Einstein
Advanced Health Insurance Solutions

NEWSALERT

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ACA Issues

Fallout from GOP Tax Bill on Group Health Coverage

THE GOP'S tax bill, which has been passed by Congress and signed into law by President Trump, will have a number of spillover effects on the health insurance markets, for commercial and individual policies alike.

To get more Republicans on board, the Senate leadership added a provision that eliminates penalties for individuals who do not secure health coverage either through their employers or on their own on publicly run exchanges.

The Congressional Budget Office (CBO) estimates that 13 million people would lose coverage if the mandate is repealed, 7 million of whom would drop out of Medicaid and employer-sponsored plans.

Why employer-sponsored plans? Because they would not be required to participate in their employer's plans, thus saving the premiums they pay as part of employer-employee cost-sharing.

The tax bill does not repeal penalties against applicable large employers that fail to secure coverage for their workers.

When the penalties are eliminated for individuals, it's expected that rates will go up on exchanges as more healthy and young people stop buying insurance, leaving a sicker, more costly insurance pool behind.

Others who are expected to exit the individual market are higher-income individuals who make too much to qualify for subsidies and may be averse to paying for the expected premium increases that will result from repealing the mandate.

The CBO predicts that about 5 million people will stop buying policies on Affordable Care Act exchanges or the open market.

Cost of employer health plans

What is still an open question is how this will affect the cost of employer health plans.

The individual mandate repeal does not take effect until January 2019, so penalties still apply for individuals who fail to secure coverage this year. That means there won't likely be an immediate exodus.

Some analysts are predicting that there will be a surge of people going into employer-sponsored plans if rates on exchanges increase as a result of the continued uncertainty.

On the other hand, like individuals who buy coverage on the government-run marketplaces, young and healthy employees may also decide to drop their employer-sponsored coverage if they can save money and not face financial penalties for not securing coverage. That could drive up rates if it happens.

For 2018, enrollment nationally was close to 2017's total even though the Trump administration cut the sign-up period in half.

More than 8.8 million Americans signed up to individual coverage for 2018 on ACA exchanges, compared to 9.2 million for last year. ❖

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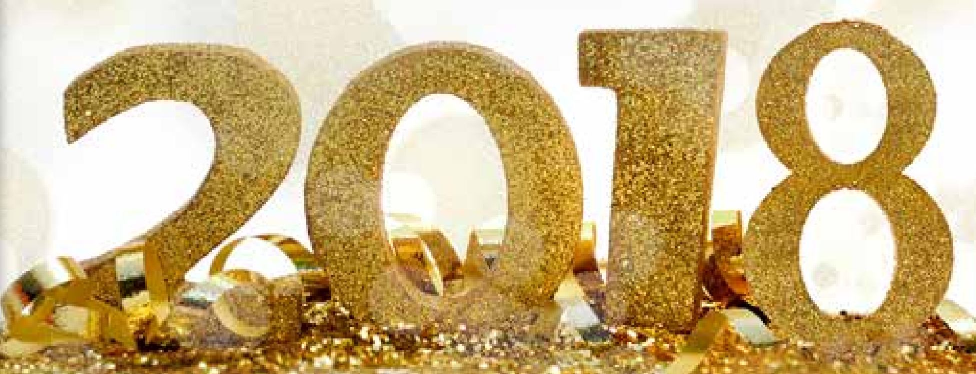
Einstein Advanced Health Insurance Solutions Wishes You a Happy New Year



Human Resources

How Employers Can Fight the High Cost of Diabetes

DIABETES IS a devastating illness – and not just for those with the disease. Employers are also shouldering massive and increasing direct and indirect costs due to diabetes.

Diabetes afflicts more than 11% of the adult population, including about 6.3% of full-time workers and 9.1% of part-time workers.

Adults with diabetes incur more than $8,480 in direct treatment costs, on average. Those who are insured spend even more.

A 2016 report from the Health Care Cost Institute estimated that insured workers with diabetes spend more than $16,000 on health care costs per year. Those without diabetes, on average, generate about $4,396 in medical costs per annum.

Indirect costs

Employers aren't just paying more in direct health care costs and insurance premiums. They also pay via lost productivity.

On average, diabetics miss 5.5 days more of work than other workers, according to Gallup estimates. That adds up to 45 million missed workdays, and productivity costs to U.S. employers of $4 billion.

And for employers, these costs may represent just the tip of the iceberg. The Centers for Disease Control (CDC) estimates that more than 114 million adults in the U.S. – a third of the workforce – have undiagnosed diabetes or prediabetes.

What can employers do?

The CDC recommends that employers design wellness programs that specifically target improvements in the following areas:

- Exercise and activity levels
- Smoking cessation
- Hypertension reduction
- Blood cholesterol reduction
- High blood glucose reduction
- Weight/obesity

There also are a number of measures employers can take to help mitigate some of the costs to the organization.

