Einstein
Advanced Health Insurance Solutions

NEWSALERT

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Employee Benefits

New Health Insurance Model Targets Costs, Better Quality

AS GROUP health insurance costs continue rising every year, more employers are embracing a new plan model that aims to both cut costs and improve outcomes for patients.

This trend, known as value-based primary care, is a bit of an umbrella term for various models that involve direct financial relationships between individuals, employers, their insurers and primary care practitioners. Insurers are experimenting with different model hybrids to find better care delivery methods that reward quality outcomes and reduce costs.

This new approach was made possible by the Affordable Care Act and the Medicare Access and Child Health Plan Reauthorization Act. And as the future of the ACA remains in doubt, the enabling parts that allowed for this system of payment reform that rewards health care providers that produce better quality outcomes for lower costs, will likely remain intact.

And now more health plans are adopting this model. The 2016 "Health Care Transformation Task Force Report" found that the share of its provider and health plan members' business that used value-based payment arrangements had increased from 30% in 2014 to 41% at the end of 2015.

In a McKesson white paper, payers reported that 58% of their business has already shifted to some form of value-based reimbursement.

How does it work?

First, let's look at what the value-based primary care model is not: it's not a fee-for-service system, under which when doctors see a patient and deliver care, they then bill the insurer a fee that is directly tied to the service they provided.

Fee-for-service arrangements have a fee schedule that lists the usual and customary charges for thousands of different procedures. The payment amounts will vary also based on the reimbursement rate negotiated between the insurer and health care provider.

The part of the equation that's missing is that the there is no direct link between the payment and the outcomes of the care. The insurer does not look at if a person was cured or has recovered successfully. There is only a link between the service provided and the payment.

Many value-based models provide a payment bonus to doctors and hospitals that produce better quality outcomes, like if they have more patients who don't relapse or who recover at a slower pace and require more doctor visits.

Providers of value-based primary care typically charge the health plan a monthly, quarterly or annual membership fee, which covers all or most primary care services, including acute and preventive care.

The main goal is to get away from the fee-for-service system which puts pressure on doctors to only provide very short primary

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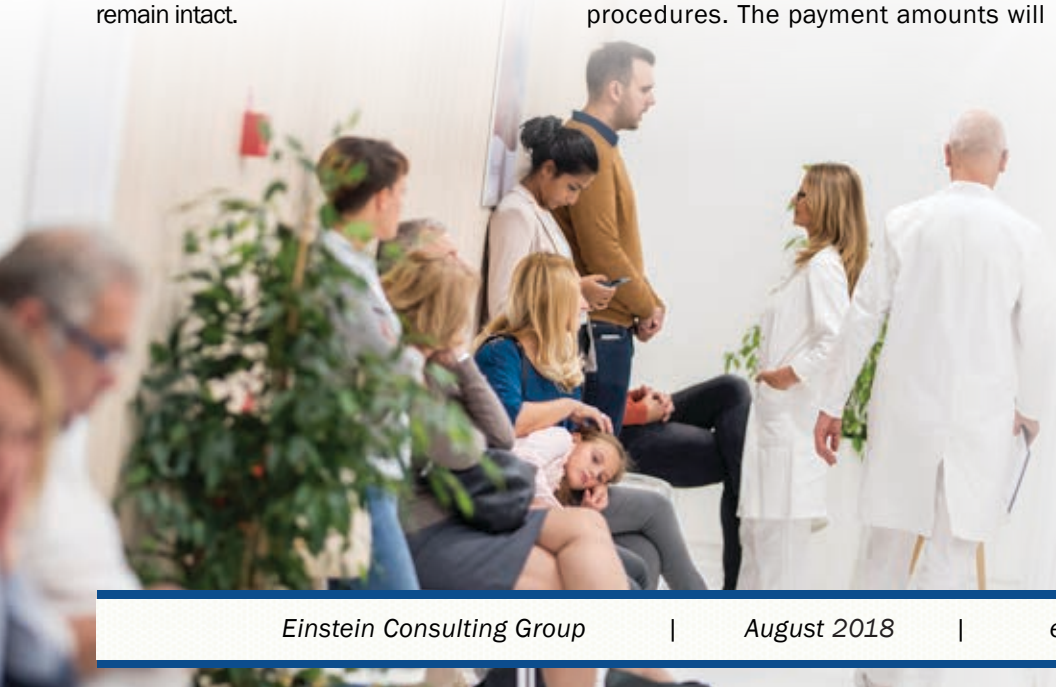

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New Regulations

Changes Ahead After Court Bars Some Wellness Plan Discounts

REGULATIONS GOVERNING how wellness plans offer health premium discounts are set to sunset in January 2019, and with no prospects of replacement regulations in sight at the Equal Employment Opportunity Commission, this means that the shackles will be lifted on the plans.

The rules which allow an employer to grant up to a 30% discount on health insurance premiums to employees that fill out health questionnaires or take various health evaluation tests, were found to be "arbitrary" by an appellate court judge about a year ago.

To avoid disruption in the marketplace and for employers who had already set their wellness plans in motion, the judge ordered the regulations to sunset on Jan. 1, 2019.

The judge agreed to delay the sunsetting to that date to allow the EEOC to write up new proposed regulations for wellness plans. The judge instructed the agency to write new regulations by August 2018.

But, in March, the EEOC announced that it had no immediate plans to issue new wellness rules regarding the definition of "voluntary."

Why are the regulations sunsetting?

In July 2016, the EEOC issued rules under the Americans with Disabilities Act (ADA) and the Genetic Information Non-discrimination Act (GINA) stating that, in connection with such plans, employers could implement penalties or incentives of up to 30% of the cost of self-only coverage to encourage employees to disclose ADA-protected information, without causing the disclosure to be involuntary.

