Einstein
Advanced Health Insurance Solutions

NEWSALERT

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Health Reform

Trump Hints at Withholding Subsidies to Prompt ACA Decline

AFTER THE efforts by the House of Representatives to dismantle the Affordable Care Act failed, President Trump has promised that the repealing and replacing law is still one of his top priorities, and also hinted at hastening its demise by withholding the premium subsidies the government pays to health exchanges.

Essentially, if he follows through and creates the regulatory environment to make withholding the subsidies possible, the health care exchanges would collapse under their own weight as insurers pull out en masse.

In addition, already it's unclear how serious the IRS under Trump will be about collecting penalties from applicable large employers who are required under the ACA to cover their full-time workers.

The President made the announcement on Fox Business, saying that the health insurance bill will get done because it is essential for freeing up money to fund his second target: tax reform.

What Trump said during his interview on Fox was that the marketplaces would fail if the government didn't continue making payments to insurers that participate in the exchanges.

Subsidies are paid to the health exchanges to help lower-income individuals and families purchase coverage on them.

The subsidies – totaling about $7 billion a year – are also the subject of a lawsuit that challenges their validity. House Republicans sued to block the payments in 2014.

A judge sided with the Republicans in a decision nearly a year ago, but did not enforce the decision while the Obama administration appealed.

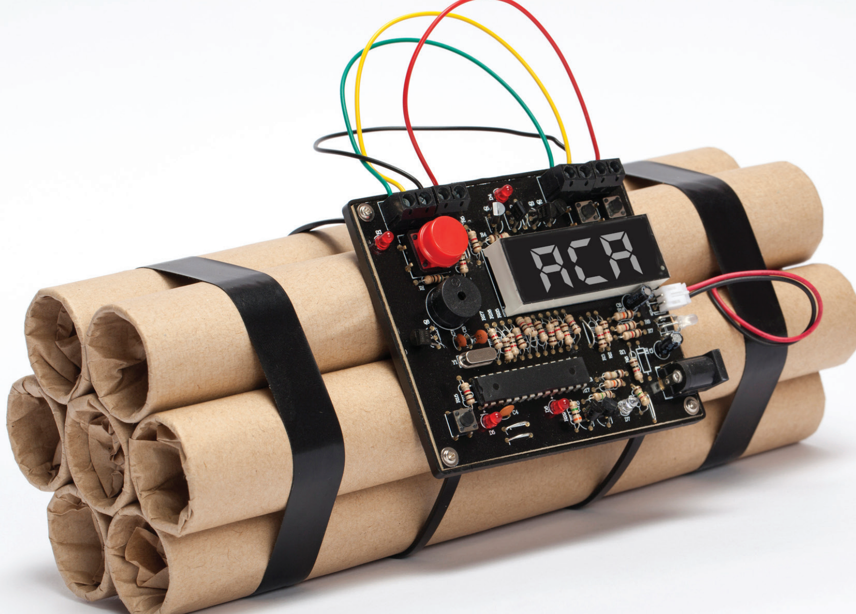
The appeal is still underway, and if it wanted to do so, the Trump administration could drop the appeal and stop making the payments.

That would spell the end of the ACA really in terms of the individual mandate, but doing so could send severe shockwaves through the entire health insurance system with a number of unforeseen consequences.

Fox has forecast that their elimination would lead to an immediate 19% increase in premiums on exchanges if insurers were to stick around.

After the ACA replacement – the American Health Care Act – failed, Republican leaders in Congress said they would support continuing the subsidies. Shortly thereafter, the Trump administration said that payments would continue while the lawsuit is being litigated.

As stated above, it's unclear also whether the administration will continue enforcing the employer mandate by not collecting penalties from applicable large employers that are required to cover their workers. ❖



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New Approach

Reference Pricing Can Reduce Medical Outlays, Costs

IN AN EFFORT to encourage health plan participants to shop around when deciding on where to have a procedure, more insurers are starting to use a system known as "reference pricing."

With reference pricing, the health insurer imposes a limit on the amount it will pay for a particular procedure – a limit that is reasonable and allows access to care for patients.

Typically, a large claim will be priced at either "cost plus 12%" or "Medicare plus 20%," whichever is higher.

Reference pricing models offer a smart alternative to the typical PPO plans that barely generate cost savings in a world where the average mark-up for hospital goods and services is 300% to 2,000%.

What makes this possible is the health insurer having a unique partnership with an aggressive third party administrator and ELAP, a cost-management services firm. Together, they work to shield plan participants by auditing claims riddled with exorbitant charges from health care facilities, and provide legal defense if balance billing or a collection attempt occurs.

Use of reference-based pricing rose from 11% to 13% among large employers in 2015, according to a study by Mercer Benefits.

This type of arrangement benefits both your plan participants as well as employers that offer the plan to their staff.

