



## Employees Need to Know About the Real Cost of Health Care

The health care landscape is rapidly changing as Washington D.C. is working to make sweeping changes in the system, leaving businesses and insurance companies unsure of the cost of doing business.

There is little a business consumer or an insurer can do about legislation, an aging population requiring more health care or advances in medical technology. These factors are all responsible for pushing costs upward.

Employers and health care organizations are seeking new approaches to control health care costs. The greatest chance for improvement lies in consumers taking greater control over their health care.

The theory is, if consumers realize the costs associated with their care, they will be more discerning consumers. To understand why the cost of health care is skyrocketing, there are several trends to consider.



Brand X Pictures/Brand X Pictures/Thinkstock

The list includes:

- New medications being marketed aggressively
- New medical technologies
- An aging population
- Overuse or misuse of medical services
- Cost insulation that isolates patients from the real cost of health care services, as well as the true cost of pharmaceuticals

In our health care system, consumers are sheltered from the real value of their health care coverage and costs of service because they are not paying the bills. The patient pays their co-pay of usually \$20-\$25, and goes about the day.

Some health insurance programs are now providing quarterly statements showing the cost of services used by the employee.

Instead of just focusing on what the employee is paying toward health care premiums, the employee is able to actually see the amount being spent by the employer and the health care insurer.

The lack of incentives for employees to use health care prudently, plus the rapidly rising health care costs, has created the difficult environment in which we now find ourselves.

Understanding the costs of both health care insurance and services allows employees to be more aggressive in controlling health care expenditures.

## Willfull OSHA Citations

A willful violation is defined by OSHA as “one committed with an intentional disregard of, or plain indifference to, the requirements of the Occupational Safety and Health Act and regulations.” Depending on a variety of factors, inspectors will conduct either a comprehensive or partial inspection. The consequences of such an inspection can be dramatic, especially if a citation for a willful violation is received.

What triggers an OSHA Violation?

- A reported situation presenting imminent danger.
- As the result of a fatality or other catastrophic event.
- As a response to employee complaints.
- As part of a regularly scheduled inspection.

In an effort to avoid a willful misconduct citation consider the following:

- Does your company have anything to gain by non-compliance? Be careful not to sacrifice safety for production goals.
- Could your company have known about safety hazards before an inspection? Make sure that you have documented and responded appropriately to any reports or safety concerns.
- Is your company meeting the knowledge expectations of your industry’s safety standards? If you have been subject to industry or OSHA attention, the standard for you may be much higher.

## Time Element Coverage

### Loss of earnings insurance

Time element insurance coverage provides payment for loss of earnings when business operations are interrupted, slowed or stopped as the result of a policyholder having an insured loss to covered property. For example, imagine the strip mall in which you are a tenant and operate an office supply store is destroyed by a tornado. To continue operations, you have to set up business in a temporary location until repair to your leased location is completed.

Since wind is a covered peril in your policy, and you also have the time element coverage endorsed to your policy, you could be reimbursed for loss of proven income that you could have reasonably expected to receive had the loss not occurred.

Business income with the extra expense option provides reimbursement for both lost income and extra expenses incurred to continue operations. For example, after your office supply store location is damaged, you rent a temporary location to operate from until repairs can be completed at your normal store location. The reasonable extra expense incurred to stay in operation would be paid by your insurance company, including any verifiable loss of regular income that can be established.

Other optional coverages can be added with the agreement of the insurance company. These might include loss of income as the result of some event, such as road construction driving away your customers, or a covered loss at an anchor store that closes its operation, which provided you with a draw of customers due to your dependent location. These coverages are never automatic, and usually require agreement with the insurer to add a specially-worded coverage endorsement to your policy.

While all these coverages exist in the insurance marketplace, they are not automatic in your coverage package. Make sure to review your policy and call us with any questions.



Photodisc/Photodisc/Thinkstock