings. Have employees track their wellness progress, or have your CEO send out his/her wellness goals and encourage employees to do the same.

By combining a pragmatic business strategy with a commitment to regular and relevant communications, you will move from fostering a purely rational commitment to fostering an emotional one. An emotional commitment will not only affect your employees’ performance, but will help them realize their value to the organization, the value of their benefits and enhance their employment experience. A tailored year-round communications approach and a slight shift in perspective will help you achieve that which is essentially the “bottom line” of every successful organization.



WELLNESS

WELLNESS INCENTIVES: AN ESSENTIAL PART OF A TOTAL REWARDS STRATEGY

Wellness programs increasingly represent an important part of an organization's Total Rewards Strategy. Understanding employee motivation is critical to creating an effective incentive structure for these programs that successfully engages employees. Designing an effective structure will encourage employees to participate in employer-sponsored wellness programs, can result in higher engagement in the program and, perhaps most importantly, help sustain engagement over time until employees have internalized the new behaviors. Results of the 2010 Willis Health and Productivity Survey confirm this simple truth. For example, linking health assessment completion with health plan cost, such as lower health plan deductibles, employee costs or contributions to a health account, appear to be the most effective incentive approach resulting in high health assessment completion percentages. Additionally, 80% of Willis client survey respondents want to reward employees who are taking steps toward improving their health.

The following are best practice incentive considerations.

- Determine what actions or behaviors you want to incent
 - Are you rewarding effort, participation, improvement or outcomes?
 - Are you offering incentives that are simple and easy to understand?
 - Are your incentives customized to your organization's culture and values?
- Research and design your incentive structure to be compliant with HIPAA, GINA, ADA, EEOC and any state lifestyle discrimination rules
 - Consult internal finance and compliance staff regarding tax implications
- Consider a test of the incentive program
- Develop a communication plan for the incentive program
- Evaluate the incentive program at least annually

One can not have a discussion about incentives without acknowledging the implications of extrinsic and intrinsic motivation. Extrinsic motivation is defined as coming from outside oneself. Think back to childhood days and the chores of homework, taking out the trash, doing dishes – whatever task required repeated reminders to get the job done! In contrast, intrinsic motivation is defined as essential, a natural part of the process or, simply stated, when a person truly *wants* to do something.

Designing an effective structure will encourage employees to participate in employer-sponsored wellness programs, can result in higher engagement in the program and, perhaps most importantly, help sustain engagement over time until employees have internalized the new behaviors. Ultimately, your goal of an incentive strategy is to gradually decrease the external rewards and develop an engaging, supportive culture of health at the worksite, such that employees become intrinsically motivated.

In an ideal world, employers would not have to concern themselves with what motivates employees to be healthy, they simply would do whatever they could to improve their own health – *for their own sakes*.

Research indicates that extrinsic motivation is difficult to sustain, meaning if the incentive is withdrawn, the behavioral improvements end. The incentive return also tends to diminish unless the incentive grows. Finally, extrinsic motivation-based incentives may irritate the intrinsically-motivated employees who will continue their healthy habits regardless of the incentive. Theorist Abraham Maslow concluded that before we can be intrinsically motivated, our five basic needs – physiological, safety, social, self-esteem and self-actualization – must be met. Maslow also explains that, even as adults, self-actualization is rarely achieved. As it relates to wellness incentives, perhaps the best mix of an incentive structure is one that combines extrinsic and intrinsic motivation components with consideration of the culture of the individual organization.

Your employees' motivation, or more importantly, lack of motivation to attain work-life balance through a commitment to healthy behaviors impacts your organization's bottom line. Ultimately, the goal of your incentive strategy is to gradually decrease the external rewards and develop an engaging, supportive culture of health at the worksite, such that employees become intrinsically motivated. We encourage you to research, invest and thoughtfully consider implementing incentives as a key motivational tool in your organization's wellness program.

To learn more about how incentives can enhance your worksite wellness program and for additional resources, contact your local Willis service team.

HR CORNER

CULTURE OF TRUST, MUTUAL RESPECT RESULTS IN HR, BUSINESS BENEFITS

Creating a culture of trust and mutual respect is not only the right thing to do; it also makes good business sense. So says Warren L. Speed, senior vice president, People, for Parkway Properties, Inc., a self-administered real estate investment trust specializing in the operation, leasing, acquisition, and ownership of office properties.

