Einstein
Advanced Health Insurance Solutions

NEWSALERT

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Health Insurance

Proposed Regs on Association Plans Could Invite Fraud

PROPOSED REGULATIONS that would allow small businesses and individuals to band together to purchase group coverage could open up a new era of fraud in U.S. health insurance, according to comments filed by a number of groups.

Former Department of Labor officials, insurance companies and employee advocacy groups sounded the warning in letters to the DOL during the proposed regulations' comment period, which ended March 6, according to a report by Bloomberg Law.

They said that twice in the past when similar rules were ushered in, they were followed by a wave of fraud and abuse that could leave workers without coverage, according to the report.

In the past, when small groups were allowed to band together to compete with health plans, they didn't work. And when association health plans offering skimpier benefits have operated, covered individuals were often left holding the bag.

The Government Accountability Office found that 200,000 people ended up owing $252 million in unpaid health care bills after buying plans from bogus group plans between 2000 and 2002, the DC Health Benefit Exchange Authority pointed out in its comments to the DOL.

Between 1988 and 1991, more than 400,000 people suffered the same fate, according to a 1992 GAO report that DC Health cited.

Over the past few decades, there have been dozens of lawsuits and enforcement actions taken by regulators against these loosely assembled association plans.

Often the plans are pushed by unscrupulous promoters who sell the promise of inexpensive health benefit insurance, but default on their obligations. The DOL in a number of these cases found that the people behind these plans diverted premiums to their personal use.

See 'Concern' on page 2

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HSA Rule Change

Maximum Family Contribution Reduced for 2018

ONE OF THE unintended consequences of the tax bill that was signed into law by President Trump in December was a change to the HSA contribution limits for 2018, and action needs to be taken for some participants immediately.

As a result, the IRS announced in March that the maximum family contribution to a health savings account for 2018 is being reduced by $50 (from $6,900 to $6,850).

The tax bill, however, did not make changes to the contribution limit for self-only coverage ($3,450) and there is no change to the catch-up contribution for people over the age of 55 (that remains at $1,000 per year).

This change only affects your employees who have HSAs and are covering dependents, and who have chosen the maximum contribution to their HSA. For those employees who are affected, please follow these instructions:

- If the employee is making equal contributions out of their paycheck to total $6,900 for the year, they will need to reduce this contribution amount by a total of $50 for the remainder of the year. They can do this by lowering the contribution a couple dollars per paycheck or by reducing a single contribution by $50. It might be convenient to reduce the last one by that amount.
- If the employee has front-loaded their HSA and has already contributed the full $6,900 for their family, they will need to request an excess contribution form from the HSA provider to back $50 out of the account. If they don't do this, they'll be subject to a tax penalty on the excess amount. ❖

Continued from page 1

Concern That Proposed Final Rule Violates ACA

The department last year sued an association health plan for 300 small employers in Washington State, accusing its managers of mismanaging the plan's assets and charging employers more than $3 million in excessive "administrative fees."

Under current law and regulations, when small businesses with no connection with one another buy coverage through an association they are individually still treated as a small employer, which means the coverage has to comply with the Affordable Care Act.

But that could change under the executive order directing the federal government to expand small businesses' access to association health plans.

There has also been concern that the proposed final rule actually violates the ACA, as it would allow small employers and individuals to form groups that would be treated as "large employers" and hence not be subject to the ACA's coverage criteria.

Over the years, the DOL has established a serious test for association plans, including that they can only be formed by a "bona fide group or association" of employers who are tied together by genuine economic interests other than just providing insurance to their employees.

To avoid these problems, some commenters recommended that the final rule should give states oversight of these plans.

Without local oversight, it will be easy for fraudsters to flourish. ❖

Voluntary Benefits

Five Ways Employers Can Save on Health Care Costs

IN RECENT YEARS, many companies have been dealing with rising health care costs largely by transferring more of the expense and risk on to their employees.

But some employers have found smarter, more creative ways to limit health costs without further burdening valued employees. Here are some of the best solutions:

1. Pharmacy benefit managers

Pharmacy benefit managers are independent third party administrators that work with pharmacists, employers and workers to reduce costs and inefficiencies.

They may help workers migrate from expensive brand name drugs to equally effective generics for a fraction of the cost. Or they may be able to migrate workers from bricks-and-mortar pharmacies to mail order. They also assist employers with contract negotiations.

2. Telemedicine

Some companies are contracting with doctors to provide health services online, via a video feed.

It's no substitute for an in-person examination, but workers can get consultations and routine assessments done and get a prescription for a fraction of the cost of an in-person visit.

Furthermore, the worker doesn't have to take time off work for an appointment. It can be done from the office.

A typical insurance billing for a basic medical appointment can run as high as $150. On the other hand, a telemedicine visit can cost about a third of that amount, according to *U.S. News*.

3. Wellness programs

Healthy employees cost much less than sick ones over time. Smokers and the obese generate much more frequent and higher medical claims than normal-weight employees.

Employers are fighting back by offering access to smoking cessation and weight loss programs, as well as programs for managing conditions such as high blood pressure, diabetes and asthma.

