



Christian Brothers Services

A Catholic Church Organization Serving the Church

Disease Management: Enhancing Care for Those with Serious Health Conditions

by John Airola, Managing Director, Employee Benefit Services

Walking in Another's Shoes

Imagine learning that you have just been diagnosed with a chronic disease. Your physician immediately prescribes new medicines and treatment procedures, recommends life style changes and arranges an aggressive visit schedule. After dealing with the shock of the news and the changes that the doctor makes, how likely are you to conform to the new personal health plan? How afraid are you of the changes ahead?

The typical response of people with chronic disease is withdrawal (isolation from friends and family) and depression, which leads to a greater deterioration in health. Many high-risk people disconnect themselves from the health care system, which causes their condition to become "unmanaged."

The High Cost of Unmanaged Disease

Recent studies show that only 50% of patients take their medication as prescribed. In addition, one out of every six emergency room visits are due to non-compliance or misuse of prescription drugs.

According to health industry sources, half of all health care costs come from treating employees with chronic conditions such as diabetes, heart failure, respiratory conditions and low back pain. Disease management programs that focus on chronic conditions can make significant improvements in the health, quality of life and productivity of participating workers, while reducing overall health care costs.



According to a recent study of nearly 12,000 employers, almost 75% now offer or plan to develop disease management programs. It is no longer a question of whether employers will pursue disease management to control health care costs; it's a question of when and how.

What is Disease Management?

Disease management is the practice of identifying the highest at-risk people with regard to their health and providing services to engage them in proper health care. Disease management bridges the performance gap between a physician's orders and a patient's response. After an employee with a chronic condition is identified, a nurse is assigned as a Provider Service Manager to act as a health advisor.

The health advisor works with the treating physician and contacts employees with a welcome call and letter. Taking the approach of a "partner for health," the advisor helps

employees develop self-care goals and a custom care plan. Depending on the treatment plan, the advisor calls to check on employee progress, give reminders about
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Welcome Aboard!

Spring 2006

From the President Happy Birthday to 401(k) Plans

The January 16 issue of *US News & World Report* had an article by Paul Lim reporting on the 25th Anniversary of the establishment of the first 401(k) plan on January 1, 1981. I suppose that many people who read that article were surprised that these now ubiquitous employer-sponsored 401(k) plans have been around only 25 years. Non-profit organizations have had similar retirement savings 403(b) plans a bit longer, since 1958. Today around 43 million workers have contributed more than \$2 trillion to these plans. In many companies, these retirement savings plans replaced the guaranteed monthly pensions of their former defined benefit plans.

As the older baby boomers are now turning 60, and are expected to live well into their 80's, it might take another 25 years before we know if these 401(k) or 403(b) plans will be deemed a success or a failure. While the vast majority of workers are eligible to participate in such plans, Mr. Lim reports that a third of workers 60 and older aren't using them. Even among those who do participate, almost 20% don't take full advantage of their plan. According to the Vanguard Group, the median 401(k) balance is only about \$53,400. Mark Kenison of Kenison Financial Services said, "If it were me, and I had only \$50,000 in my 401(k), I'd be terrified." A recent retirement confidence survey found only 1 in 5 older workers is "very confident" of having enough money to finance a comfortable retirement.

Some workers are fortunate to still have a defined benefit pension plan in conjunction with their 401(k) or 403(b) retirement savings plan. If they use their 401(k) plan wisely, they will some day enjoy both a monthly pension and the money they themselves have saved over the years. Regardless, taking full advantage of saving opportunities today can make a big difference later. Jeff Carney, president of Fidelity's personal investments division notes that, "maxing out on your 401(k), especially if there is a company match, is the easiest way to save." Ted Benna, the father of the 401(k) says, "workers should be saving more in their 401(k)s."

Making decisions about how to invest your retirement funds is also important. It is possible to be too conservative or take on too much risk by being too aggressive. Karen McIntyre, a financial planner in Pennsylvania says, "a big mistake some older boomers make is swinging for the fences at the end of their career in hopes of making up for lost time. But, that could end up doing more damage than good." Workers who aren't sure how to invest or just want to put their investment on auto-pilot can select life-cycle or investment target funds. They not only invest in a mix of stocks and bonds, but automatically re-balance their holdings each year. As you age these funds gradually shift you to a less aggressive mix.