TWO-WAY COMMUNICATION

Quoting his father, who is chairman of the Jackson, Mississippi-based company, Speed says, "People want two things: They want to be heard, and they want to be appreciated."

Parkway Properties gives employees opportunities to be heard and shows them that they are valued. "Frequent, two-way communication is key – not just from the top down," Speed says. "People take the time to listen and communicate. It doesn't mean that everybody agrees with everybody, but there is a right way to communicate with people, and people take the time to do that."

During the hiring process, Parkway Properties actively seeks candidates who have both the technical proficiency to succeed in a given job and the ability to get along with people, Speed says. "We try to avoid hiring egos."

Once hired, employees realize that they – and their input – are valued. For example, supervisors are evaluated annually on whether their subordinates respect them, among other things, Speed says.

In addition, the company has an open-door policy – or, perhaps a better term is a no-door policy in the case of president/CEO Steven G. Rogers, whose office does not have a door. “It’s been removed,” Speed explains. “Nine times out of 10 when I knock on the door jam ..., he says ‘come on in.’ He makes himself available to people.”

At a monthly, companywide meeting called the “Parkway Connection Meeting,” Rogers, Speed, and the company’s CFO and CIO provide updates on what the company is doing and why – whether the news is good or bad. “It doesn’t matter if you’re a senior executive or a building engineer; everybody has the opportunity to hear what is going on.”

The company has 260 employees who work in 11 states. Employees who work outside of headquarters participate in the meeting via conference call, Speed says.

Another way that Parkway Properties fosters a culture of trust and mutual respect is through periodic meetings that

Speed has with employees who work in office properties owned by the company or properties in which the company has an interest.

Speed asks employees directly about the service they receive from the corporate office, whether they have the tools they need to do their jobs, and whether there are certain best practices in their prior places of employment that Parkway Properties should consider implementing. Their input is shared with the senior-most officer for that region, who evaluates whether the employee recommendations can be adopted.

Speed also meets with customers in the respective buildings, asking about everything from janitorial services to parking issues to whether they feel safe in the building.

TREAT PEOPLE RIGHT

Fostering a culture of trust and mutual respect has many benefits from an HR perspective. For example, open communication helps ensure that “people know what’s expected of them,” Speed says.

He also credits the company’s culture with high employee engagement and an employee turnover rate that has averaged 17% over the past five years, compared to 30% in the office, industrial, and retail industries combined.

“So much of it is about treating people the way they want to be treated,” Speed says. “It’s the Golden Rule. It’s what we learned in kindergarten or Sunday school.”

For the third consecutive year, and the fourth year overall, Parkway Properties has been recognized as a “Great Place to Work” by Entrepreneur®. Parkway Properties ranked 20th among medium-sized companies on the 7th Annual Great Place to Work® Rankings: 2010 Best Small & Medium Workplaces, which is produced by Great Place to Work® Institute.

WHAT TO DO

A company cannot foster trust and create a great place to work without support from upper management, Speed says. In an organization where the top leader understands and appreciates people, HR professionals will have a much easier time. In organizations lacking such support, he recommends that HR point out the economic benefits, such as shareholder return. “There is a definite business case for doing this.”

Once you have management buy-in, Speed recommends conducting an employee survey to gain insight into your existing culture and determine what steps will help improve it. That can be done internally or through a local, state, or national best place to work survey.

This article provided by BLR.

TOP WORKPLACES MASTER SIX DRIVERS OF EMPLOYEE ENGAGEMENT

As employees’ feelings of uncertainty about their future grew during the recession, employee engagement scores across the country dropped, says Leigh Branham, SPHR.

However, some employers were actually able to increase employee engagement.

The most common strategy used by those employers was openly sharing information with employees, states Branham, founder and principal of Keeping the People, Inc., a talent management consulting firm. “They had a plan for how they were going to survive,” and they communicated that plan and asked employees for their help and ideas in implementing it.

In companies where engagement scores declined, senior leaders tended to develop a “hunker-down mentality” by withholding information from employees, says Branham.

