Einstein
Advanced Health Insurance Solutions

NEWSALERT

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*Health Insurance*

# New Rules Lay Down Law for Group Plans in 2019

THE CENTERS for Medicare and Medicaid Services (CMS) has released new regulations for small group health insurance plans and other matters stemming from the Affordable Care Act.

The new rules are part of the Trump administration's effort to dismantle the ACA after numerous GOP efforts to repeal the law failed in 2017.

The rules give states more control over which essential health benefits plans must offer and set new cost-sharing limits.

The move will have varying effects depending on the state, but the end result will mean more lax regulation of the ACA for individual and small group plans.

## Power to the states

The new rules allow states to determine which essential health benefits individual and small group plans must offer, effective 2020.

Plans still have to offer the 10 essential benefits required by the ACA, such as maternity care or mental health coverage, but a new rule expands the these benefits to 50 options, allowing states to build their own set of benefits that could become the benchmark plan.

## Annual cost-sharing limits

The maximum annual limit on cost-sharing for 2019 will jump to $7,900 for self-only coverage and $15,800 for other than self-only coverage. That's up from $7,350 and $14,700, respectively, for this year.

## New rules for SHOP

Starting in 2019, the Small Business Health Options Program will no longer be required to provide employee eligibility determinations or appeals, premium aggregation or online enrollment.

The SHOP scheme was created as a way for small employers to shop on an exchange much like individuals buying ACA plans on marketplaces do.

SHOPs will still be required to determine employer eligibility for the SHOP and certify each qualified health plan available through the SHOP.

But, enrollment will not be done online, but rather through agents and brokers who have registered with SHOP or an insurer offering a qualified health plan.

Notably, the small business health care tax credit will remain in place for eligible employers.

SHOP will still have a website that includes information on the plans in all geographical areas, a premium calculator and access to customer service where SHOP personnel can answer questions.

One other item that will stay in place is the "rolling enrollment" rule that allows employers to buy SHOP coverage at any point during the year if they meet certain criteria.

SHOP enrollment has been well shy of expectations, so CMS is looking for ways to continue offering the administration functions required by the ACA.

That said, state-based SHOPs will still have leeway to maintain their current operations as they see fit.

But for the most part, starting with the 2019 policy year, federal and state SHOPs will mainly rely on brokers and insurers to take on more of the responsibility for determining employee eligibility, conducting enrollment and collecting premiums.

*See 'Grandfathered' on page 2*

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*Voluntary Benefits*

# Helping Your Staff Get the Most from Their HSA Plans

AS MORE employers adopt high-deductible health plans, which leave their employees with more "skin in the game," it's important that you educate them on how to get the most out of the attached health savings accounts.

Unfortunately, your employees may not be using the funds in their HSAs as efficiently as they should, and they could be leaving money on the table. One of the most common ways that happens is spending on inappropriate care or misdiagnosed afflictions. It's estimated that up to $1 trillion a year is spent on this type of erroneous care.

HSAs have a threefold tax benefit:

- Money goes into the accounts pre-tax,
- The funds in the HSA grow tax-free, and
- Funds are withdrawn tax-free for qualified medical expenses.

Funds in an HSA remain in the account. There is no use-it-or-lose-it provision and workers retain ownership of the account even if they switch employers. They also can be kept until retirement and your staff can roll over or combine HSAs if they have more than one.

That said, your employees may be squandering their HSA funds.

## Examples of unnecessary care

- Duplicate tests, because doctors don't always have access to a patient's full medical records if they first went to a different facility.
- Overtreatment for common conditions such as back and joint pain, some types of cancer, and stable heart disease.
- False positives from tests, leading to follow-up tests.
- Replacing less costly medications and treatments with new and more expensive alternatives that may not yield better results.
- Care that was delivered on the insistence of a patient when it was not needed or medically appropriate.

## Tools for corraling health spending

Fortunately, there are means available to help your employees better decide how to spend their HSA funds.

First and foremost, the majority of medical expenses, like office visits, are reimbursable and the employee should tap the HSA whenever they incur a copay, deductible or outlays for medicine.

**Shopping around** – If they are told they need a procedure, they can take matters into their own hands and shop around for the procedure among the available treatment facilities in the group network. Doing this can save thousands of dollars.

**Second opinions** – Getting a second opinion is important, particularly after:

- Receiving a diagnosis of a serious or complex health problem,
- A doctor recommends elective surgery, or
- If the diagnosis is not clear.

Fortunately, many group plans have second-opinion programs as stand-alone services or included as part of an advisory or vendor management program, and through medical centers of excellence.

**Objective, evidence-based research** – Supplying employees with evidence-based information on treatment options, presented in plain English, can help them understand their options, make more informed decisions, and avoid inappropriate testing and treatment.

It's also helpful if this resource includes the option to speak with someone via phone or web chat who can answer questions about the information and suggest additional resources.

**Referrals to experienced health care providers**– Accurate diagnosis begins with connecting employees with the right physicians. This reduces the risk of misdiagnosis and inappropriate treatment. ❖

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# *Grandfathered Plans Get Another Extension*

## Another grandfather extension

CMS has extended the transitional policy that allows states to permit insurers in small group markets to renew health insurance policies they would otherwise have to cancel because they don't comply with parts of the ACA.

This means that states may allow insurers that have continually renewed eligible non-grandfathered individual and small group policies since Jan. 1, 2014, to again renew those policies, provided that the policies end by Dec. 31, 2019.

