



Self Insured Plans LLC

Administrator

Important news and updates from your benefits professionals

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This Issue

The Benefits of New HRAs

A potential lifeline for small companies and the individual market

Chronic Disease Management

More critical than ever before

On-Site Clinics

Many mega employers are pleased with their results

A Boost for Price Transparency

Can an executive order really help consumers?

Trends, News, Updates and More Inside!

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Small Groups Will Celebrate **NEW** HRAs



The IRS recently published finalized rules easing restrictions on health reimbursement arrangements (HRAs) to allow employers to provide their workers with tax-preferred funds to pay for the cost of health insurance coverage they buy in the individual market. The regulation is part of the Trump Administration's commitment to deliver more health coverage choices to Americans.

The HRA rule should be extremely valuable to small businesses that have had a really hard time providing group health coverage. So hard, in fact, that the Kaiser Family Foundation Employer Health Benefits Survey recently reported that the percentage of businesses with 25 to 49 workers offering group coverage has fallen from 92% to 71% since 2010.

Two New Options Will Be Available

Effective January 1, 2020, employers will be able to help employees buy individual health insurance policies by offering two different tax free HRAs. The first is an

Individual Coverage HRA, which can only be offered to similar classes of workers when a traditional group health plan is not currently available. Classes refer to groups of employees with similar circumstances, such as full-time, part-time, seasonal, salaried, temporary, etc. A class must include at least 10 employees for employers with fewer than 100 employees and 20 or more employees for employers of 200 or more workers.

The other option, an Excepted Benefits HRA, is designed to be offered with a traditional group health plan, although employees do not have to enroll in the health plan. The maximum annual benefit for an Excepted Benefits HRA is \$1,800.

Tax-Preferred Benefits Can Extend to Millions

The new HRA rules will make it easier for small businesses to compete with larger organizations that provide high quality group health benefits. More importantly, the employees who buy individual health plans financed by a new HRA will receive the same tax advantages as those with traditional group coverage.

The Departments of Labor, Health and Human Services and Treasury estimate that HRA expansion will benefit as many as 800,000 employers and more than 11 million employees and family members, 800,000 of whom will have been previously uninsured. To learn more about these new HRAs as you begin your planning for 2020, contact your account representative at your convenience.



Executive Order Aims to Improve Price Transparency

In late June, President Trump signed an executive order directing HHS to develop rules requiring hospitals to publish clear and understandable pricing that reflects what people will actually pay for services. HHS Secretary Alex Azar added that the order should also make certain that providers and insurers provide patients with information about potential out-of-pocket costs they will face before receiving healthcare services.

While details about how the rules of the order will work are yet to be determined, hospital and health plan lobbyists criticized the order, saying it will increase prices and reduce competition. The President and CMS Administrator Seema Verma emphasized that the intention of the order is to combat the huge price variations that have long existed among healthcare facilities and make it easier for patients to find low cost, high-quality care.

IRS Increases HSA Limits

Employees will be able to save some additional health-care dollars in 2020 as the IRS will increase the limit on deductible contributions to an HSA by \$50 for individuals and \$100 for families. The limits will be \$3,550 for individuals with self-only coverage and \$7,100 for family coverage. The minimum deductible for a qualifying high deductible health plan will also increase, rising to \$1,400 for single coverage and \$2,800 for family coverage.

Research shows that the number of HSAs increased by 13% over the past year, topping 25 million accounts with an anticipated increase to 30 million by 2020. Another important statistic revealed that the average employer contribution to HSAs rose from just over \$600 in 2017 to \$839 in 2018 – an increase of some 39%. Supporters are encouraging legislators to make HSAs even

more consumer friendly by allowing adults over 65 to continue using an HSA to save for healthcare costs in retirement. We will continue to report on these efforts going forward.



Can Chronic Disease Management Really Work?

With the Centers for Disease Control and Prevention projecting that 83 million people will soon have three or more chronic diseases, the number of employers working to manage chronic conditions like diabetes, high blood pressure and coronary artery disease is staggering.

Not only do the average medical costs for a diabetic exceed \$16,000 per year, but the loss of productivity is estimated to add an additional \$1,700. How can your health plan cope?

Begin with Good Information

Reviewing claims data, diagnostic tests and prescription drug data is a critical starting point. Once plan members with chronic illnesses are identified, care managers, nurse navigators or health coaches can talk with them to learn about their lifestyle, ask about medications, nutrition, their family situation and other factors that may be impacting their condition.

Chronic disease management is not a one-step process. It involves partnering with a member's physician and other professionals to understand the patient's needs and develop a personalized care plan. This level of personal involvement will not only help the member receive the care they need but also help them better understand how to use their health plan to their benefit.

Experience shows that 80% of a company's healthcare spend is often attributed to 20% of plan members. Chronic illness is likely the reason, making disease management a critical part of high-quality healthcare plans.

Trends Latest Happenings in Today's World

Support for Caregivers

According to a new Harvard University study, 73% of employees surveyed are caring for a child, parent or friend. More importantly, 80% of those admit that caregiving has had a negative impact on their productivity at work and kept them from doing their best work. Employers are beginning to take a more proactive role in helping employees

balance these priorities by shaping their benefit programs to accommodate their needs. We'll take a closer look at some of the steps being taken in our next newsletter.

Walmart Woos High-Schoolers

A recent announcement stated that by year end, Walmart will triple the number of employees taking advan-

tage of company-provided tuition benefits. With 25,000 high school students among their 1.3 million U.S. employees, the company expects to help many avoid the hefty cost of higher education. Disney, Discover and MGM Resorts International are just a few large employers offering free tuition for college or certificate programs in order to attract talented young people.

