Einstein
Advanced Health Insurance Solutions

NEWSALERT

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Health Reform

What the AHCA Would Mean for Employers

THE AMERICAN Health Care Act that was passed by the House of Representatives by a small margin would repeal the employer mandate and the reporting requirements that the Affordable Care Act ushered in.

While Senate Republicans are likely to start from scratch and hammer out their own ACA replacement, for now, the only legislation in play is the controversial AHCA.

So, what's in it for employers? The bill:

Eliminates the employer mandate

The ACA mandate requires that employers with 50 or more full-time provide health insurance for their staff. The AHCA eliminates this requirement. This also does away with the plan affordability test for plans as well as minimum essential benefits that must be included in an accepted employer-sponsored plan.

It also eliminates the associated penalties for not complying with the employer mandate.

Delays the 'Cadillac tax' again

Congress has already voted once to delay the implementation of an annual 40% excise tax on plans with annual premiums exceeding $10,800 for individuals or $29,500 for a family. The tax is slated to take effect in 2020, but the AHCA delays that to 2026. While the tax is supposed to be paid by insurers, it's anticipated that they would pass it on to employers.

Changes tack on essential benefits

The ACA requires that all health plans provide 10 essential benefits, including doctors' services, inpatient and outpatient hospital care, and prescription drug coverage. The AHCA would allow states to have the final say in what plans should include.

That said, the bill would seem to allow national employers to opt out of essential benefits and offer stripped down plans that would likely be less expensive for employers and their covered workers, but also offer fewer benefits.

Expands health savings accounts

The bill would also increase the amount of cash an individual can set aside pre-tax into their HSA. The current maximum an individual can put into an HSA is $3,400, but under the AHCA that would be increased to $6,550. For families, the HSA maximum would jump to $13,100 from $6,550.

The AHCA removes the cap on flexible savings accounts as well, which was set at $2,600 under the ACA.

The takeaway

This bill is not the end game. The legislation passed the House by a razor-thin margin after much wrangling, a feat that will be hard to repeat in the Senate.

Also, Senate Republicans have hinted at starting from scratch with their own bill and the Senate may never vote on the AHCA.

The GOP holds a slim majority in the Senate. It would only take a few defectors to sink any attempt at repealing the ACA. ❖

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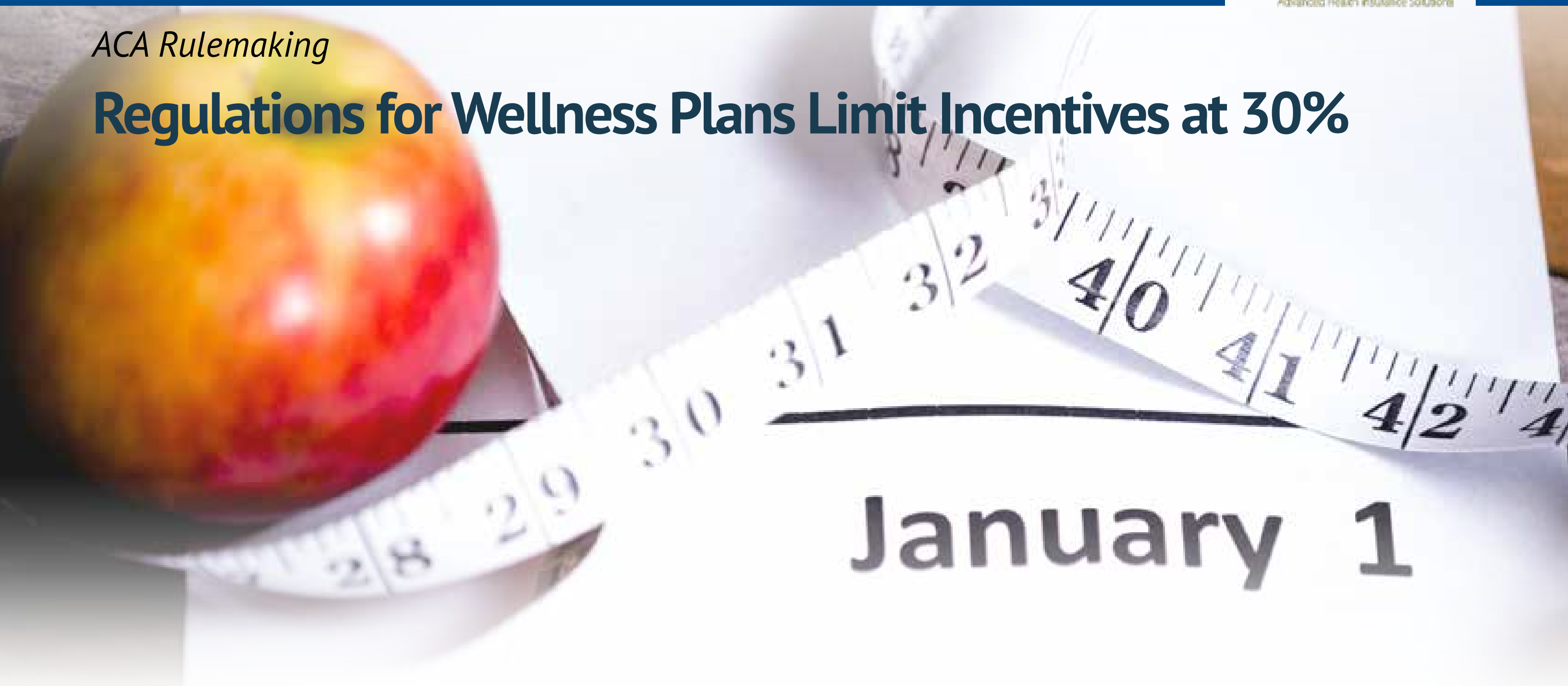
ACA Rulemaking

