Einstein
Advanced Health Insurance Solutions

NEWSALERT

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Health Reform

What the Senate Bill Would Mean for Employers

SENATE REPUBLICANS released draft legislation on June 23 to repeal and replace the Affordable Care Act that does much of the same that similar legislation from the House would do.

The aim of the draft is the same as the American Health Care Act (AHCA) passed by the House of Representatives in April. But soon after that bill was passed, the Senate leadership made sure that everyone knew that it would be putting together its own legislation instead of entertaining the AHCA.

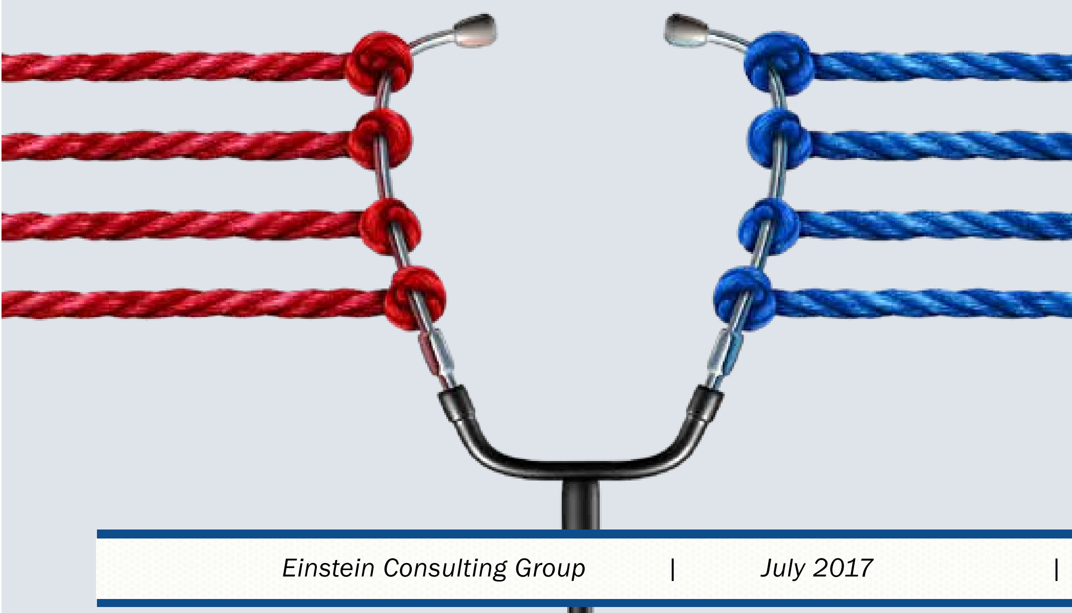
Their bill, dubbed the Better Care Reconciliation Act of 2017, is sweeping in its complete disassembly of the ACA, particularly the employer and individual mandates, taxes attached to the law, and a reversal – and then some – from the Medicaid expansion that also took place under the ACA.

We boil it down to what will matter to you to the right.

THE BETTER CARE RECONCILIATION ACT BASICS

- Instead of eliminating the employer mandate requiring organizations with 50 or more employees to secure coverage for their workers, it eliminates the $2,400 a year per employee penalty.
- Instead of eliminating the individual mandate to have coverage, it eliminates all penalties for not securing coverage.
- Repeals all ACA taxes except the "Cadillac tax," which would levy a 40% tax on any employer-sponsored plans that cost more than a certain amount. The Cadillac tax would be pushed out to 2026.
- Offers tax credits to people buying coverage in the individual market and whose incomes are 350% of the federal poverty level. That's compared with 400% of the poverty level under the ACA. Those tax credits would be based on age and income level.
- Bars employers from expensing health plans that cover abortions (except in cases of rape and incest).
- Nearly doubles contribution limits for health savings accounts.
- Lets people use their HSAs to pay for over-the-counter medications, which is restricted under the ACA.
- Allows both spouses to make catch-up contributions to one HSA, beginning in 2018.
- Amends the Employee Retirement Income Security Act to create a small business "association health plan" option.