1.) **Offer ongoing counseling with professional dieticians.** Employees that regularly meet with dieticians who can help them set small, manageable goals for themselves, make significant and measureable health improvements, according to a 2016 study. The research found that they lost 5.5% of their body weight and reduced blood glucose levels.

2.) **Start a walking club.** The American Diabetes Association's Stop Diabetes @ Work program recommends that employers encourage company walking clubs and participation in diabetes walk-a-thons like Step Out: Walk to Cure Diabetes, or host a Community Walk to Cure Diabetes.

You can find resources, including posters, newsletter articles, training plans and walking guides, at *www.diabetes.org*.

3.) **Encourage self-assessment and screening.** According to the CDC, 30% of people with diabetes aren't even aware of it. Workplace screenings are easy and effective. Many employers provide incentives for workers to participate via reduced insurance copays, or even cash payments.

All screenings should be confidential and employers should not penalize employees who have diabetes, as this could violate the Americans with Disabilities Act.

4.) **Encourage smokers to quit.** Diabetics who smoke have far higher medical costs on average than non-smoking diabetics or non-diabetic smokers. Discouraging tobacco use can pay off in the long run.

With so much at stake, a robust workplace program to fight diabetes can generate a significant return on investment.

The American Diabetes Association estimates that preventing or delaying the onset of diabetes in just one prediabetic employee can generate more than $50,000 in direct and indirect cost savings over five years. ❖

Individual Mandate

Repeal Could Spur Interest in Short-Term Plans

ONE OF THE likely consequences of the repeal of the Affordable Care Act individual mandate under the tax overhaul that President Trump signed into law right before Christmas is a migration to short-term health plans.

These are essentially low-cost, low-coverage plans that do not comply with the ACA's protections and benefits.

They are not your typical health insurance plans, as they are mostly good for catastrophic coverage and often do not cover run-of-the-mill medical procedures like doctors' visits and the cost of medications.

Short-term plans are also likely to increase in popularity in light of an executive order Trump signed on Oct. 12.

The order directed the Department of Health and Human Services to develop plans within 60 days to reverse regulations that restrict short-term plans to less than three months. Current regulations also bar individuals from renewing those plans.

The dynamics at play

Trump's order directs the HHS to consider creating new regulations that would allow short-term plans to cover longer periods and allow consumers the option to renew them. So far, it has not introduced a plan to achieve this.

Any new regulations might allow the plans to be good for a year and be renewable.

But allowing these short-term plans to be extended could send shockwaves through the system, particularly exchanges.

About 20 health care interest groups, including America's Health Insurance Plans, sent a letter to all state insurance departments urging them to enact policies if the administration lifts restrictions on short-term plans.

They are mainly concerned about the flight from marketplaces by younger and healthier participants, which could leave the marketplaces with older individuals and those with pre-existing conditions.

Thinning the risk pool in that fashion may force rates to skyrocket, which could push even more people to consider short-term plans.

Low price, low coverage

Originally, short-term plans were created to keep people covered if they lost coverage either after losing their job or going through a divorce with a spouse whose plan they were on.

After the ACA was enacted, some people flocked to these short-term plans, but the Obama administration issue rules in 2016 that limited the duration to the aforementioned three months. The rules took effect in April 2017.

One company that sells a lot of these plans is Agile Health Insurance, many of whose plans cost less than $100 and have deductibles ranging from $2,500 to $5,000 – similar to what you'd get with some plans on individual exchanges.

The plans do not cover pre-existing conditions or any medical issues that the individual has been treated for in the last five years, and the insurer is under no obligation to renew your policy after it expires.

Many short-term plans set limits on how much they will pay for various procedures, and the limits are often lower than the actual cost.

Like traditional plans, many short-term plans have medical provider networks. You pay more out of pocket to use out-of-network than in-network doctors and hospitals.