Regulations for Wellness Plans Limit Incentives at 30%



THE U.S. Equal Employment Opportunity Commission has released final regulations for employer-sponsored wellness programs under the Americans with Disabilities Act (ADA) and the Genetic Information Nondiscrimination Act.

The final rules, effective this year, affect all wellness plans for employees and their family members, even those plans that don't also require enrollment in a health plan.

Here we look at the final rules:

Incentives

Under the final rules, you can offer up to a 30% discount on self-only health coverage to employees in wellness plans, but if you offer more than one health care plan, the incentive cannot exceed 30% of the cost of the lowest-priced option.

The final rules also limit spousal incentives to 30% of employee-only coverage.

Under Health Insurance Portability and Accountability Act (HIPAA) regulations, incentives for a wellness program with a smoking-cessation component are not limited to the 30% rule and can be as high as 50%. However, if the program includes biometric screening or any other tests for the presence of nicotine or tobacco, it would be limited to incentives of 30%.

Employers are also permitted to offer in-kind incentives (e.g., employee recognition, parking spot use, relaxed dress code).

'Voluntary' defined

The final regulations define what is considered "voluntary":

- Employers must not require employees to participate.
- Employers may not deny health care coverage to employees who do not participate.
- Employers may not take any adverse employment action against or coerce employees who do not participate.

Notices

You must provide employees with a written notice that advises them about what medical information will be obtained through the wellness program, how it will be used and restrictions on its use.

Confidentiality and information protection

Information obtained under employee wellness programs is still considered protected health information for purposes of HIPAA compliance.

It is important to ensure that all information is kept confidential and that employees handling the information are well trained on their confidentiality obligations. Employers also must ensure that they do not receive the information in a manner that would disclose the identity of specific individuals.

Non-discrimination

To ensure that this exception applies, the program must be "reasonably designed to promote health or prevent disease."

For example, programs that penalize an individual because his or her spouse suffers from a disease or disorder will not meet this standard.

Information collected under the program must actually be used to design services that address the conditions identified in the information collected.

The ADA bars employers from denying access to a particular health plan because an employee does not answer disability-related questions or undergo medical examinations, the EEOC said in a statement.

Under new ADA regulations, employers must offer reasonable accommodations to allow an employee to participate in a wellness program so long as doing so does not constitute an undue burden.

Also, where an employer's wellness program provides medical care and rewards an individual for meeting a health standard, the employer must provide a reasonable alternative to earning any incentive.

For example, a program that rewards an employee for reaching a certain body mass index must modify that standard for any employee who cannot reach that BMI for medical reasons, such as a thyroid condition. That way the employee could still earn the financial incentive.

The takeaway

If you have a wellness program or are considering implementing one, you should talk to us about your options and discuss any concerns you may have regarding compliance with the new regulations. ❖

Voluntary Benefits

IRS Adjusts Out-of-Pocket Maximums for HSAs, HDHPs for 2018

THIS MONTH, the Internal Revenue Service released the 2018 inflation-adjusted amounts for health savings accounts and high-deductible health plans.

The two types of account are related, as all HDHP participants must also have an accompanying HSA. But HSAs are also available to participants in more traditional health plans that do not have high deductibles.