BENEFITS OF ENGAGEMENT

Engaged employees are willing “to give a little more effort than they might ordinarily give,” to show more initiative than unengaged employees do, and to do things that need to be done – without being told, says Branham. Not surprisingly, numerous studies have linked high employee engagement with better business results.

In *Re-Engage: How America’s Best Places to Work Inspire Extra Effort in Extraordinary Times*, Branham and co-author Mark Hirschfeld identify six universal drivers of employee engagement:

1. Caring, competent, and engaging senior leaders
2. Effective managers who keep employees aligned and engaged
3. Effective teamwork at all levels
4. Job enrichment and professional growth
5. Valuing employee contributions
6. Concern for employee well-being

‘SIGNATURE’ DRIVERS

Branham says all six of the universal drivers must be present for an organization to attain high employee engagement. “They’re all tied together,” but certain drivers are more important to certain organizations, departments, and individuals. That is, one or two drivers typically become “signature” drivers for an organization.

Signature drivers might change as business objectives change, and current events can result in certain drivers becoming more important than others to a particular organization or industry. For example, given the events of the last decade, “people are hyper aware now of senior leader behavior,” Branham says.

Branham says companies that want to improve employee engagement should conduct an engagement survey to assess the level of engagement – or disengagement – among their workers.

However, he cautions that an organization should conduct a survey only if it is willing to take action based on the survey’s results. “Ask, ‘are we prepared to have a different kind of culture here?’ If your heart is not in it, it won’t work.”

GETTING STARTED

Branham says companies that want to improve employee engagement should conduct an engagement survey to assess the level of engagement – or disengagement – among their workers.

However, he cautions that an organization should conduct a survey only if it is willing to take action based on the survey’s results. “Ask, ‘are we prepared to have a different kind of culture here?’ If your heart is not in it, it won’t work.”

Employers that conduct engagement surveys, but do not implement changes based on survey results, run the risk of employees becoming more disengaged, he says. “That’s something I’ve seen too often. You need to be committed.” He also says HR professionals should:

- Be strategic partners for senior leaders and show them the link between business objectives and attracting, retaining, and engaging talent.
- Be as transparent as possible with employees. “Feed them information. In the absence of information, employees create their own” in the form of rumors,” Branham says.
- Involve employees in solutions to business challenges, recognize and reward their contributions, and challenge them to keep themselves engaged.

This article provided by BLR.

LEGAL & COMPLIANCE

THE TOOLS YOU NEED

The Human Resource and Employee Benefits departments of many organizations continue having to be key multi-taskers – able to juggle more than one job at a time and prioritize constantly. When it comes to employee benefits, complying with the many laws and regulations governing the field remains almost overwhelming. The Department of Labor has ramped up its budget for increased enforcement, from which they expect to generate additional revenue from audits. The ultimate goal is to ensure that employers and other entities regulated by DOL take responsibility for employment law compliance, as Congress requires.

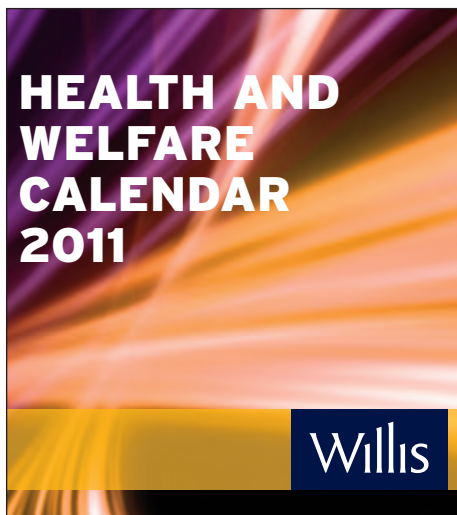
It's not an exaggeration to state that employers who continue to overlook compliance obligations are placing themselves at risk. Compliance can be daunting. However, the key to accomplishing any

task is having the right tools for the job. That is particularly true for Human Resource and Employee Benefits professionals trying to comply with the many laws and regulations affecting employer-sponsored benefits plans. To assist clients in reducing the compliance risks, the National Legal &

Research Group (NLRG) has created a valuable array of materials that are intended to be solutions for employer compliance issues.