Limits of reference pricing

Reference pricing cannot be applied to all procedures. It should only be used for those that health plan enrollees can shop for, and when they have time to compare based on price and quality, like:

- Scheduled procedures such as knee replacements
- Ambulatory surgical procedures
- Lab tests
- Imaging
- Pharmaceuticals

What it should not be used for:

- Emergency procedures
- Unique components of care that a patient can't select independently, like a lab test during a visit to a doctor
- Complex medical conditions ❖

How Employees Benefit

- Lower contributions and improved benefits
- Legal support and protection in the event of balance billing or collections
- Member access to physicians through a national network

How Employers Benefit

- Lower cost for entire medical benefits program
- Significant stop-loss premium reduction compared to traditional PPO pricing
- Allocate fiduciary responsibility to ELAP
- Receive same legal protection as members
- Organizations that have implemented reference pricing report lower outlays for procedures

How It Works: A Success Story

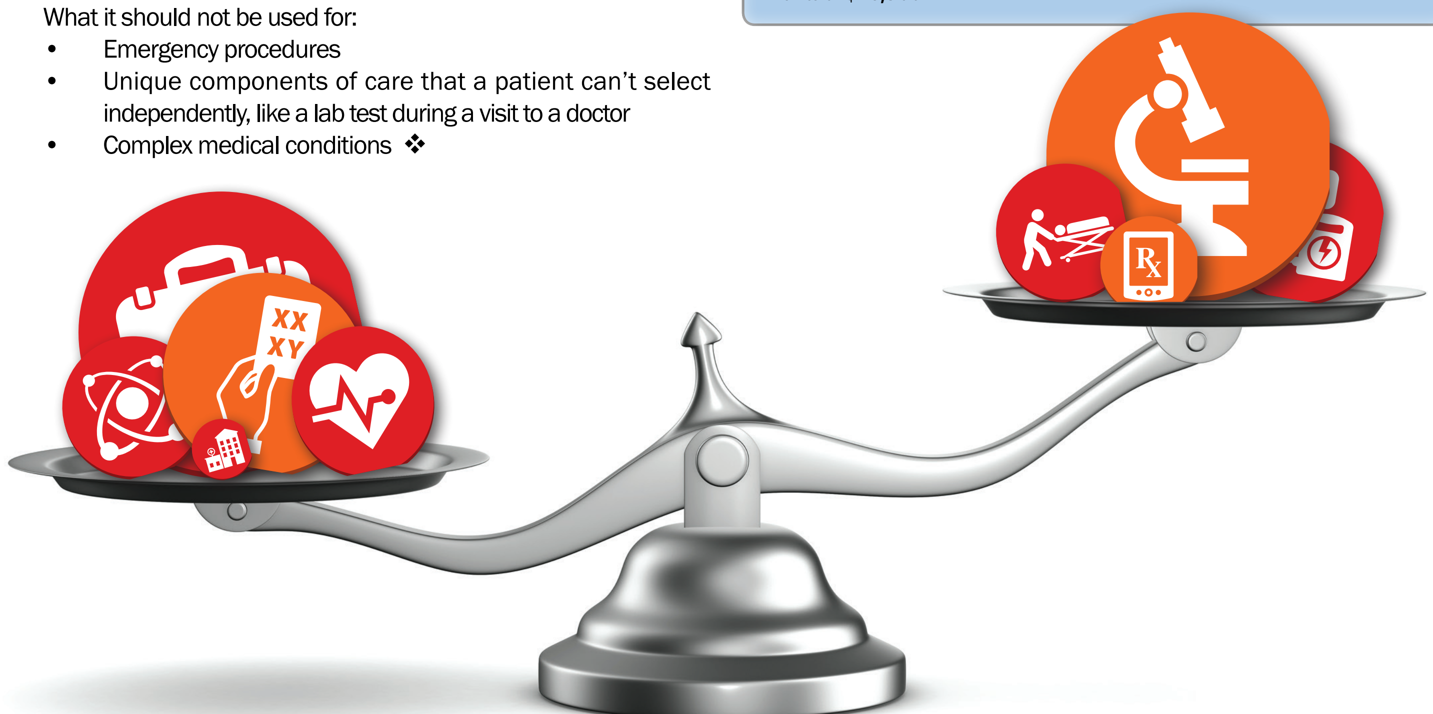
Huffines Auto Dealerships in Texas signed on to a similar program a few years ago.

The company, which provides coverage to 300 employees and their families, first worked with ELAP on charges for an employee's back surgery. The worker had spent three days in a Dallas hospital. The bill was $600,000.

The dealership, a self-funded that pays worker health costs directly, was working with a third party administrator that had set up a traditional PPO network with agreed-upon hospital discounts. The TPA said it could get the bill knocked down to $300,000.

After ELAP analyzed the bill, the firm estimated costs for the treatment based on the hospital's financial reports filed with Medicare.

Then it added a cushion so the hospital could make a modest profit. The final tab: $28,900.



Voluntary Benefits

Interest in Critical Illness Coverage Grows as Deductibles Rise

IF YOU WANT to provide your employees with the one voluntary benefit that can give them peace of mind should tragedy strike, critical illness coverage is the answer.

Demand has grown for critical illness insurance over the last few years as more of the cost-sharing burden has been shifted to employees on employer-sponsored health insurance plans.