See 'ACA' on page 2



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Health Legislation

Bill Allows Tax Credits to Be Used to Pay for COBRA plans

WHILE THE Senate was working on its own legislation to eliminate the Affordable Care Act, the House moved ahead with a second piece of legislation to further chip away at the landmark health care law.

On June 14, the House passed a bill that would allow tax credits extended under the American Health Care Act (AHCA) to be used to pay for COBRA plans.

The legislation, dubbed the Broader Choices for Americans Act, was passed in a 267 to 144 vote.

The move is a novel one considering that the same benefit was not extended in the ACA, but it was deemed unnecessary as it would be cheaper for individuals to obtain coverage on the exchanges instead.

But the AHCA would change the game dramatically and the House leadership said that people should be able to access affordable health care if they lose their job.

"Health care reform doesn't stop with the American Health Care Act, and these bills will make our system fairer, better and cheaper," House Majority Leader Kevin McCarthy said after the bill passed.

House Republicans said the measure was part of their Phase 3 of overhauling the nation's health insurance system. Phase 1 was passage of the AHCA and Phase 2 is regulatory changes expected from the Department of Health and Human Services.

Phase 3 is actually four pieces of legislation:

- The aforementioned Broad Choices for Americans Act.
- The Verify First Act, which would bar illegal immigrants from receiving tax credits under the ACA or the AHCA.
- The Veterans Equal Treatment Ensures Relief and Access Now Act, which would allow veterans the choice to stay in the Veterans Affairs programs or instead get financial support for a private health care plan.
- The Protecting Access to Care Act, which would cap malpractice payouts at $250,000 for damages that don't have a direct economic impact, like lost wages or medical expenses. ❖

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ACA Reporting Requirements Would Remain Unchanged

- Changes age rating bands to 5-to-1 (or higher as determined by states). That means that health plans could charge elderly enrollees up to five times as much as younger enrollees, compared to three times as much under the ACA.
- Keeps ACA rules such as barring discrimination for preexisting conditions, no health underwriting and allowing children to stay on a parent's plan through age 26.
- Allows states to get waivers if they want to change or reduce the number of essential benefits that all health plans are supposed to include under the ACA.
- ACA reporting requirements for companies would remain unchanged. The ACA requires all applicable large employers to file annual reports to the IRS documenting the health coverage they provide to each employee. Similar forms must also be supplied to employees. Observers note that this provision may not be in the final version of the bill. ❖

Accident Insurance

A Plan That Can Save Your Workers from Ruin

EVEN IF you are providing your staff with health benefits, they could be left under great financial pressure if one of them has a major accident off the job that leaves them debilitated and unable to work.

Millions of working Americans struggle with managing out-of-pocket expenses for non-medical and medical expenses after suffering an unexpected event such as an accident.

If you are already offering your employees health insurance coverage, you can help fill the gap by also offering voluntary accident insurance, which can pay for:

- Lost wages,
- Deductibles and other expenses not covered by insurance,
- Transportation to and from hospitals and doctors, and
- Home modifications.

Many Americans are ill-prepared financially

According to a survey by Prudential Insurance Co.:

- Two-thirds of Americans say it would be very or somewhat difficult to meet their current financial obligations if their next paycheck were delayed for just one week.
- Half of all households say they have less than $10,000 in liquid assets available for use in an emergency.

Why your employees need coverage

- Health insurance only covers a portion of expenses, but only after the employee has paid their deductible and copay.
- Employees sometimes have to pay out of pocket for medicines, medical equipment, and visits to out-of-network physicians.
- Employees have to pay out of pocket for travel to appointments, home accommodations, caregiving and housekeeping if they cannot do those things on their own after an accident.
- Lost wages are a sometimes overlooked cost of illness or injury. Lost wages can be an issue not only for the employees directly impacted by illness or injury, but also for family members who are providing care for them.

