

He helped farmers to understand and implement State and Federal regulations affecting family farming operations.

As director of national affairs, Dick has served as the organization's liaison with the U.S. Congress since 1980.

In this role, Dick has helped formulate national agricultural policy since the 1981 farm bill. He served as a member of the National Peanut Grower Group's Technical Advisory Committee and was actively involved in the formulation of GATT and NAFTA legislation related to peanuts and other commodities of interest to Alabama.

Dick will continue to operate his family farm in Chilton County, AL, as well as his family-owned nursery in Montgomery. And I'm sure he will continue to be a strong voice for agriculture. I doubt he will miss living out of a suitcase, since he has spent the better part of the past 15 years traveling every week between Montgomery and Washington. His retirement is certainly well-deserved.

In honor of his lifetime of dedicated service to Alabama farmers, Dick recently received the Alabama Farmers Federation's Special Service to Agriculture Award. I join his many friends and colleagues in congratulating Dick on a job well done.

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#### SELF-INSURANCE IS WORKING

HON. HARRIS W. FAWELL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, February 28, 1996*

Mr. FAWELL. Mr. Speaker, I wish to call my colleague's attention to an article from "The Self-Insurer" summarizing the 1994 National Survey of Employer-Sponsored Health Plans showing the continued growth of self-insured plans. The Foster-Higgins study indicates that 74 percent of large employers now chose to self-fund their plans, up 16 percent from the previous year. Not surprisingly, the study reveals that the larger the employer, the more likely it is to self-insure: 91 percent of companies with 20,000 or more workers self-insure, 82 percent of those with 5,000 to 9,999 workers, but only 44 percent of those with 200 to 499, and dropping down to just 13 percent for businesses with fewer than 50 employees.

Today, there is a revolution in the delivery of private health care in America. Self-insured employer plans under the Employee Retirement Income Security Act [ERISA] are in the thick of that revolution. And these plans are working. These ERISA group health plans are now the primary provider of care in the private market. They cover 70 percent of all employees—70 million workers—and represent a distinct success story in modern American private health care.

Mr. Speaker, by paying their claims directly, rather than purchasing an insurance policy, self-insured employers have escaped excessive regulation and been able to keep their health care costs down during health costs' upward spiral of the past several years. Self-insured employers have the flexibility to design coverage that fit their workers' needs, at a price they can afford. Self-insurance is keeping costs down and can be expected to continue to be part of the health care solution.

[From the Self-Insurer, July 1995]

The 1994 National Survey of Employer-Sponsored Health Plans, an annual report

analyzing employee health benefits statistics, bases its finding on data collected from 2,097 employers throughout the United States. This study, released in June, is the research firm's ninth report on the subject.

Although the survey included large employers (those with 500+ employees) and small employers (those with 1-499 employees), many of the results provided in the report summary are geared toward the large-employer market. According to Frank DiBernardino, a principal at A. Foster Higgins, the reason for this is that overall statistics are often skewed when small employer data is included.

"We split the data between large and small employers because so many small employers were included in the survey that [their data would] distort the results," DiBernardino said.

#### SELF-INSURANCE

Last year's growth was most pronounced in the small and medium-sized markets, according to the report.

With respect to large employers and traditional indemnity plans, 74 percent of the companies surveyed chose to self-fund their plans, up from 64 percent a year before. Of that 74 percent, 82 percent purchased some form of stop-loss coverage.

For large employers utilizing PPO plans, the statistics show that 77 percent chose to self-insure those plans in 1994, compared with 62 percent in 1993. Of the self-insurers, 83 percent used some form of stop-loss coverage with their self-funded plans.

DiBernardino points out that, while the stop-loss data was not broken down into large and small employer groups, the 12-percent to 13 percent of employers who do not purchase stop-loss are most likely those with 10,000 or more employees.

According to the survey, half of all point-of-service (POS) plans were self-funded in 1994. For DiBernardino, this proves that it is possible to marry capitated and non-capitated services in one plan and make them fundamental with respect to a self-funded environment.

#### THIRD PARTY ADMINISTRATORS

The study also shows that more large employers are using TPAs. Thirty-nine percent of all the large employers with indemnity plans in the survey used TPAs; the percentage was even higher (45 percent) when only companies with 500 to 999 employees were considered. For large employers choosing PPO benefit plans, the figures indicated that 33 percent used TPA services, a substantial increase from 17 percent in 1993.

TPAs have also continued the trend of low administrative costs, with 7 percent of all claims costs being attributed to the administration of self-funded benefits, versus 15 percent of paid claims costs on administration for fully insured benefit plans. TPAs are a popular choice for self-funded employers, DiBernardino said, because they are more sensitive to the needs of their clients.

"TPAs tend to be more responsive to the needs of their customer than the commercial insurance companies or the Blue Cross/Blue Shield companies. TPAs tend to process claims more quickly and with a lower error rate than commercial carriers, plus they tend to be more connected to the market," he said.

#### MANAGED CARE ENROLLMENT ON THE RISE

The figures also indicate that an increasing number of employers are utilizing managed care to help control rising health care costs. In 1994, 23 percent of all employees covered were enrolled in HMOs, compared with 19 percent in 1993. POS plans showed the greatest increase, however, with the number of participating employees at 15 percent in

1994—more than double the 7 percent enrolled in 1993.

Fifty-five percent of all employers surveyed in 1994 offered HMO plans, a 9 percent rise from 1993. That percentage is even higher among larger employers, with 87 percent of the companies that employ more than 20,000 workers offering one or more HMOs in their health plans.

#### DROP IN TOTAL COSTS SHORT-TERM

Glancing at the report, it may seem that 1994 was a landmark year for health care costs in the United States, as it was the first year that costs actually declined from the previous year. But according to DiBernardino, the drop indicated by the survey results was influenced by short-term factors and does not represent real savings for the industry. He attributed this disparity to three major causes.

The first is the massive shift from indemnity plans to managed care plans that occurred last year. The second: an increase of more than 100 percent in the use of carve-out plans to cover areas such as prescription drug or mental health benefits (where costs are growing).

DiBernardino estimates that the number of carve-out plans more than doubled in 1994. Third, actions to stem the growth of retiree benefits caused health care costs to drop, he said, but he predicts those savings will be a one-time-only occurrence.

"These are the reasons why costs decreased last year. It was, in a sense, a lie. A statistical anomaly," said DiBernardino.

"Does it mean the advantage is behind us? No. It was a one-time advantage."

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#### MARY RODRIGUEZ HONORED BY DALLAS LIGHTHOUSE

HON. JOHN BRYANT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, February 28, 1996*

Mr. BRYANT of Texas. Mr. Speaker, this past December, one of my constituents, Ms. Mary Rodriguez, received an outstanding honor. She earned the Dallas Lighthouse for the Blind's Ronald Pearce 1995 Blind Employee of the Year Award. Ms. Rodriguez achieved this status by demonstrating outstanding job performance and exemplary work practices.

Mary, who is totally blind, assembles certificate binders for the vinyl fabrication department of the Dallas Lighthouse, where she has been an employee for 8 years. Mary's dedication to her work is apparent in the amount of time she spends on the clock. For the past several months, Mary had been working a shift and a half, which breaks down to 12 hour days. She is now pursuing her GED.

Because of this award, she is eligible for the Peter J. Salmon National Blind Employee of the Year Award, selected by National Industries for the Blind [NIB]. NIB is the central non-profit agency for industrial centers employing people with vision impairments under the Javits-Wagner-O'Day Act of 1938.

I commend Ms. Rodriguez for her motivation to succeed, learn, and grow in the workplace—all of which have contributed to her achievements this year.