The bottom line is this. Whether you are fortunate enough to still have a defined benefit pension plan or not, you should take full advantage of building your own retirement savings, preferably using a 401(k), 403(b), or IRA account. If you are an employer, you need to educate your workers of the advantages and the risks involved. The great 401(k) experiment has shifted much of the responsibility to workers to save for their own retirement. It will be some time before we know if the experiment was a success or a failure.



William L. Walz, FSC
President

Continued from Cover. Disease Management.

taking medication, and provide support throughout the treatment process. The advisor gains the employee's trust and extends the reach and influence of the treating physician.

How is Disease Management Effective?

A disease management program that considers all employees diagnosed with a chronic condition, not just high-cost or high-risk individuals is key. By using a total population health management approach for major chronic diseases, an employer can reach as much as 12-17% of the workforce.

The latest research indicates that it takes 17 years after a new medicine or treatment procedure is discovered to tell those who need to hear of it. A disease management system can share that information quickly so that employees may consider taking that course of action.

How Does Disease Management Benefit Catholic Employers?

Consider the following benefits for your employees and organization:

Employees who are actively managing their disease are more present and productive in the workplace.

Employees who actively follow the directives and participate in the disease management program tend to have fewer episodes of acute illness and keep symptoms under better control.

Health care costs are directly related to the medical expenses generated by an organization's employees. One large study showed fewer hospital admissions and emergency room visits from those with chronic diseases.

More often than not, a larger number of employees who participate in the program report having more control of their health.

What Does the Employee Benefit Trust Offer in Disease Management?

The Employee Benefit Trust has integrated the services of Healthways, Inc., a leading national provider in the disease management industry.

How Can You Help?

Talk with your employees about the program. Your support of the program will go a long way to increase employee receptivity in participating in a disease management program.

How Does Disease Management Comply with HIPAA?

Since the Employee Benefit Trust has an integrated disease management system with Healthways, Inc., all of the controls are in place to properly manage private health information.

For more information about the disease management program that is part of the Employee Benefit Trust, please contact any of our customer service agents at (800) 807-0400.



Risk Pooling Trust Plans and Responds to Trust Victims of Katrina

by Diane Engstrom, Director of Operations, Risk Management Services

In fall 2005, seventy-four members of the Christian Brothers Risk Pooling Trust (Trust) were affected by Hurricane Katrina. Total estimated losses are approximately \$36 million. By comparison, no other storm has caused as much destruction for Trust members. In August and September of 2004, four hurricanes hit Florida causing property damage and losses for fifty-five Trust members. The combined losses for those four storms was just over \$1 million. The next largest storm was Andrew in 1992. At that time, thirty-six Trust members reported losses and claims totaling \$782,000.

What was unique about Hurricane Katrina was the widespread destruction. In retrospect, the level of preparation and flexible processes established to handle the anticipated aftermath were amazing. Prior to the storm moving on shore we became aware of the predicted area of landfall and the potential for



Courtyard at St. Stanislaus College Preparatory High School, Bay Saint Louis, MS

independent claim adjusters who were prepared to travel to the Gulf coast region. This was a unique approach. Usually the claim process is reactive, that is, insurers wait until they are contacted with notice of a loss before a claim is set up and assigned to an adjuster.

for immediate withdrawal by the members. We also established a new process to wire advanced payments from excess carriers to members' banks on a real-time basis.



Residence for Brothers of the Sacred Heart, Bay Saint Louis, MS.

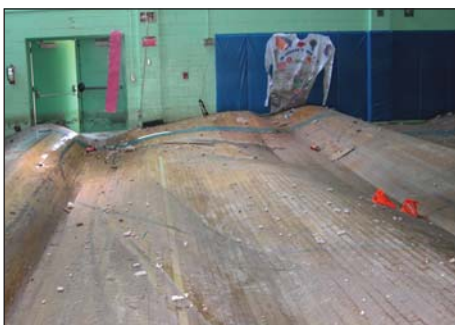
destruction. Our staff started calling Trust members in the path of the storm to gather cell phone numbers and establish secondary sources of contact. Members were informed that we would make attempts to contact them after the storm passed to make sure that they were okay.

Our communication attempts were not totally successful as we were unable to reach many Trust members. Hearing the media reports on the extent of the devastation, and our inability to communicate with people from that area, we began planning for the "worst case scenario." We set up claims for each member in the affected areas and assigned them to

To expedite the claim process, adjusters were provided a package of information for each member consisting of property schedules, copies of building appraisals, and a summary of coverages and limits provided. Adjusters were instructed to evaluate the entire loss. Afterwards, members received copies of the entire claim file. This was done for two reasons: 1) being aware of the full extent of the damages would be helpful when contracting for repairs, and 2) members with uninsured or underinsured losses would have documentation needed to file for aid with FEMA and the Small Business Administration. In addition, because mail delivery was undependable and many local banks were closed, we established protocols to securely transmit funds that would be available



Dormitory Hallway, St. Stanislaus College Preparatory High School, Bay Saint Louis, MS.