According to the Kaiser Family Foundation's "2015 Employer Health Benefits Survey," employees had to pay 255% more for their individual insurance deductibles in 2015 compared to 2006.

Additionally, the foundation reported that the number of workers with deductibles of $1,000 or more nearly doubled between 2010 and 2015 – increasing from 27% to 46%.

Since employees have taken on a higher cost-sharing burden, many employers have begun to enhance their voluntary benefits offerings to include critical illness or cancer coverage to help offset the risk for employees and increase satisfaction and retention.

Interest grows

In part, employee interest in critical illness insurance stems from the chain of events that may have cut back their benefits and caused their deductibles to skyrocket. They are looking for peace of mind should they be stricken by a serious illness.

In addition, advances in medicine and technology that have prolonged life also make critical illness coverage more attractive.

Consider that out-of-pocket costs for a critical illness can start at around $15,000 and climb from there, and that lost income can be as much as $50,600, according to a 2014 MetLife study.

In other words, battling a critical illness could be just the tip of the iceberg. If someone's lucky enough to survive a critical illness, they may still suffer major financial damage due to high medical bills and restricted income.

To stave off debt, some people dip into, or deplete, their retirement savings and end up paying extra due to resulting taxes, fees, and reduced health insurance subsidies.

However, other adults don't even have enough, or near enough, of a nest egg saved to cover all the costs.

How it works

Critical illness coverage provides a lump-sum payment a policyholder can use for any expense if they've been diagnosed with a serious illness.

Evolving products

Insurers have started offering new and/or improved critical illness products.

Mostly, this insurance only pays out for one occurrence of a listed condition. And once that payment is made, the policy is terminated.

Now, insurers offer polices that cover a wider variety of conditions and allow beneficiaries to receive multiple payouts if they suffer from a reoccurrence or another condition entirely.

As a result, more employers are offering critical illness coverage. According to Mercer's "2015 National Survey of Employer-Sponsored Health Plans," the percentage of employers with 500 or more employees offering group cancer or critical illness insurance increased to 45% in 2015 from 34% in 2009.

And a Willis Towers Watson survey predicts that 73% of these employers will offer it by 2018.

If one of your employees is in a fight against a critical illness, the last thing they should have to worry about is whether they have enough money to fund the battle. Be the one to stand up and offer this timely form of protection. ❖

WANT TO KNOW MORE?
CALL US: 877.324.2114

Comparing Plans

Technology Quickly Transforming Benefits Portals

AS TECHNOLOGY ADVANCES at lightning speed (remember it wasn't so long ago when we didn't have smartphones), employee benefits portals continue evolving as well.

However, new bells and whistles do not always make a benefits portal better and sometimes the kinks need to be worked out to accommodate new features. It's important when choosing a portal that you get the design and functionality that will ensure that your employees can easily enroll in a plan that is right for them.

If you are looking for the relatively newest features that can best help you improve your employee benefits portal, they are mobile optimization and access to data analytics.

Mobility and convenience

One important factor, especially for engaging with the younger members of your staff, is mobile optimization. In fact, it is really the millennials in the workforce that are driving the changes.

Many companies that operate these portals have rapidly been expanding into the the mobile space so that participants can take care of all of their benefits needs and enrollment on a mobile device.

Also, while portals do include the fine print of each plan, they are increasingly offering short videos explaining certain benefits and providing online help.

When using the portal, employees can often exchange instant messages with a representative who can answer their benefits questions.

Data and information capture

Besides the constantly evolving features and the convenience of benefits portals, the other area that is expanding quickly is the ability of the portals to collect reams of data.

This allows employers to run all sorts of analytics, which in turn can help them fine-tune their benefit offerings to better suit their employees.

For example, most portals can now notify you instantly when enrollment events occur, such as an employee finalizing their choice of plan.

With a portal you'll never have to worry about tracking down a signed application or wondering if employees have reviewed all of their compliance documents. The portal keeps track of all that.

Also, many portals include Affordable Care Act tools, which means you do not need to spend extra dollars on a separate system. These tools also include eligibility tracking and data collection for 1094/1095 reporting.

Using analytics to break down big data and extract employee benefits information can help you identify disease trends and utilization patterns so you can build a more efficient and effective benefits package. It can help you better understand how your employees are using your benefits package and which new options may be valuable to them.

Often these platforms will allow the employer to access:

- Enrollment transaction history
- Plan utilization
- Third-party data

Portals often provide access to end-to-end data so you can:

- Confirm scheduled files
- Confirm submissions
- Rate the quality of the file
- Initiate a case if there is a problem.

Communicating the portal to employees

Communication should be part of any portal project, to promote both the benefits on offer and the portal itself.

The key is to identify what works best for staff, including the use of focus groups to understand individual preferences.

Fortunately, raising awareness and usage of the portal is relatively simple in an office environment where employees have immediate e-mail and web access. You can send out e-mail and message blasts to all of the employees and put up a notice for an annual benefits meeting in the break room.

But in factories and in companies that have multiple locations, you may have to employ other tactics like desk drops, posters and holding large employee meetings by representatives that will travel to each location to make the presentation and answer questions.❖

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