Judge Blocks New AHP Rules



A few months ago, the U.S. District Court for the District of Columbia ruled in support of New York and 11 other states that sued the Department of Labor over new Association Health Plan regulations issued in 2018. The ruling voided the formation of geography-based programs for businesses in

different trades and ruled against participation in AHPs by sole proprietors – two features that had thousands of small businesses around the country very excited.

The bottom line is that the ruling affirmed that AHPs can continue to function as they have for many years – operating for the benefit of associations that have existed for a purpose other than providing health insurance and whose members currently share a true commonality of business interest and/or similar geography.

Protecting Member's Health Data

The sensitive nature of information shared with payers and providers makes health plan members prime targets for identity theft. While no legislation is currently moving through Congress, a number of senators are taking steps to learn more about recent breaches of healthcare data involving collection agencies and diagnostics firms.

While some employers are taking very costly measures to protect their business and their employees, there are a few steps employers can implement at little or no cost:

- Encourage everyone to use strong passwords and change them often.
- Consider adding an Identity Theft protection service to your benefits package. Lifelock and Identity Guard are two common options.
- Offer educational sessions or webinars to build awareness to the cyber threats that exist today.

On-going education is critically important because the constant use of technology has made too many of us numb to the serious nature of cyber threats. As prevention measures have evolved over time, so have the ways hackers and cyber criminals go about attacking organizations and individuals.

HSA's Keep Growing

While EBRI researchers have reported slower growth rates in recent years, more than 40% of HSA enrollees opened their accounts in just the past two years. Other recent projections, in fact, expect the value of HSA accounts to grow from \$54 billion in 2018 to nearly \$75 billion in 2020. Proposals floating around Washington could expand the list of HSA-eligible expenses

as well as the age at which seniors must stop contributing to their HSA. Proposals like these would make HSAs even more valuable in the future.

Financial Literacy Required

A recent article described a high school student who was inspired to attend a local community college for two years before transferring to a 4-year state university rather than



More Large Employers Offer On-Site Clinics

Some mega-employers manage clinics on their own while others outsource to clinic vendors or healthcare systems. Many provide clinics within their own facilities, but some offer near-site locations and even share a near-site clinic with other companies. Regardless of which model is preferred, more organizations with 5,000 or more employees are deciding that on-site or near-site clinics can make primary care more convenient and affordable for everyone.

Some of these clinics offer pharmacy services and many have expanded to offer services such as physical therapy, telehealth and even behavioral health. One benefit that clinic operators often emphasize is that by making primary care convenient to employees, and in many cases their family members, fewer employees will neglect primary care because of cost or the inability to take time off to see a doctor.

Bundled Payments for "Baby Bundles"

Another major insurance carrier has cooperated with selected healthcare providers in two states to introduce a bundled payment program for maternity care. Like bundled payment programs used by Medicare and commercial carriers for total joint replacement, the bundled maternity program reimburses the care provider for an entire episode of care, including prenatal, delivery and postpartum services, with one overall fee. Insurers are encouraged with the positive outcomes, citing early access to care and open lines of communication as significant advantages of this approach.

attending the state university immediately after graduation. His decision resulted from taking a financial literacy class at his high school, which made him realize that his original plan would leave him with significant student loans and a much tougher road ahead. The Council for Economic Education reports that 19 states currently require that high school students study financial literacy in order to graduate.

A growing number of companies are also offering these classes in order to help workers get a handle on their finances.



Did You Know? New Ideas for Healthy Consumers

HSA's Help More Face Retirement

According to Fidelity Investments, a couple retiring this year can expect to spend \$285,000 on medical expenses during their retirement. And while the rate of healthcare cost increases has slowed in recent years, Americans are living longer, meaning they will need to address the cost of healthcare for a longer period of time.

The good news is that as we have noted many times, HSAs are becoming more popular all the time and a great way to save for retirement on a tax-free basis. Fidelity reports that their portfolio of HSA owners has grown to more than 830,000 individuals who currently own \$3 billion in assets. In addition, consultants say that employers contributed nearly \$9 billion to employees'



HSAs in 2018 alone. If our economy remains strong, we can expect these trends to continue. More and more employers will be able to provide matching contributions and funds contributed to HSAs are never taxed.

Judge Rules Against Drug Price Disclosure

In a very recent decision, a federal judge ruled against Trump Administration efforts to require drug manufacturers to include the price of prescription drugs in their television commercials. Filed in federal court in mid-June, the lawsuit claimed that HHS does not have the legal power to enforce the rule and that including prices will mislead patients and discourage them from seeking treatment. In the decision rendered on July 9th, U.S. District Court Judge Amit P. Mehta agreed, adding that the administration had overstepped its authority.

A spokesman for HHS was quoted as saying "we are disappointed in the court's decision and will be working with the Department of Justice on next steps." While the decision is a blow to the administration's efforts to increase cost transparency and drive down drug prices, many expect their efforts to continue.

Water and Weight Loss

A study based on several years of data, published in the Journal of Human Nutrition and Dietetics, showed that increasing water consumption by one to three cups a day decreased total calorie intake by between 68 and 205 calories. Intake of sugar and cholesterol were also reduced as a result of drinking more water.

Some physicians believe that drinking more water before sitting down for breakfast, lunch or dinner will curb the appetite. With other benefits such as better brain function, improved digestion and the ability to maintain energy levels, the old adage of drinking eight to ten glasses of water a day just may be more appropriate than ever.



Please Contact Us: This newsletter is not intended as a substitute for personal medical or employee benefits advice. Please consult your physician before making decisions that may impact your personal health. Talk to your benefits administrator before implementing strategies that may impact your organization's employee benefit objectives.



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