*Gymnasium floor at St. Mary's High School
New Orleans Female Dominican Academy*

As Director of Operations, it was heartening to see the staff of Christian Brothers Risk Management Services assist Trust members affected by the hurricane through the recovery process, while still serving the ongoing risk management needs of many other Trust members. We will continue to keep in our prayers the ministries of those organizations affected by this storm.



See the special edition of *The Risk Factor* for more articles regarding Hurricane Katrina.

Religious Institute Consolidations and Medicare Pharmacy Coverage Will Affect Medical Payment Programs for Religious Communities

by Fr. Fran Dyer, OP, Managing Director, Health Management Services for Religious

The restructuring and consolidation of Provinces and Orders, and the choice of vendors offering medical benefits to the consolidated membership, is one of the top issues that face Catholic religious today. Medicare Part D has also changed the landscape for Religious Institute medical payment programs.

Is the consolidated group large enough to self-fund its medical expenses?

A consolidated Religious Institute can consider self-funding if it will be over 750 members. This is especially true if the group will have contingency reserves that are available to handle the catastrophe which might happen from time to time. Without a contingency reserve, "stop-loss" insurance can be purchased.

Christian Brothers Services has been administering a Trust for a single Religious Institute of 1,500 members since 1992. The Institute determines its own benefits, and owns its reserves. It is also responsible for its own expenses, including medical catastrophes.

If the combined Institute is not large enough or daring enough to self fund, it can do so with other similar Institutes in cooperatives such as the Christian Brothers Religious Comprehensive Trust.

After a consolidation, the medical bill payer, whether an insurance company or a Third Party Administrator (TPA) such as Christian Brothers Services, needs a national reach, to handle members living across the country and to provide discount networks wherever the members live.

What is the effect of Medicare Prescription Coverage on Medical Coverage?

Pharmacy is over 40% of the medical costs (including dental care) for those over 65 years of age. As with Medicare A and Medicare B, it is important to Religious who are funding their own medical expenses to make sure Medicare D is primary. Members should enroll as individuals in a Medicare D Prescription Drug Program (PDP), and not be covered for pharmacy by the Institute-sponsored program. If the Institute's program does cover pharmacy for members over 65, the Institute is not taking advantage of Medicare primary.

There is still a place for an outside medical bill payer for members over 65 years of age, to take advantage of dental and vision discount networks, and to take advantage of Medicare "cross-over" for Medicare copayments. Medicare will pass over to an insurance company or TPA such as Christian Brothers Services, an electronic notice of the balance due after Medicare. An insurance company or TPA, can then "process" the electronic notice to a check or

electronic payment at small cost. A Religious Institute without the staff to issue checks for Medicare copayments can use the insurance company or TPA to do this function.

Is a supplemental insurance for Medicare necessary? Now that pharmacy is covered by Medicare, a supplement will cover Medicare copayments, dental and vision. It is probably more useful to continue the Medicare copayments, dental and vision expenses for those over 65 with the medical expenses of those under 65, so they can share the same reserves.

What does the Christian Brothers Health Management Services for Religious offer to Religious Institutes today?

- National Scope. Operates in all the States and overseas.
- National and Regional medical discount networks; pharmacy discount purchasing coalition.
- Experience with Medicare, hospital, medical and pharmacy.
- Professional computerized bill-paying system.
- Friendly staff who work solely with Religious Institutes.

For more information about administrative services and the Medical Trust at Christian Brothers Services, please contact Fr. Fran Dyer at: Fran_Dyer@cbsservices.org.