If you have HDHPs for your employees or are considering offering one for 2018, you'll want to pay attention to the changes for that year:

THE 2018 NUMBERS

	2018	2017
HSA maximum calendar-year contribution		
Self-only coverage	$3.450	$3,400
Family coverage	$6,900	$6,750
HDHP minimum annual deductible		
Self-only coverage	$1,350	$1,300
Family coverage	$2,700	$2,600
HDHP maximum out-of-pocket expense		
Self-only coverage	$6,650	$6,550
Family coverage	$13,300	$13,100

Please note that if you have a grandfathered plan, the Affordable Care Act limits the out-of-pocket maximum. For 2014, the limit was equal to the out-of-pocket maximum for HSAs.

So, the maximum out-of-pocket that may be used under a non-grandfathered health plan in 2018 will be $7,350 for self-only coverage and $14,700 for other than self-only coverage.

A recent analysis by the consulting firm Mercer found that the average per-employee cost of HSA-eligible plans is 13% less than that of a traditional PPO.

Despite that, while 53% of large employers offer such a plan, just 6% position it as a full replacement for traditional medical coverage.

Higher costs are one reason. Employers that offer HSA plans as a full replacement spend $9,991 per employee versus $9,453 for plans that are offered as a choice.

Poor employee engagement is another factor. At companies that offer HSAs, only 24% of covered employees enroll in one.

When offered alongside other medical plans, just 40% of eligible employees choose an HSA to which their employer contributes versus 35% when there is no employer contribution.

How to engage employees for HSAs

New research also suggests employees are drawn to a longer time horizon for HSAs.

More than 40% of HSA participants surveyed enrolled in their accounts to make use of them as savings vehicles for future health care needs.

That compares with the 21% of respondents who cited tax savings and the 9.5% who identified lower premiums as the chief reasons for their HSA participation.

This means that employers that offer HSA-linked plans should try to focus on showing their employees that even small extra savings, year-over-year, can accumulate to a nice nest egg going toward their future expenses.

Employers can make use of tools such as calculators to help participants determine how much they should be contributing to their accounts.

They also can encourage enrollment by raising awareness of the tax benefits. ❖

Attracting Talent

Right Mix of Benefits Crucial to Hiring, Retaining Millennials

AS THE MILLENNIAL generation continues filtering into the workforce amid a tightening job market, nearly one-third of them have turned down a job offer because of poor insurance offerings, a new study has found.

Making sure that you have the right mix of benefits, including voluntary benefits, is important considering that other studies have found that millennials are already hard to keep on the payroll. This has been underscored by studies that found that one in four millennials were considering looking for new work in the next year.

In addition, they are more cautious than boomers or Gen Xers in choosing their financial portfolios and more focused on planning for their long-term future. Millennials even value health insurance almost as much as older adults do – despite the fact that they're much less likely to use it.

Also, having seen the hardships the recession had on their families and/or their friends' families, they are more likely to watch their wallets and are more inclined to start saving for retirement at an earlier age.

In addition, many of them are saddled with levels of student loan debt that are much higher than previous generations.

These factors all add up to a generational shift towards more financial security through improved benefits.

Here are some of the most telling findings of the study:

- 27% of 18- to 34-year-olds said they'd rejected a job because of poor benefits, or a lack of them.
- 29% of 18- to 34-year-olds had engaged in long-term financial planning over the past year. That's compared with 19% of 35- to 54-year-olds. Besides 401(k) plans, that means millennial workers are also more apt to take up disability insurance which protects their income if they are unable to work because of injury or illness.
- Of survey respondents who did not have disability insurance, 53% said they didn't have it because their employer did not offer it. Another 32% said they didn't have disability insurance because it was too expensive.

Earlier study had similar findings

Towers Watson's "Global Benefits Attitudes Survey" found that 59% of millennials were willing to sacrifice higher pay for a guaranteed retirement benefit, while 32% said they were also willing to pay a higher amount for a lower or more predictable health cost.

When asked how they would spend money if their employer provided them with an allowance to spend on a variety of benefits, millennials said they would allocate more than half to health care and retirement plan benefits (27% each).

The takeaway

As an employer in a tight job market, you will need to ensure that you have a good mix of health, retirement and voluntary benefits that can give your employees peace of mind that they can meet their obligations even if they get sick.

Millennials, because of their financial situation, are concerned over how to make ends meet, but they also recognize they have long-term financial risks as well, and many agree with having their employer play an active role in encouraging them to better manage their finances.

This puts you, the employer, in a unique position to help them shape their benefits package for the long run, with a plan towards the future.

That means offering a solid health insurance benefits package, a 401(k) plan so they can start saving early for retirement, and voluntary benefits like critical-care coverage or disability insurance that can protect their finances in case of a catastrophic event. ❖