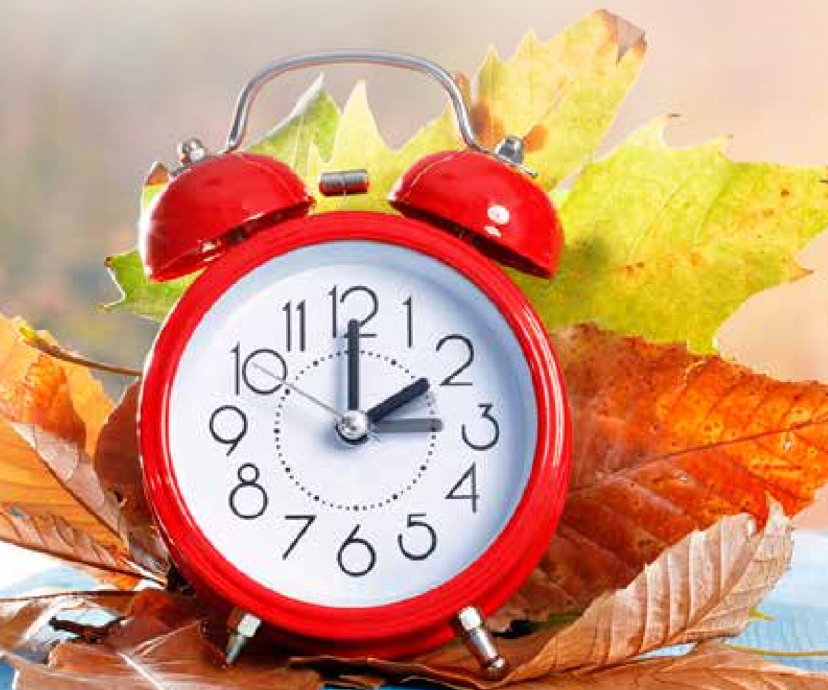
Short-term health plans from UnitedHealthOne – a UnitedHealthcare company – for instance, feature a choice of deductibles from $1,000 to $10,000.

The least expensive plan covers outpatient doctor visits for injury and illness, X-ray and lab work, mammograms, pap smears and PSA screenings, hospitalization, emergency room visits for injuries and emergency visits for illnesses if you're admitted to the hospital.

They typically won't cover your routine doctor visits, maternity, mental health or preventative care, and many plans don't cover prescription drugs unless you're hospitalized..

The typical plan pays 70% of covered medical expenses after the deductible. It does not cover outpatient prescription drugs, preventive care or mental health services, and it caps lifetime benefits at $250,000.

The most expensive plan pays 80% of covered services after the deductible, includes prescription drug and mental health coverage, and has a $1.5 million lifetime benefit maximum. ❖



Voluntary Benefits

Why You Should Offer Group Disability Insurance

YOU PROBABLY know someone whose family has been financially devastated by disability, be it from a car or motorcycle accident, a back or neck injury, complications arising from pregnancy/childbirth or as a result of disease.

Nearly every worker in your organization and most of your applicants could introduce you to at least one family that's been affected. This is why employees tend to place a high value on employer-provided disability income insurance: They know they're at risk themselves.

Nearly half of the talent pool out there considers disability insurance to be a "must-have" employee benefit when it comes to deciding where they are going to work.

According to the "15th Annual MetLife Employee Benefit Trends Survey," 45% of respondents considered long-term disability insurance to be a must-have, and 43% felt the same way about a group short-term disability plan.

Disability insurance isn't ranked as high as major medical plans or dental insurance, but it is quite a bit more important in today's marketplace for top talent than other programs like accident insurance, identity theft protection and legal services coverage.

According to the Society for Human Resources Management, 72% of employers surveyed provided group long-term disability insurance as an employee benefit as of the first quarter of 2017, while 65% of employers surveyed offered short-term disability insurance.

Many workers and employers assume that employees receive disability insurance coverage via their workers' compensation insurance.

This is a mistake because workers' compensation only covers injuries or illnesses that are directly related to the workplace.

This amounts to only about 5% of disabling injuries or illnesses. Ninety-five percent of the time, a newly disabled worker will not be covered by workers' compensation insurance.

Social Security only provides benefits if the worker is nearly totally disabled – and the benefit is barely enough to maintain a subsistence level income.

Building value

If you provide disability insurance, make sure your employees understand the value of the package.

If possible, you can point to disability benefits received by people within the company, like former employees who have been affected by accidents and illnesses, who had to leave their jobs, and who were saved from having their homes foreclosed on or being otherwise forced into destitution thanks to the company group disability insurance plan.

Disability insurance can help prevent presenteeism. Many times, workers will show up to work even if they are sick or hurt, simply because they need the money.

But, workers trying to "work through" a disability are less productive, and can be a drain on company profits.

Worse, they may pose a safety hazard both to themselves and to others around them: Too often, workers report to work while taking powerful medications like codeine and OxyContin, and create a significant safety risk while driving to and from work and while operating machinery at work.

A good short-term disability plan, especially, can help reduce the tendency of employers to keep coming to work while trying to recover from significant medical events or while taking narcotics or other powerful medications.

Other benefits

Disability insurers work with patients, employers and care providers to get workers back to work and off the claim.

Carriers generally provide case managers to help arrange occupational therapy and other forms of treatment to help the employee transition back to the workforce.

The employee's case manager can maybe help you design a plan to start them working from home, or working part time while they gradually regain the ability to work full time.

The key benefit to the employer is the boost in employee loyalty and morale that comes with being an employer that provides this vital coverage for their workforce. ❖