Health insurers that use the transitional policy will be required to send informational notices to affected individuals and employers. ❖

*Attracting and Retaining Talent*

# Dental & Vision Benefits Are Inexpensive but a Big Hit with Work

AS THE ECONOMY continues to recover, the labor market is getting extremely tight in some industries. Employers nationwide are looking for ways to attract and retain talent and differentiate themselves from competing employers.

For many, that means expanding the quantity and quality of their employee benefits. After all, a recent survey by Career Builder found that the most in-demand benefits among employees are dental and vision plans.

## Background

For many years, dental and vision plans were employer-paid. They were just part of a standard package available to full-time workers at little or no cost to themselves. But, as businesses have tightened their belts, many of them moved dental and vision plans to the voluntary benefits side of the ledger, with employees picking up some or all of the premium costs via payroll deduction.

Even when they are covering the costs, dental and vision plans are overwhelmingly popular with workers, because of the relatively low out-of-pocket premiums and the terrific value they provide.

## The appeal

Employees like vision and dental benefits because, unlike major medical, life insurance and disability insurance benefits, which can go many years before the benefit is actually used, dental and vision benefits provide real savings that employees and their families are able to see every year – because they actually use the plans.

According to the 2016 "MetLife Employee Benefit Trends Survey," 68% of employees consider dental insurance and 49% consider vision benefits to be among their "must have" benefits

And employers like them because these benefits can cement the bond of loyalty between the employer and employee, for a small fraction of the overall compensation budget.

## Vision plan benefits

Good dental and vision health is correlated to overall health.

Diabetes and high blood pressure can be discovered during routine eye exams. Optometrists also can find early warning signs of hypertension from observing ocular pressure – a nearly invisible symptom outside of eye exams.

### What eye exams can detect

- 34% of all diabetes cases are first identified via eye exams, at a saving of $3,120 per employee, according to HCMS Group.
- 39% of all hypertension cases are first identified via eye exams, at an average saving of $2,233 per employee.
- 62% of high-cholesterol cases are first identified through eye exams - saving $1,360 in eventual health care costs thanks to early detection.

Simply offering something like a vision plan – especially to workers who are at high risk of eye strain from staring at a computer for hours every day – tells workers that you care about their wellness.

## Dental plans

About 80% of group dental plans are preferred provider organizations, which contract with a network of providers. More dental plans are using this model, while dental HMOs and old-fashioned indemnity plans have been losing market share. ❖

### How plans are funded

- 6% of employers pay the entire cost of employee dental.
- At 24% of employers, the employee pays 100% of the cost.
- 70% of employers use a shared cost model.

*Source: National Association of Dental Plans*

*Long-Term Disability Insurance*

# Tout Tax Benefits of Coverage to Your Employees

ONE OF the most overlooked and undervalued employee benefits is long-term disability insurance. Often, even if the employer offers to cover the low premium, employees don't sign up.

They think they won't become disabled or need income replacement, despite some startling statistics: that about 25% of 20-year-olds will become disabled, even if temporarily, before they reach retirement.

Long-term disability coverage kicks in after short-term disability payments run out – usually between three to six months after the debilitating non-industrial injury or illness that caused them to be unable to work.

Long-term disability insurance pays up to 60% of a worker's salary until they can return to work. In some cases, it will pay an employee up to retirement.

Despite the relatively low take-up, there are ways you can sell your staff on this important benefit that can save them from financial ruin should they have an accident or illness that prevents them from working for an extended period of time.

Overall, 41% of employers offer long-term-disability insurance, according to LIMRA, an association of financial services and insurance companies, though the proportion of larger employers who offer it is generally much higher.

Compared with health insurance, premiums cost a pittance – $260 annually in 2017, on average for group plans, LIMRA says. Many employers pick up the whole tab or charge workers a small amount.

## The options

**Tax-free payouts if you are disabled** – For the most part, premiums for long-term disability insurance are paid with pre-tax earnings through a payroll deduction by the employer. However, if the employee would like higher post-injury benefits, the employer can set up an arrangement where the individual pays the premium with after-tax dollars.

That way, if they have to collect on their benefits, they won't be taxed as they would be otherwise. The employer can boost the employee's pay by the same amount as the premium, so it is still like receiving an employer-paid benefit.

**Allow workers to pay with tax-free dollars** – The other option is to sell them on the benefits of paying for the premiums with earnings before they are taxed. Or, since the premiums are so low, for most employers it's really not a big stretch to pay their workers' long-term disability insurance premiums.

But in this scenario, if they do file a claim, the benefits are taxed, which can substantially reduce the payout for them at a time they likely need the extra money.

Premiums are usually paid through a Section 125 cafeteria plan.

**Pay the premium for them** – About 60% of employers that offer long-term disability insurance pay the premium themselves. But, like the option of your employees paying through their cafeteria plan, they will be taxed on any benefits that are paid out later.

Included in this option is that the employer and employee split the premium in some way.

## Benefits to employees

The best way to promote long-term disability insurance to your staff is to let them know it's a lifeline for them should they have a catastrophic injury. We have literature that you can share with your staff that provides real-life examples of what can happen if someone doesn't have long-term disability coverage.

After that, you can discuss the different options in terms of taxation that are available to them and help them figure out which plan might be right for them. At least one of the options should appeal to each of your staff.

Most disability insurers have a calculator to help your employees figure out how much coverage will cost them depending on what you offer and how much they would receive in payouts should have they have to file a claim. It may show the difference in take-home pay if a worker is using disability benefits and paying income tax.

Auto-enrollment can also make a big difference. Employers that auto-enroll employees in voluntary long-term-disability plans may get 75% of employees to participate, compared with 30% for employers that leave it completely up to workers, according to disability insurer Unum US. ❖