About 58% of health plans nationwide offer an incentive for participating in a wellness program, according to research from CEB, the best-practice insight and technology company.

4. Consumer-directed health plans

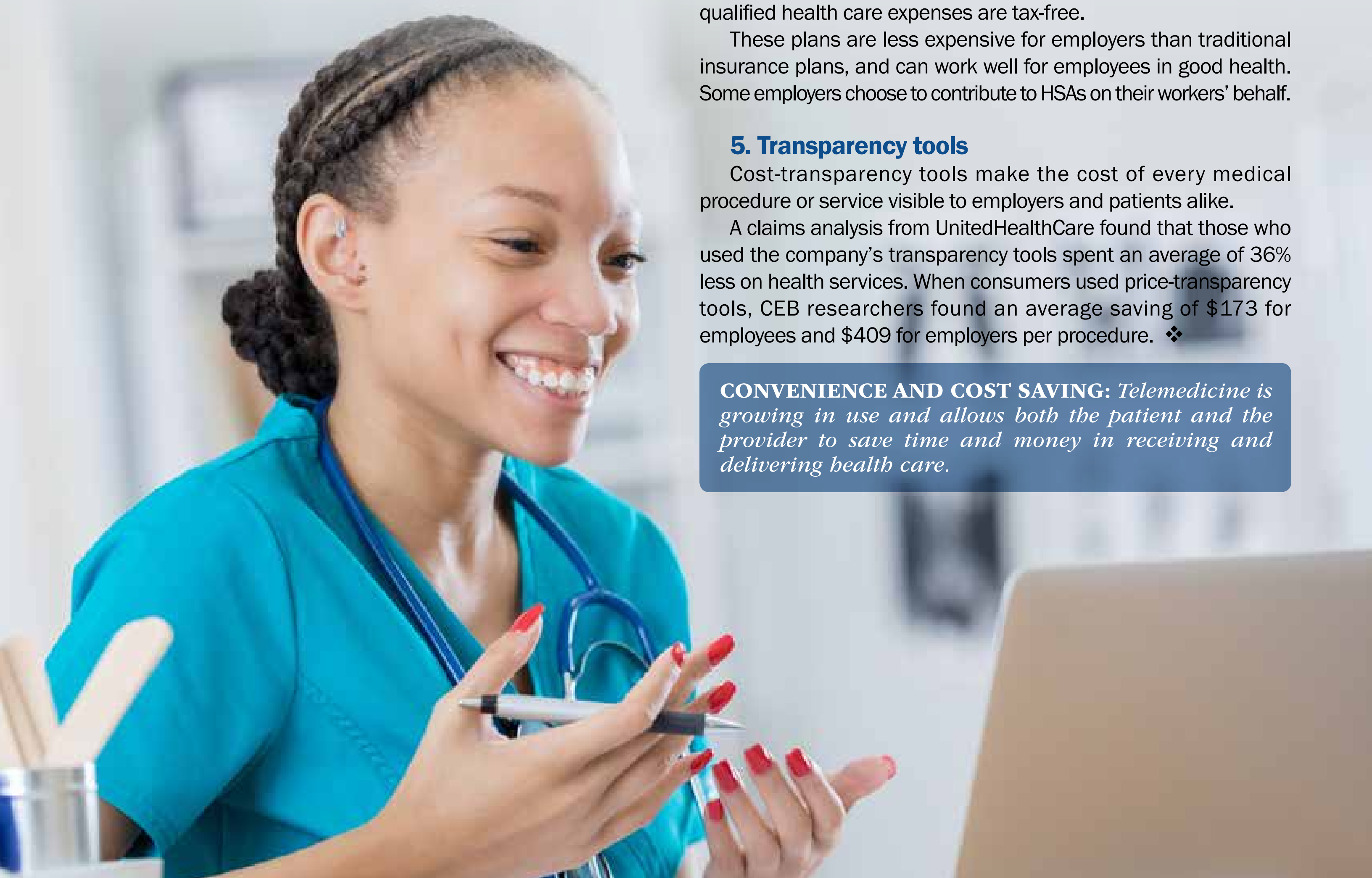
Employers are also giving employees greater control over their spending decisions with high-deductible health plans combined with health savings accounts. The employee or employer can contribute pre-tax dollars to an HSA. Withdrawals from an HSA to pay for qualified health care expenses are tax-free.

These plans are less expensive for employers than traditional insurance plans, and can work well for employees in good health. Some employers choose to contribute to HSAs on their workers' behalf.

5. Transparency tools

Cost-transparency tools make the cost of every medical procedure or service visible to employers and patients alike.