COMPLIANCE MANUAL

Willis Human Capital Practice clients have access to a Compliance Manual courtesy of their Willis account executive. Created and updated regularly by NLRG, the Compliance Manual contains information, forms, checklists and templates related to many topics, including flexible benefits plans, life insurance, FMLA, the Health Insurance Portability & Accountability Act and COBRA. Intended to explain the law and provide resources for compliance, the Manual is a valuable tool for any employer.



PUBLICATIONS AND SEMINARS

NLRG educates Willis Human Capital Practice professionals, clients and prospects about benefits issues through seminars and webcasts, as well as publications, such as *HR Focus*, *Human Capital Practice Alerts* and *News Flashes*. NLRG's publications are intended to be both informative and practical, not just telling clients what the law says but what actions are needed for compliance.

OPEN ENROLLMENT TOOLKIT

Open enrollment is often a crazy time for HR and EB professionals. Trying to communicate with employees about the benefits the employer offers and any changes from the previous year is challenging. When trying to address recent legislative and

regulatory changes at the same time, this task becomes almost impossible. This year's open enrollment was made even more complex by the enactment of the health care reform law.

The Patient

Protection and Affordable Care Act (PPACA) had several mandates that went into effect in 2011. NLRG wrote an *Alert* that reviewed notices, both new and old, which clients should consider including in their open enrollment packet. In addition, NLRG created an Open Enrollment Toolkit. The Toolkit contains a variety of materials (including an open enrollment checklist and a child status certification form) intended to help clients get through this year's open enrollment and to comply with the many requirements under PPACA. Those requirements include some legally required

TABLE OF CONTENTS	
Reporting Requirements for Group Health Plans.....	1
Form 5500.....	1
Form 5500-SF.....	1
Schedule A.....	1
Schedule C.....	1
Schedule D.....	1
Schedule E.....	1
Schedule H.....	1
Independent Qualified Public Accountant Report.....	2
Form 5558.....	2
Form M-1.....	2
Form 1099-Miscellaneous.....	2
Excise Tax Reporting.....	3
Summary Plan Description (SPD).....	3
Summary of Material Modifications (SMM).....	4
Summary of Material Reduction in Covered Services or Benefits.....	4
Summary Annual Report (SAR).....	4
Disclosure Requirements for Group Health Plans.....	5
Plan Documents.....	5
Certificate of Creditable Coverage.....	5
HIPAA Notice of Special Enrollment Rights.....	5
HIPAA Preexisting Condition Exclusion Notice.....	5
Children's Health Insurance Program Reauthorization Act (CHIPRA).....	6
Women's Health and Cancer Rights Act Notice (WHCRA).....	6
Qualified Medical Child Support Orders (QMCSO).....	6
Michelle's Law.....	6
Newborns' and Mothers' Health Protection Act Notice.....	7
Consolidated Omnibus Budget Reconciliation Act ("COBRA").....	8
Initial COBRA Notice.....	9
COBRA Election Notice.....	9
COBRA Notice of Unavailability of Coverage.....	9
COBRA Notice of Early Termination.....	9
COBRA Conversion Notice.....	9

notices in enrollment packets, such as the ones PPACA now requires. The Toolkit aims to be a valuable resource to help clients save both time and money.

HEALTH AND WELFARE CALENDAR

As part of NLRG's effort to provide clients with tools to assist them with compliance and administration of their health and welfare plans, NLRG created the Health and Welfare Calendar. The Calendar addresses many reporting and disclosure issues and includes a schedule for cost-of-living adjustments for 2011. The Calendar indicates general requirements applicable to health and welfare plans on an annual basis.

CONCLUSION

There is no doubt that an employer that overlooks compliance issues in its employee benefits programs is taking a risk. The tools discussed above are just a sampling of the resources that NLRG makes available to clients as a solution to some of their compliance concerns. While not all of NLRG's tools and resources will be available to all clients (the availability of some resources is dependent upon client size), whatever the client is able to use is sure to be of value. If you would like access to any of the materials discussed above, please contact your Willis Client Advocate® or local Willis office.

