

Hi. I'm Jim Edholm.



I founded Business Benefits Insurance (BBI) in 1982 to serve businesses and their owners and managers in MA, NH and ME.

We do group benefits.

Because benefits are, by themselves, a commodity, I and my associates believe that in the absence of unexpectedly good service, one broker is the same as another. Our client service team, Doreen Mason, Chip Brogan, Kathi Levine, Amanda Flood, Debbie Dubois and Biff Moriarty all pride themselves on providing services no other broker does.

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A Tale of Three Cities

It's been the best of times. It's been the worst of times.

This is a mea culpa. The masthead of the newsletter says January, 2012, but I know that you'll actually get it in February. Heck, it won't be printed until February. And that's where the Three Cities comes in.

I say it's been the best of times because I have traveled and been with loved ones and I know that 2012 will be a year I'll treasure for the rest of my life. But it's been the worst of times because I take my commitment to a monthly newsletter (generally published in the appropriate month) seriously. It's a commitment to YOU, readers. But let me describe the best of times...

First, I spent Christmas in Chicago (city #1) visiting my son and his fiancée. Any time I go to Chicago, it's a good time, and any time I spend time with my son, his delightful wife-to-be and their rambunctious dog, Bailey, it's a best of times. Top it off with two delightful meals, one at Perennial Verant (a stupid name for a restaurant, but a great feed with delightful atmosphere) and Maude's (which I read upside down, thought it was a Spanish place and pronounced it MOW-dayz, much to my chagrin and Kathy's delight.)

Then I had a whole raft of business-related appointments that kept me running and unable to work on the newsletter. That's a worst of times thing.

The next best of times is that for Kathy's birthday, we took a long weekend in New York (city #2.) We ate at Tom Colicchio's place, Colicchio and Sons.

TO. DIE. FOR.

Somewhere in goose heaven there is a recently-of-this-world goose who knows that

he (she?) didn't die in vain. She made two diners VERY happy by contributing her liver to the best foie gras I've ever had in my life - and I've had LOTS of foie gras. (Notice to animal rights readers: don't even bother to write to me ... while I share your love of animals and I respect your commitment, some things are just too sacred to sacrifice - my hedonistic search for gastronomic satisfaction being one.)



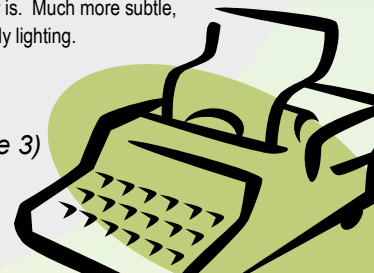
This is all that's left of the goose that gave his/her liver for the pleasure of Jim and Kathy. Best foie gras ever.

Everything about Colicchio's was perfect - service, drinks, atmosphere, and - most of all - the food. It's at 14th Street and 10th Avenue in New York, and if you miss it you're making a terrible mistake.



Colicchio and Sons in NYC in the Meat Packing District. A bit shaky because I didn't want to use the flash. Despite no flash, the picture is brighter than the restaurant actually is. Much more subtle, moody lighting.

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In Defense of Some Higher Cost Sharing



I just came across the abstract of an article in *Health Affairs Magazine*. I'm not a subscriber, so I can't get access to the full details of the study, i.e. the numbers and percentages.

But despite that, there is a solid story there. Here's the gist of the article. In 2004 the Mayo Clinic made some changes – changes that are similar to what Blue Cross and Tufts have implemented in their HMO programs – designed to see if they could reduce the cost of “unnecessary” medical expenses.

Here are the basic changes they made:

- Higher copays for specialists
- Zero copays for primary care (this was implemented before the Health Act made it mandatory)
- Coinsurance for non-preventive imaging, testing and outpatient procedures. (All deductible plans in Mass now make non-preventive lab and x-ray subject to the deductible – even more costly for the user than the Mayo plan does.)

The theory was that people will still continue to get the preventive care they need, but they'll also reduce the frequency of additional diagnostic tests.

At the same time that they wanted to see if there would be a drop-off in specialist and other higher cost procedures (they were pretty sure there would be), the real unanswered question that the Mayo Clinic was concerned about is whether the drop-off would peter out and find that folks eventually returned to their old, higher usage of services. They didn't want to make a change only to find out that the response was temporary.

The result was that there was a large drop in the use of diagnostic services and outpatient procedures, so from that perspective the plan was a success. The use of imaging (x-rays, MRIs and the like) dropped off initially and later rebounded, but Mayo believes that the level to which the imaging

returned is *below* what the projected trend line was at the time that they imposed the cost sharing.