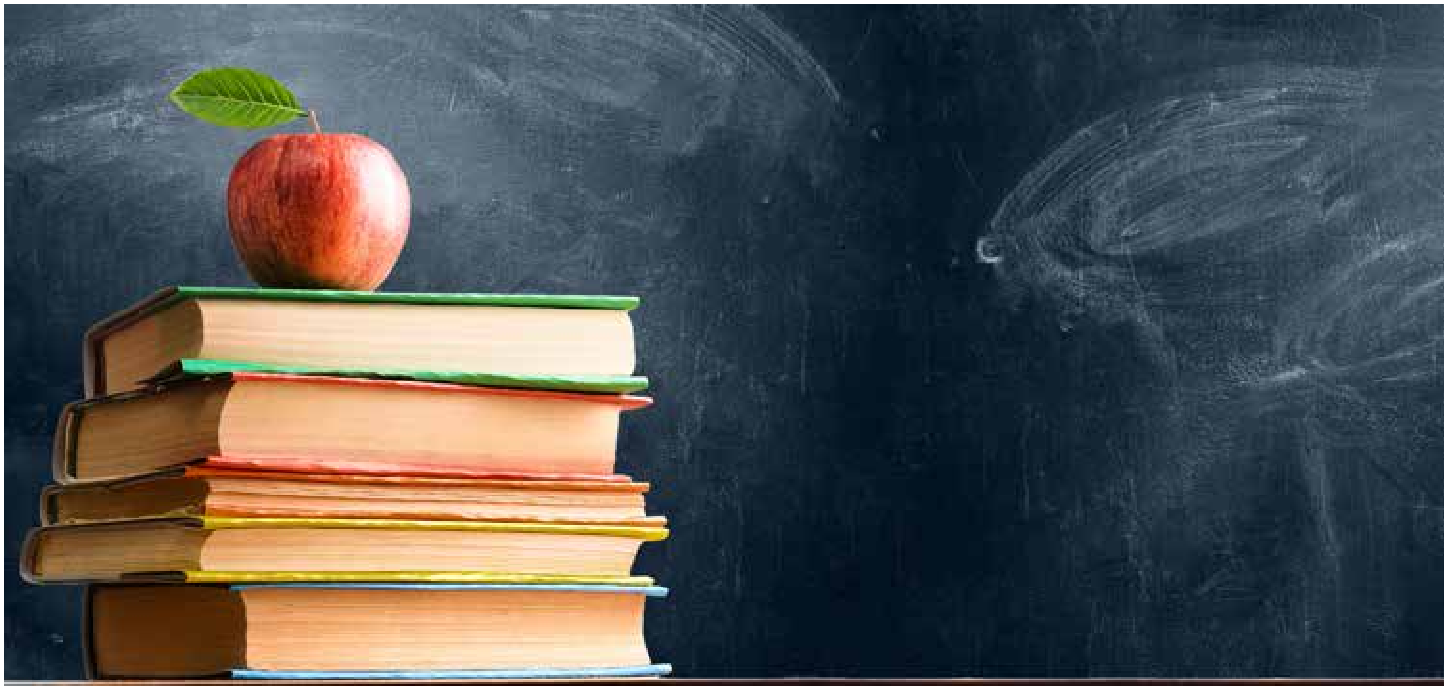
A claims analysis from UnitedHealthCare found that those who used the company's transparency tools spent an average of 36% less on health services. When consumers used price-transparency tools, CEB researchers found an average saving of $173 for employees and $409 for employers per procedure. ❖



CONVENIENCE AND COST SAVING: *Telemedicine is growing in use and allows both the patient and the provider to save time and money in receiving and delivering health care.*

Employee Benefits

To Bolster Employee Loyalty, Educate Them



A RECENT HARRIS Interactive Study, commissioned by insurer Unum Group, found that employees who receive frequent and thorough education on their available benefits are more likely to view their employer positively, and to feel that their employer values them.

The survey establishes a positive correlation between employees' understanding of their benefits and productivity.

Your employees will only value your health plans, 401(k) plans and other benefits after an intensive effort by management and HR professionals to educate them.

Think of it this way: After all the time and expense you have gone through to create a powerful menu of benefits for your employees to choose from, all of it will go unappreciated if you don't make an effort to brief and educate them on your benefits package.

Tips from the study

Give employees time to study their benefits – The study found that workers who had at least three weeks to review their benefits were much more likely to report they were given enough time to review benefits materials, and much more likely to report that they were able to make informed decisions.

Use three forms of media – The study also found that best results were obtained by companies that reached employees using at least three forms of media, including the Web, print materials, and employee meetings and presentations.

The survey also found that communications are growing more and more important to employee relations.

Put your HR staff to work – Your HR staff should be working hard to communicate with your employees in a variety of ways, because they have a lot of clutter to cut through.

That's because workers are inundated with choices. The days of perhaps having a health plan and pension plan and not much else are over. Section 125 cafeteria-style plans give workers a wide menu of benefits to choose from, which requires that they process more and more information about their benefits.

They also have to learn about flexible spending arrangements and various kinds of health plans, as well as long-term care and disability insurance.

Further, medical benefits have evolved from one-size fits all plans to increasingly consumer-directed options.

All of this places a higher burden on the employee, and requires stronger educational services on the part of the employer.

The takeaway

Your employee benefit briefings have a half-life and, thanks to employee turnover, this is an ongoing process. It is an effort you need to renew time and time again.

Fortunately, help is available. We have a variety of tools at our disposal to help convey the benefit and value of each component in your employee benefits menu.

This can help boost enrollment, cut your payroll taxes in some cases, and help ensure your best employees – the ones with the most options – stay with you. ❖