



# THE GARDEN STATE QUARTERLY COLUMNS

THIS PUBLICATION IS PREPARED FOR BGIA CLIENTS

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Business & Governmental Insurance Agency

## 10 Ways to Cut Your Liability Insurance Costs

Managing a municipality is a complicated and costly endeavor. Everyone knows you have to have insurance, and that property and casualty coverage can be expensive. But is there a way to lower your cost of insurance? We asked our risk management experts and here's what they said:

- 1) Choose a broker, and insurers, that really understand the complexities of insuring municipalities. In today's market, many insurance companies are willing and in fact eager to insure any kind of organization or business, whether they have expertise there or not. Finding an agent that specializes in your industry will usually get you lower costs. And then there's the bigger benefit: specialist brokers know how to design coverage that gives you the best possible protection and doesn't leave you any unexpected exposure. Public official liability policies and law enforcement liability policies, for example, need to be analyzed very carefully because they often have exclusions that limit what they will cover. You don't want to find that out after the fact.
- 2) Shop around. Competition between insurance companies is fierce right now. Having the right broker, a broker that has some leverage with your industry's markets, will help you take even more advantage of that competition for your premium dollars.
- 3) Present yourself to the carriers in the best light. It's all about making the underwriter at the insurance carrier feel comfortable giving you a good rate.
- 4) Review your Risk Management Program. A well-planned and implemented risk management strategy is paramount to reducing exposure and containing costs. Your broker should be able to help you perform a thorough analysis of your exposures, and then design and implement a complete risk management program tailored to your Public Entity's safety and cost concerns and desired levels of acceptable risk.
- 5) Thoroughly screen potential employees. If you put job applicant through a rigorous screening process, chances are you will do a better job preventing the hiring of careless or inexperienced people who could jeopardize your safety records. This will help improve your standing with your insurance company. Not only does a good record get you better rates, but many business insurance companies will grant some kind of discount if you can show you're taking additional steps to screen employees and cost them less.
- 6) Continually train your employees. Having a detailed plan in place to make sure your employees' skills are sharp and their knowledge up-to-date could help lower your insurance costs in two ways: first, knowledgeable employees have fewer accidents. Second, showing your insurer your training program will be one more factor that causes them to look favorably on your account when it comes up for review.
- 7) Conduct a safety inspection of your offices and vehicles. We'd suggest you work with your Broker and Carrier Risk Control representative to provide this service.
- 8) Keep vehicles serviced, and document it.
- 9) Obtain insurance certificates and hold-harmless agreements from contractors you hire. This will protect your insurance from paying claims as a result of the contractor's actions. Beyond paying for the claim, this protects you from the associated premium increase that results from claims.
- 10) Think about a larger deductible. If you take on a larger deductible for your policy, you can lower your insurance costs without lowering your protection.

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## Employer-Sponsored Smoking Cessation Programs

The human and financial costs associated with tobacco use are enormous. In addition to the incalculable physical and emotional distress brought on by tobacco-related diseases and deaths, tobacco use exacts a high price from employers via greater costs for health care and life insurance, increased absenteeism and lower productivity.

Employers can combat the negative health and economic effects of tobacco use by integrating tobacco cessation treatment into their mix of employee benefits. In fact, paying for an employee's tobacco cessation treatment provides more return on investment than any other adult treatment or prevention benefit. This article provides information on the prevalence and health impact of smoking, proof of the economic cost of tobacco-related illnesses and guidelines for designing and implementing the most effective tobacco cessation benefits.

### Smoking Costs Lives, Time and Money

- Smoking claims more than 440,000 lives each year, making it the leading preventable cause of death in the United States. In fact, smoking kills more people each year than AIDS, drugs and alcohol, homicide, suicide and motor vehicle accidents *combined*.
- Since the 1960s, research has linked more than 50 painful and costly diseases and conditions to smoking.
- A significant amount of time is lost from business due to smoking breaks and the illnesses and fatalities that are caused by smoking, as smokers are more likely to suffer a disability, are more likely to miss work and are less productive than nonsmokers.
- On average, direct medical expenses and lost productivity resulting from premature death for people with smoking-related diseases cost a staggering \$157 billion each year, or \$3,856 per smoker per year.
- Additional costs to the economy include those related to permanent or temporary disability, absenteeism, or decreased productivity among living employees who smoke. Other business-related costs of smoking include workers' compensation claims, indoor air pollution, accidents, fires, and cleaning and maintenance.