So the plan profits three ways.

- First, lower claims for diagnostic services and outpatient procedures save the plan (and the employees in the plan) costs, and
- Second, employees are paying coinsurance, so what charges that are incurred are more like user fees.
- Third, imaging utilization has been reduced and the cost is shared.

At the same time that was going on, Mayo was watching to see what would happen to primary care visits. Would they rise to a level that suggested that employees were experiencing just as many visits to doctors but just at a lower cost provider? In other words, were they simply substituting primary care doctor visits for specialist visits?

The answer seems to be “no.” Primary care utilization appears to be holding at about the same level as it was before. In other words, employees continue to get preventive care, but some visits for lab and radiology appear in retrospect to have been unnecessary since employees – when faced with cost sharing – chose to bypass the procedure entirely. So overall costs are reduced. Permanently.

It makes sense.

- If something is free or nearly free, of course employees will make use of it, even if it's not strictly needed.
- On the other hand, when their own money is involved, employees are much more restrained in their use of services; they become wiser consumers of health care.

They benefit and the health care system benefits. Clearly, market forces DO influence how people get care, irrespective of what some ivory tower “experts” say.





Update on The Great BBI/Jim & Kathy Edholm Restaurant Contest

It's time for the People's Choice Awards, the Academy (of Hungry Diners) Awards, whatever. I have many submissions, but I'm going to keep the submission deadline open until the end of February. Remember, this is simple:

1. Send me any restaurant you want.
2. Kathy and I will visit it and eat there.
3. We'll decide which category, if any, in which it should compete. The prizes we'll give you if your restaurant is chosen for a category are:
 - a. Best Overall - \$200 Gift Certificate to that restaurant
 - b. Best Ambiance - \$100 Gift Certificate to that restaurant
 - c. Best Martini - \$100 Gift Certificate to that restaurant
 - d. Best Service - \$100 Gift Certificate to that restaurant
 - e. Best Value Meal - \$100 Gift Certificate to that restaurant

So fax your nominations to **978-474-4379**.

We have the following nominations so far:

- Ristorante Molise, Wakefield, MA
- Artichokes, Wakefield, MA
- Café Mediterraneo, Portsmouth, NH
- Latitudes Waterfront, New Castle, NH
- Towne Stove and Spirits, Boston, MA
- Olivia's, Haverhill, MA
- Michael's Sweetheart Inn, Methuen, MA
- Joshua's, Wells, ME
- Angelina's, Ogunquit, ME
- Brookstone Grille, Derry, NH
- 1640 Hart House, Beverly, MA
- Tuscan Kitchen, Salem, NH
- Richard's Bistro, Manchester, NH
- 15 Walnut, Hamilton, MA
- Grapevine, Salem, MA
- Joseph's Trattoria, Haverhill, MA
- Billy's Roast Beef, Wakefield, MA

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Interestingly, I can't say the same for Mesa Grille, Bobby Flay's place that we ate in the night before. Casual and pretty good, but barely worthy of note, IMO.

Another best of times item: Then I spent six days in Orlando (city #3) playing golf and generally debauching with 23 of my good golfing buddies. Some of them are even clients, so it was "work" in the strictest sense of the word. The company was great, I managed to get to bed early so I wasn't a wreck when I came home, and the weather absolutely could not have been better. Coldest day had a high of 77 and the warmest about 85. Average humidity was about 40% Perfect.

But it's been the worst of times because I couldn't get my newsletter out. And what's more, I caught, as our departed nemesis Saddam Hussein might say, the Mother of All Colds. Holy cow. It settled in my chest and went on and on and on. So halfway through a day, when I'd think I had time to work on the newsletter, I'd collapse and drag myself home. All I wanted to do was sleep.

But mostly, I know that 2012, as I said above, will be the best year of my life to date. First, on April 16 Kathy and I celebrate 40 years together - wonderful years for me, tolerably good for her, I'm sure (or at least I HOPE.) We plan a cruise to New Zealand and Australia in February of 2013 to celebrate.

Second, on Saturday, May 26, my son, Eric, marries an absolutely delightful and perfect-for-him woman, Dr. Heidi Wehlus. They are both extremely lucky, and the fit is just about perfect ... she'll help keep him walking the straight and narrow; he'll keep her slightly off balance.

So knowing what a great year it's going to be; knowing how great the January travels were, I guess I can overcome my frustration about missing the newsletter deadline. All I have to do now, friends, is hope that you'll forgive me for being late with your January issue. At least I'm promising that you'll get a full dozen throughout the year.





4 Punchard Avenue #300
Andover, MA 01810



You Gotta Look At It Jussst So...

