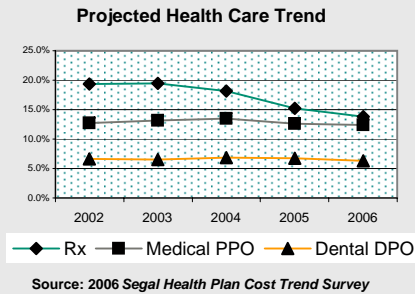
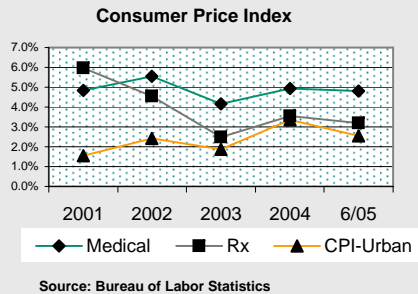


## TRENDS

*Noteworthy Developments of Interest to Sponsors of Multiemployer Health and Welfare Plans*

### Trend & CPI

Medical claim cost trend is declining slightly, but are still higher than general inflation:



### Key Financial Trends and Statistics

- > The prescription drugs trend is estimated to decrease from 15% in 2005 to 14% in 2006.
- > A study released by the Pharmaceutical Care Management Association (PCMA) found drugs-by-mail are 10% cheaper than those bought at retail outlets.
- > Physician costs now represent 37% of total plan costs.
- > Imaging costs are trending between 18-20% per year.
- > 86% of union members get health benefits from their jobs versus 60% for non-union.

### The Vendor Marketplace

- > PacifiCare Health Systems, Inc. has reached a definitive agreement to merge with UnitedHealth Group
- > Aetna & United Healthcare are rating physicians in certain states and are considering offering plans with lower copays for the highest-rated physicians.
- > Fraud, abuse, payment errors and lack of transparency are estimated to be 6-10% of total plan costs.

### Compliance News

- > Plan sponsors must apply for the Medicare Part D subsidy (for 2006) by October 31, 2005. The application must be completed online, and is available at <http://rds.cms.hhs.gov/>
- > November 15, 2005 is the deadline for providing Medicare-Eligible Beneficiaries with a Notice of Creditable Coverage.

### What Multiemployer Health Funds are Doing to Manage Costs: Selected Strategies

- > Analyzing Medicare prescription drug plan designs for actuarial equivalency to Part D and estimating subsidy to be received
- > Applying for Medicare Part D subsidy and redesigning retiree benefits as needed to comply
- > Performing detailed claims data-mining and predictive modeling to understand why costs are rising, what they will be in the future and what can be done to manage them
- > Adding wellness programs to help individuals identify their risk factors then educate them on healthy lifestyles
- > Beginning to add health reimbursement arrangements (HRAs)
- > Adding specialty pharmacy programs to help manage high-cost drugs
- > Moving prescription drug plans towards increased mail-order dispensing

**TRENDS is a snapshot of what's happening in the multiemployer health plan environment. This report will provide current data and recent trends in cost, compliance, plan design and the multiemployer market place.**

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