TRICARE AMENDED

President Obama recently signed a Department of Defense (DOD) spending bill, H.R. 6523 (also known as the "Ike Skelton National Defense Authorization Act for Fiscal Year 2011"). It amends Tricare to allow adult children of parents who are in Tricare to keep coverage until age 26. The extension is retroactive to January 1, 2011. Tricare is the health care program available to members of the military and their dependents. This amendment brings the Tricare benefits in line with the requirements under the Patient Protection and Affordable Care Act (PPACA). Prior to this change, Tricare covered children to age 21, or 23 if they were full-time college students.

Following the enactment of the spending bill, the DOD **announced** the introduction of a premium-based Tricare Young Adult Program (TYAP). The TYAP implements the Tricare amendments in the DOD spending bill. The program, which should be available later this spring, will allow qualified, unmarried dependents up to age 26 (who are not eligible for qualified employer-sponsored health coverage) to buy Tricare coverage on a month-to-month basis. Additional information about the TYAP can be found on <http://www.tricare.mil/tya/>.

WISCONSIN ALLOWS HSA TAX BREAKS

Wisconsin Governor Scott Walker (R) recently signed legislation extending state income tax benefits to Health Savings Accounts (HSAs). Under **Special Session Senate Bill 2**, the state now allows the same tax deductions as provided under the federal tax code. In other words, the legislation excludes from a person's income (for state income tax purposes) the amount that an HSA accountholder or an employer on behalf of the HSA accountholder contributes to an HSA as well as the earnings from HSA contributions. Employers affected by the change will want to review their current payroll systems to ensure employees are receiving the tax benefits the law now confers upon HSA contributions. The legislation is effective for tax years beginning January 1, 2011.

Alabama, California and New Jersey still do not extend state tax benefits to contributions made to HSAs.

EXPIRING TAX PROVISIONS RELEASED

The Joint Committee on Taxation (JCT) has released its most recent **List of Expiring Federal Tax Provisions, 2011-2020 (JCX-2-11, January 21, 2011)**. The document lists a variety of federal tax provisions (with references to the applicable section of the Internal Revenue Code of 1986 or other applicable law) that are currently scheduled to expire during 2010-2020.

The recently enacted Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (the Tax Relief Act) extends a variety of employer-sponsored benefits that would have expired at the end of 2010 pursuant to the sunset provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). Given the number of changes affecting employer-sponsored benefits, the document is helpful in determining when specific tax provisions expire.

SINCE YOU ASKED: MEDICARE SECONDARY PAYER RULES AND COBRA

The Medicare Secondary Payer (MSP) rules determine in what situations a group health plan must pay primary when an individual has coverage under both a group health plan and Medicare. The National Legal & Research Group was recently asked how the MSP rules apply when the individual is covered under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and Medicare. The following is a general discussion of the applicable rules. Situations involving Medicare, especially the MSP rules, are often complex and fact-specific. Clients should consult with legal counsel when confronted with such issues.

A COBRA-qualified beneficiary's Medicare coverage or eligibility for Medicare at the time of the COBRA qualifying event (e.g., termination of employment) does not affect the employer's obligation to offer COBRA to that qualified beneficiary. Even if a qualified beneficiary is entitled to (covered under) Medicare at the time of the qualifying event, COBRA requires the employer to offer the qualified beneficiary the opportunity to elect COBRA coverage and to retain it throughout the maximum COBRA coverage period. If an individual has both COBRA and Medicare, the MSP rules will determine whether the group health plan must pay primary.

The MSP rules depend, in part, on the reason for an individual's Medicare entitlement. MSP rules affect plan payments for the working aged, the disabled and for persons with serious kidney disease (end stage renal disease).



- The working age group includes those individuals age 65 or older who are entitled to employer health coverage through their own (or their spouse's) "current employment status."
- Medicare coverage is generally available to individuals under age 65 who have been receiving Social Security Disability Insurance payments for at least 24 months.
- The end stage renal disease (ESRD) group includes those individuals who are eligible for, or entitled to, Medicare because they suffer from the type of kidney failure known as "end stage renal disease."

Application of the MSP rules also depends upon employer size. If an employer has “20 or more individuals in current employment status for each working day in each of 20 or more calendar weeks in the current calendar year or the preceding calendar year,” that employer’s plan is subject to the MSP rules with respect to the working aged. In situations involving individuals who are eligible for Medicare because they are disabled, the MSP rules only apply to medical plans sponsored by employers with at least 100 employees (“large group health plans”). All group health plans, however, must comply with the MSP rules with respect to ESRD patients (there is no exception for plans sponsored by small employers or retiree health plans).