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St Jude the Apostle, NC
St. Mary's Home, IL
St. Vincent De Paul/Sonoma County, CA
The Motherhouse of the Hospital Sisters, IL
Theresians of the United States, IL

Religious Comprehensive Trust

Benedictine Sisters of Chicago, IL

Religious Community Deductible Trust

Carmelite Nuns Ancient Observance, ND
Carmelite Sisters of Charity, NY

Prescription Drug Program

Sisters of St. Benedict, IL

401(k) Plan

Boys Hope Girls Hope, MD

403(b) Plan

Christian Brothers Retreat Center, MN
Christian Brothers High School, CA
Dominican Generalate, IL

Risk Pooling Trust

Africa Faith and Justice Network, DC
Capuchin Friars of North America, PA
Cristo Rey High School, CA
Daughters of Mary & Joseph, CA
Franciscan Communities St Mary of the Woods, OH
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Sisters of St Joseph of Cluny, RI
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The Clare at Water Tower, IL
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Society of African Missions Inc., NJ
The Peace Corner Inc., IL

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St. Paul the Apostle Church, NY

Unemployment Reimbursement Program

Holy Cross Ministries, UT
Holy Cross Services Corporation, IN

How to Protect Your Retirement Plan Assets

by Jim Cephlecha, Managing Director, Retirement Planning Services

Over the last few years there has been much written about the demise of the defined benefit plan for corporate America. If you have been a faithful reader of the *OutReach*, you will recall that I wrote an article on this subject in 2004 and participated in an in-depth recorded interview in 2005. Fortunately for Catholic Church employers, we are not faced with the same issues as corporations.


Many retirement planning experts state that defined benefit plans are the best type of retirement plans for employees. Unfortunately, the government has regulated these plans almost out of existence for corporations. The good news is that defined benefit plans are still extremely viable for Catholic Church organizations. The reason is that church plans are not subject to most of the onerous regulations faced by corporate America.

A number of Catholic employers currently sponsor a defined benefit plan for their employees. Some of these organizations are contemplating the future course of these plans, including freezing or terminating the plan. My suggestion is "Don't throw the baby out with the bath water." We have assisted many Catholic groups with their own defined benefit plans by

having them merge into the Christian Brothers Employee Retirement Plan. In every merger, the benefits were increased for the employees and/or contributions were decreased for the employer. Also, by joining a multiple employer retirement plan, the Catholic organization is adding an extra layer of protection to the benefits. Although qualified retirement plans are generally protected from creditors, this extra layer further insulates the employer and the employees. Employees would have more comfort knowing that even if their employer filed bankruptcy or otherwise ceased to exist, their retirement benefits still exist because they are part of a larger multiple employer plan.

If you currently offer a defined benefit plan, and want to explore the advantages of possibly merging the plan, contact our office and find out if merging the plan would make sense. It doesn't cost anything to inquire about other alternatives. If you would like a CD of my complete 2005 interview about the recent developments in defined benefit plans, please contact Mary Sebby at: mary_sebby@cbservices.org.





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Avoiding E-mail & Internet “Phishing” Scams

by Tom Drez, Chief Information Officer and Chief Privacy Officer, Christian Brothers Services

Identity Theft is the fastest-growing white-collar crime in the United States, according to the U.S. Attorney General. In identity theft, a thief assumes your identity by using personal information, such as your name, Social Security number, date of birth, or account log-in information to commit fraud.

Don’t Get Hooked by Someone “Phishing”

If an imposter could access your accounts at Christian Brothers Services, that person can add false information, delete records or change key information causing errors and discrepancies in records. Stop them before they have the chance to get started.

Here’s how “phishing” works: You receive an e-mail that appears to be from Christian Brothers Services. The e-mail might even be designed to look like our website. The e-mail directs you to enter account access information such as your account number, username, or password on what appears to be our authentic log-in page. But when you

enter your information, it is actually routed to criminals.

Four Ways to Keep From Taking the “Bait.”

First, be aware. Christian Brothers Services will never send out an e-mail that requires you to visit a separate webpage to verify your log-in information or submit personal information. Access to all accounts is done in one place only: the Administrators’ log-in box on the home page of our website, www.cbservices.org. If you suspect you received this type of e-mail with reference to our company, please contact our Chief Privacy Officer at 800-807-0100.

Second, monitor your account activity. At least once a quarter, review the on-line listing of Transactions in the Account Info section of your Member’s Only website section. All of the on-line transactions that you have made will be listed here. Also, check your regular invoices and statements for accuracy.

Third, protect your account information. Do not give out your username and password to anyone who is not authorized to see your account information. We will issue a separate user name and password for every one of your staff members that requires access to your information. Before discarding e-mails and other paperwork containing access information, make sure to shred those documents.

Fourth, always log off from your online session and close your web browser when you are finished submitting transactions. Remember to clear your web browser’s cache memory on a regular basis.

Christian Brothers Services uses a variety of methods to help secure your personal information, account data and other confidential information. Please review our “About This Website” link at the bottom of our home page, www.cbservices.org for more information.