### Employer Strategies for Promoting Tobacco Use Cessation

Smoking is an addiction that often requires repeated attempts and professional intervention to overcome. Because the most successful interventions require medical attention, it is necessary for most employees to have these services covered as part of their health benefit. For businesses, making an investment in tobacco cessation benefits not only improves employee health but also reduces the significant direct and indirect costs associated with tobacco use. In fact, paying for tobacco use treatment is regarded as the single most cost-effective health insurance benefit for adults and it is also considered the benefit with the most positive impact on health.

- Request or select health plans that cover effective treatment of smoking.
- Ensure that health care providers (those in on-site medical clinics and those with larger health care plans) adhere to Health Employer Data Information Set (HEDIS®) requirements. HEDIS measures whether providers screen all patients for smoking, counsel smokers to quit and recommend FDA-approved medications.
- Communicate to employees the types of cessation benefits that are covered under their health plans.
- Design benefits to cover a variety of treatments (i.e., counseling and prescription as well as over-the-counter medications) and allow individuals to choose their preferred approach.
- Ensure that smoking cessation counseling emphasizes problem-solving and social support to enhance the likelihood of abstinence.
- Take a long-term approach to smoking cessation and structure benefits to support multiple quit attempts.
- Remove fees, co-pays, and other restrictions intended to limit use of benefits. Programs that offer counseling and medications free of charge are more effective than those that require cost sharing.

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## Benefits Buzz: Benefits & HR Tips

### 2009-2010 Influenza Season Planning and Response

Local flu conditions will influence the decisions that local public health officials will make regarding community-level strategies to lessen the spread of the common flu and the H1N1 flu. Be prepared to use multiple measures to protect workers and ensure continuity of business operations.

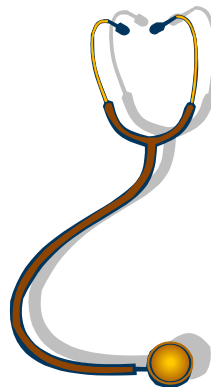
#### Recommended Action Steps under Current Flu Conditions

- 1) Sick employees should stay home.
- 2) Sick employees at work should be advised to go home.
- 3) Encourage your employees to wash their hands often.
- 4) Encourage your employees to cover their coughs and sneezes.
- 5) Clean surfaces and items that are more likely to have frequent hand contact.
- 6) Encourage employees to get vaccinated.
- 7) Protect employees who are at higher risk for complications of the flu.
- 8) Prepare for increased numbers of employee absences due to illness in employees and their family members, and plan ways for essential business functions to continue.
- 9) Advise employees to check for signs of the flu before traveling and to stay home if necessary. Make sure employees understand how to get medical care if they should become sick while traveling.
- 10) Prepare for the possibility of school dismissals or temporary closure of child care programs.

#### Additional Action Steps to Consider under Conditions of Increased Severity

- 1) Consider active screening of employees who report to work.
- 2) Consider alternative work environments for employees at higher risk for complications of the flu during periods of increased flu activity in the community. Increase social distancing in the workplace.
- 3) Advise employees about possible disruptions and special considerations while traveling overseas.

-Source: [flu.gov](http://flu.gov)



### DID YOU KNOW?

The EEO-1 Report is required to be filed with the U.S. Equal Employment Opportunity Commission's EEO-1 Joint Reporting Committee. The filing deadline for the 2009 EEO-1 Survey is September 30, 2009. The preferred method for completing the report is the Web-based filing system. For more information see [www.eeoc.gov](http://www.eeoc.gov).