The MSP rules require employers to pay primary for the working aged or disabled when these individuals are covered under the employer’s medical plan by virtue of the worker’s “current employment status.” An individual has “current employment status” if he:

- Is actively working as an employee, is the employer (including a self-employed person) or is associated with the employer in a business relationship; or
- Is not actively working and:
 - Is receiving disability payments from an employer for up to six months; or
 - Retains employment rights in the industry and has not had his or her employment terminated by the employer (if the employer provides the coverage) or has not had his membership in the employee organization terminated (if the employee organization provides the coverage), is not receiving disability benefits from the employer for more than six months or receiving disability benefits from Social Security, and has employment-based group health plan coverage that is not COBRA continuation coverage. Persons who “retain employment rights in the industry” are persons furloughed, temporarily laid off, or on sick leave and also include teachers and seasonal workers who do not work the entire year. Persons (like union members with an hours bank) whose health coverage extends past active employment are also included.

Former employees (including retirees) and their family members generally won’t be subject to the MSP rules for Medicare entitlement due to age or disability. This is because former employees do not enjoy “current employment status” with an employer (COBRA is offered due to the employee’s termination of employment). As a consequence, Medicare pays primary when a former employee (or a member of his or her family) is covered by both Medicare (due to age or disability) and COBRA. The applicable rules further provide that if an individual with current employment status has plan coverage that is COBRA coverage because of reduced hours of work, then the plan may pay benefits secondary to age-based or disability-based Medicare (as the person has coverage as a result of COBRA rather than due to current employment status).

Under the special ESRD rule, in all cases employer coverage is primary for the first 30 months of eligibility or entitlement. Employers should note, however, that Medicare entitlement generally begins after a three-month waiting period; as such, entitlement generally begins on the first day of the third month after the month in which the individual initiates a regular course of dialysis. This three-month waiting period will run before the 30 months of employer group health plan primary coverage, thus extending the amount of time that the employer group health plan is primary. Unlike other MSP provisions, this rule is not restricted to coverage derived from “current employment status,” and can therefore be applied to coverage for former employees, retirees and other individuals whose employment status is inactive. If COBRA coverage continues for an individual who is entitled to Medicare because of ESRD, then the Centers for Medicare & Medicaid Services (CMS) still applies the ESRD MSP rules. If COBRA coverage continues, Medicare will pay secondary and the COBRA coverage will be primary for the first 30 months of the individual’s ESRD coverage.

Additional information on the Medicare Secondary Payer rules can be found in Chapter 6 of the on-line Willis Compliance Manual. For more information on COBRA, please see Chapter 2 of the Compliance Manual.



WEBCASTS

FINDINGS FROM THE 2010 ANNUAL HEALTH & PRODUCTIVITY SURVEY - FOCUS ON ENGAGEMENT

**MARCH 15, 2011
2:00 PM EASTERN TIME**

**Presented by Cheryl Mealey, CHES
National Practice Leader -
Wellness Consulting**

Employees are eight times more likely to be engaged in their work when wellness is a priority in the workplace. One of the biggest challenges facing employers with worksite wellness programs is employee engagement. Participation is often the first major hurdle when launching a program, but maintaining sustained engagement over time is essential to optimal outcomes, and can be difficult to achieve. Join us for this webcast which will highlight some of the key findings from our annual survey of more than 1,300 employers. Learn what other organizations are doing, the results they are achieving, and the challenges they are overcoming.

PARTICIPANT ACCESS

Advance reservations are required to participate. [Click here](#) to RSVP for this call.

THE LINK BETWEEN HEALTH, ENGAGEMENT & PRODUCTIVITY

**APRIL 19, 2011
2:00 PM EASTERN TIME**

**Presented by Michael Barton
Chairman
Willis Human Capital Practice**

Many buyers, vendors and consultants have not effectively made a connection between health, engagement and productivity. Studies link employee **engagement** to employee productivity, and much has been made of the relationship between employee **health** and productivity. But little proof exists of the correlation/overlap among all three principles of health, engagement and productivity.

