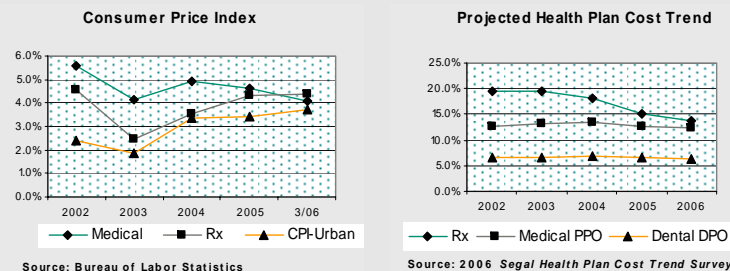


Noteworthy Developments of Interest to Sponsors of Multiemployer Health Plans

CPI and Trend

Projected medical claim cost trend is declining slightly, but is still higher than general inflation:



Compliance News

- The Centers for Medicare & Medicaid Services (CMS) recently announced the 2007 amounts for Medicare Part D benefits, including a \$265 deductible, a \$2,400 initial coverage limit, a \$3,850 out-of-pocket (OOP) threshold and a \$5,451.25 total covered Part D drug spending OOP threshold.¹
- MA governor signs into law a bill to assure that the vast majority of the state's residents have health benefit coverage. AZ, CA, NM and OR are also considering proposals for universal health coverage.
- CMS has proposed national coverage for Medicare beneficiaries under age 65 for gastric bypass and gastric binding when performed in a center of excellence for bariatric surgery.

The Vendor Marketplace

- The Carlyle Group will acquire Multiplan, the largest independent Preferred Provider Organization (PPO).
- Fort Dearborn Life Insurance Company announced its intent to acquire the life and disability business of Highmark Life Insurance Company.
- Aetna will cover online doctor visits in CA and FL.
- Three major drugs are expected to lose patent protection in 2006: Zocor®, Pravachol® (high cholesterol) and Zoloft® (depression).

Key Statistics

- A recent Segal survey of multiemployer health funds found that 71% of the funds decided to apply for the 2006 Medicare Retiree Drug Subsidy (RDS) and 7% contracted with a Medicare Prescription Drug Plan (PDP).²
- An International Foundation of Employee Benefit Plans survey found that two-thirds of plan sponsors offer wellness programs to manage costs associated with group health benefits.

What Multiemployer Health Funds Are Doing to Manage Costs: Selected Strategies

- Evaluating the options for providing retiree benefits including applying for RDS, bidding for direct contracts with PDPs, supplementing (wrapping around) Part D and redesigning coverage.
- Evaluating the use of Health Reimbursement Accounts (HRAs).
- Exploring the use of integrated medical management services and data-mining tools to identify patient risk, provide disease management education and offer provider quality data and best treatment protocols.
- Developing approaches to encourage and increase participant involvement in their own health care, including completion of health risk appraisal, predictive modeling, targeted wellness benefits and enhanced focus on quality of care.

TRENDS is a snapshot of what's happening in the multiemployer health plan environment. It provides current data and recent trends in cost, compliance, plan design and the multiemployer marketplace.

For information about these strategies or any of the developments discussed on this page, contact your Segal benefits consultant.

¹ Segal's Capital Checkup reports on the Medicare Part D amounts for 2007: <http://www.segalco.com/publications/capitalcheckup/041106.html>

² The Segal Survey of Multiemployer Health Funds' Response to the Initial Availability of Part D Coverage can be found at: <http://www.segalco.com/publications/capitalcheckup/041106.html>