### Health Care Reform: What You Need to Know

Employers have a major stake in the efforts to reform health care. As the proposals evolve, and a final bill emerges, stay abreast of current information relative to the debate. The following resources will get you up to speed:

[Comparing health care proposals](#): The New York Times created this one-stop resource comparing the current health care proposals. (One-time, free registration required to access [nytimes.com](http://nytimes.com)).

[CNN.com created an article](#) with 10 things Americans should know about health care reform.

Segal National Health Compliance Practice Leader, Kathryn Bakich, was recently interviewed regarding [the impact that health care reform could have on employers](#).

Also see Segal's weekly newsletter - [Stat! Health Reform Weekly](#) - to help keep you informed.

## Employer-Sponsored Smoking Cessation Programs

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- Offer smoking cessation treatment to employees' spouses and dependents.
- Promote a healthy workplace that discourages smoking and values the well-being of all employees. Institute workplace bans on smoking to reduce tobacco use and protect nonsmokers from secondhand smoke.
- Offer incentives to achieve and maintain healthy lifestyles.
- Consider the delivery of telephone counseling, as it is one of the most successful and cost-effective forms of cessation counseling.
- In states that offer telephone counseling "quit lines" or "help lines," consider contracting with the state to provide this service to your employees (many states lack sufficient funding to cover smokers who have insurance). If the state does not have such a service, consider contracting directly with a quit line vendor to provide services to employees.

### Evaluating Your Health Plan's Coverage

Performance data is an invaluable tool to help identify high quality health care. Most managed care plans have data on HEDIS measures and will provide the data on request. This information is collected through the Consumer Assessments of Health Plans Survey (CAHPS), which added questions to its 2003 survey to determine whether providers recommended medications to help patients quit smoking and/or offered assistance in quitting beyond advice.

The National Business Coalition on Health's eValue8 initiative also assesses health care plans on their efforts to promote smoking cessation. In addition to consulting these resources, purchasers should ask prospective health care providers whether their plans actively try to identify smokers, what smoking initiatives are in place, and what support is provided to former smokers to prevent relapse.

### Cost Benefits of Tobacco Use Cessation Programs

The minor cost of covering tobacco cessation benefits seems insignificant when compared to the major financial burden that tobacco use places on businesses. As health care costs due to tobacco-related illnesses increase, they erode employer profits, creating a cycle of diminished health care coverage, salaries and other benefits for employees.

- Tobacco cessation benefits are more cost-effective than more commonly covered disease prevention interventions, such as treatment for hypertension and high cholesterol.
- Cost analyses prove that tobacco cessation benefits are either cost-saving or cost-neutral.
- Overall, cost/expenditure to employers equalizes at three years and benefits begin to exceed costs by five years.
- Because smoking cessation efforts are relatively inexpensive and yield a large, long-term benefit, they help to stem the rising cost of health care. Measures that keep health care costs in check are valuable because it is estimated that a one percent reduction in health care costs could increase retained profits by five percent.

### Additional Resources

For additional resources on tobacco use, smoking cessation and smoking-related diseases, please visit the following Web sites:

Making Your Workplace Smoke-Free: A Decisionmaker's Guide  
[www.cdc.gov/tobacco/research\\_data/environmental/etsguide.htm](http://www.cdc.gov/tobacco/research_data/environmental/etsguide.htm)

Linking a Network: Integrate Quitlines with Health Care Systems [www.paccenter.org](http://www.paccenter.org)

Center for Disease Control and Prevention  
[www.cdc.gov/tobacco](http://www.cdc.gov/tobacco)

Source: Article repurposed with permission from the National Business Group on Health. Issue Brief: Volume I, Number 5. *Reducing the Burden of Smoking on Employee Health and Productivity*.

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## Calendar of Events

**NJ School Boards Association  
Annual Workshop**  
Atlantic City, NJ  
October 28-29, 2009  
[www.njsba.org](http://www.njsba.org)

**NJ State League of Municipalities  
94<sup>th</sup> Annual League Conference**  
Atlantic City, NJ  
November 16-19, 2009  
[www.njslom.com](http://www.njslom.com)

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