Why is this correlation so important? In a study combining the three, Willis has found the Return on Investment (ROI) of all three significantly greater than the simple sum of its parts. In other words, it doesn't make sense to combine just engagement and productivity, or just health and productivity, when combining all three will result in a dramatically improved ROI.

Please join this Willis webcast as we demonstrate how to improve ROI by linking all three key principles in tandem: employee engagement, productivity and health.

PARTICIPANT ACCESS

Advance reservations are required to participate. [Click here](#) to RSVP for this call.

KEY CONTACTS

U.S. HUMAN CAPITAL PRACTICE OFFICE LOCATIONS

NEW ENGLAND

Auburn, ME
207 783 2211

Bangor, ME
207 942 4671

Boston, MA
617 437 6900

Burlington, VT
802 264 9536

Hartford, CT
860 756 7365

Manchester, NH
603 627 9583

Portland, ME
207 553 2131

Shelton, CT
203 924 2994

NORTHEAST

Buffalo, NY
716 856 1100

Cranford, NJ
908 931 3005

Florham Park, NJ
973 410 4622

Morristown, NJ
973 829 6374
973 829 6465

New York, NY
212 915 8802

Norwalk, CT
203 523 0501

Radnor, PA
610 254 7289

Wilmington, DE
302 397 0171

ATLANTIC

Baltimore, MD
410 584 7528

Bethesda, MD
301 581 4261

Knoxville, TN
865 588 8101

Memphis, TN
901 248 3103

Nashville, TN
615 872 3716

Norfolk, VA
757 628 2303

Reston, VA
703 435 7078

Richmond, VA
804 527 2343

Rockville, MD
301 692 3025

SOUTHEAST

Atlanta, GA
404 224 5000

Birmingham, AL
205 871 3300

Charlotte, NC
704 344 4856

Gainesville, FL
352 378 2511

Greenville, SC
704 344 4856

Jacksonville, FL
904 355 4600

Marietta, GA
770 425 6700

Miami, FL
305 421 6208

Mobile, AL
251 544 0212

Orlando, FL
407 562 2493

Raleigh, NC
704 344 4856

Savannah, GA
912 239 9047

Tallahassee, FL
850 385 3636

Tampa, FL
813 490 6808
813 289 7996

Vero Beach, FL
772 469 2842

MIDWEST

Appleton, WI
414 259 8837

Chicago, IL
312 288 7700
312 621 4843
312 348 7678

Cleveland, OH
216 357 5921

Columbus, OH
614 326 4722

East Lansing, MI
517 349 3226

Grand Rapids, MI

248 735 7249

Green Bay, WI

414 259 8837

Milwaukee, WI

414 203 5248

414 259 8837

Minneapolis, MN

763 302 7131

763 302 7209

Moline, IL

309 764 9666

Pittsburgh, PA

412 645 8537

412 586 3524

Schaumburg, IL

847 517 3469

SOUTH CENTRAL**Amarillo, TX**

806 376 4761

Austin, TX

512 651 1660

Dallas, TX

972 715 2194

972 715 6272

Denver, CO

303 765 1564

303 773 1373

Houston, TX

713 625 1017

713 625 1082

McAllen, TX

956 682 9423

Mills, WY

307 266 6568

New Orleans, LA

504 581 6151

Oklahoma City, OK

405 232 0651

Overland Park, KS

913 339 0800

San Antonio, TX

210 979 7470

Wichita, KS

316 263 3211

WESTERN**Fresno, CA**

559 256 6212

Irvine, CA

949 885 1200

Las Vegas, NV

602 787 6235

602 787 6078

Los Angeles, CA

213 607 6300

Novato, CA

415 493 5210

Phoenix, AZ

602 787 6235

602 787 6078

Portland, OR

503 274 6224

Rancho/Irvine, CA

562 435 2259

San Diego, CA

858 678 2000

858 678 2132

San Francisco, CA

415 291 1567

San Jose, CA

408 436 7000

Seattle, WA

800 456 1415

The information contained in this publication is not intended to represent legal or tax advice and has been prepared solely for educational purposes. You may wish to consult your attorney or tax adviser regarding issues raised in this publication.