TYPES OF ACCIDENT INSURANCE

Traditional treatment-based plans. These pay benefits based on the occurrence of an accidental injury and the type of treatment or procedure required to treat an injury. The injured individual will often submit a separate claim for each service they receive related to the accident. For example, if the individual was in a car accident in which they broke both legs, they would file individual claims for:

- The costs not covered by health insurance for each service to treat the injury.
- The cost of paying for transportation to doctor's visits and physical therapy sessions.
- Each time a home caregiver visits them to provide care.

Incident-based plans. These pay benefits based upon the incident and type of injury. This can simplify the claims process by reducing the number of claims that must be submitted. In the case of the car accident victim with broken legs above, they would likely be required to submit evidence only for the fractures and for their hospital stay to be reimbursed.

Benefits to the employer

- **A more robust benefits package.** Offering accident insurance paid for by employees allows you to provide a more robust benefits package that can improve employees' satisfaction with their jobs.
- **A smoother transition to high-deductible health plans.** Employers replacing traditional medical insurance with an HDHP may find the transition more readily accepted by employees if it is accompanied by an offer of a voluntary accident insurance plan.
- **Potential for improved productivity.** Employees under financial pressure may be less productive than those who are not, and knowing they have accident insurance can put their fears to rest.
- **Low cost and administrative burden.** Most employers offer accident insurance that is paid for by the employee, meaning there is little or no cost to the organization. ❖

Affordable Care Act

Woes for Exchanges Mount as More Insurers Quit

WITH THE Affordable Care Act facing an uncertain future, some insurers have announced they are pulling out of government-run insurance exchanges in some states.

The latest announcement was made by Anthem, Inc., which said that it would pull out of the Ohio exchange for 2018, through which it currently insures more than 13,000 people. That will leave residents in about 20 counties with no option for purchasing coverage on the exchange.

Anthem cited in part the volatility in the market from "continual changes in federal operations, rules and guidance." It follows on:

- Aetna Inc. announcing that it will quit the Virginia exchange.
- Humana announcing that it will pull out of all exchanges it participates in for the 2018 policy year.

What has insurance companies worried

- Insurers have been hit with widening losses in certain states due to poor participation and/or a mix of enrollees that has too many individuals with health problems and not enough healthy ones.
- President Trump has announced that he may not authorize subsidy payments to insurers in the exchanges.
- Trump's executive order to agencies responsible for regulating the ACA to craft regulations that may undermine the law.
- The House of Representatives passed the American Health Care Act.

As it stands right now, more than 30,000 people with exchange-purchased plans won't have coverage options coming into 2018 as a result of insurers already having opted to pull out of certain marketplaces, according to *Bloomberg*.

Anthem is the sole insurer in a number of regions, so if it decides to bail out of exchanges altogether, some 300,000 would be left with no exchange-coverage options.

For now, it's not clear what can be done to provide coverage for individuals who have purchased coverage in regions where there is only one insurer providing exchange-based coverage.

There is no part of the ACA that provides for coverage via exchanges if no private insurers participate.

Light at the end of the tunnel

While some insurers have reported difficulties in turning a profit on exchange business, others seem to be thriving.

Most recently, Centene Corp. announced that it would start selling policies on the government-run exchanges in Kansas, Missouri and Nevada next year and that it plans to expand its existing presence in states where it already sells plans, including in Florida, Georgia, Indiana, Ohio, Texas and Washington.

According to a new report by Standard & Poor's, the health law's marketplaces are actually becoming more stable and may even churn out profits for some participating health insurers by 2018. It also noted that Blue Cross/Blue Shield is enjoying success.

"Looking forward, we expect insurers, on average, to get close to break-even margins in this segment in 2017," Standard & Poor's wrote in its report. "If the market continues unaffected, with a few fixes rather than an overhaul, we expect 2018, or Year 5 of the ACA individual market, to be one of gradual improvement with more insurers reporting positive (albeit low single-digit) margins." ❖