The disclosures would be part of wellness program questionnaires and exams designed to help employees improve their health and fitness.

The American Association of Retired Persons filed suit challenging the regulations and a federal district court in Washington, D.C. nullified the EEOC's rules for how employer wellness programs could be offered in compliance with the ADA and GINA.

Beginning Jan. 1, 2019, employers may no longer assess penalties to workers who decline to participate in questionnaires and exams.

With no guidance forthcoming from the EEOC, affected employers will need to make a decision. Should they continue with current programs, considering the risk of EEOC enforcement or private legal action, or should they come up with a plan B?

Pundits suggest creating a path for employees this year that allows them to achieve their full points total without medical exams or inquiries. You can put together a plan that focuses on other wellness issues that they can instead participate in.

Some alternatives to medical questions and exams that employers may want to consider are:

- Healthy lifestyle training.
- Distributing Fitbits or similar fitness trackers.
- Allowing staff to participate in online health education games.

What's next?

Pundits expects the Trump administration will revert to the old guidance for wellness plans: that employers could neither require participation nor penalize employees who do not participate.

But for now, employers need to tread carefully and should consider changing their wellness plan rules if they include incentives for medical questionnaires and exams. ❖

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Value-based Care Allows for Same-day Appointments

care visits with their patients, who will often send the patient out for unnecessary high-margin services such as scans and specialists and/or write excessive prescriptions. By eliminating this billing structure, doctors are able to practice more proactive care, which can reduce or eliminate certain future health care costs.

But just because the model is patient-focused, it does not mean that costs are higher. Proponents of value-based care say the focus on patients, and focusing on preventative and forward-looking care rather than reactive care, reduces overall costs, which should be reflected in premiums. ❖

Benefits to Patients

- More time with their doctor
- Same-day appointments
- Short or no wait times in the office
- Better technology, e.g., e-mail, texting, video chats, and other digital-based interactions
- 24/7 coverage with access to their electronic health record
- More coordinated care.

Medical Costs

Firms Rethink HDHPs as More People Struggle with Medical Bills

AS THE NUMBER of employers offering high-deductible health plans continues growing, it may be at a hgih cost: some employees are going broke and filing bankruptcy because they cannot afford all of the out-of-pocket expenses and deductibles they must pay in these plans – just like the bad old days in the 1990s and 2000s.

Besides being in plans with high deductibles, many employees are also paying more for coverage as employers have shifted more and more of the premium burden to their staff.

Also, studies show that many people with HDHPs are forgoing necessary treatment and not taking the recommended dosages of medicines because they can't afford the extra costs.

A 2017 report by the Centers for Disease Control and Prevention found that 15.4% of adults in HDHPs in 2016 had issues paying bills, compared to 9% of those with other types of insurance. And there have been a number of news reports about the deep financial toll on HDHP enrollees that have suddenly been hit by serious maladies.

Meanwhile, the average deductible for a family rose to an average of $4,500 in 2017 from $3,500 in 2006, according to a Kaiser-HRET 2017 survey of employer-sponsored health plans.

Now, some firms are rethinking their use of these HDHPs and trying to reduce the burden on their workers, according to news reports.

Skimping on care

Studies show that many put off routine care or skip medication to save money. That can mean illnesses that might have been caught early can go undiagnosed, becoming potentially life-threatening and enormously costly for the medical system.

A study by economists at University of California, Berkeley and Harvard Research, published in the *Journal of Clinical Oncology*

Findings: When one large employer switched all of its employees to high-deductible plans, medical spending dropped by about 13%. That was not because the workers were shopping around for less expensive treatments, but rather because they had reduced the amount of medical care they used, including preventative care.

The study found that women in HDHPs were more likely to delay follow-up tests after mammograms, including biopsies and early-stage diagnoses that could detect tumors when they're easiest to treat.

A report by the Robert Graham Center for Policy Studies in Family Medicine and Primary Care, published in *Translational Behavioral Medicine*

Findings: People with HDHPs but no health savings accounts are less likely to see primary care physicians, receive preventive care or seek subspecialty services. Compared to individuals with no deductibles, those enrolled in HDHPs without HSAs were 7% less likely to be screened for breast cancer and 4% less likely to be screened for hypertension, and had 8% lower rates of flu vaccination.

Oddly, many people in HDHPs are also forgoing preventative care services, even though the costs are exempt from out-of-pocket charges, including the deductible under the Affordable Care Act.

This is likely because most people don't know that the ACA covers preventive care office visits, screening tests, immunizations and counseling with no out-of-pocket charges. ❖

Companies with second thoughts

Some large employers – including JPMorgan Chase & Co. and CVS Health Corp. – have said they would reduce deductibles in the health plans they offer their employees or cover more preventative care.

CVS Pharmacy in 2013 moved all of its 200,000 employees and families into HDHPs. During routine questionnaires, CVS later found that that some of its employees had stopped taking their medications because of costs.

The company, in response, expanded the list of generic drugs its employees could buy for free to include some brand name medications, as well as insulins.

Retaining Talent

Voluntary Benefits Menu Is Bigger and Better Than Ever

IT TURNS out that there is life beyond major medical. Other forms of employer benefits are taking on increased importance in the medical insurance landscape in workers' eyes.

The reason: Once the employer mandates for the Affordable Care Act took effect, almost every large employer had to offer a major medical plan. Even when they don't, workers with health concerns are able to buy them off of federal or state exchanges.

As a result, your voluntary benefits package has taken on greater importance in the eyes of your workforce. To recruit and retain the very best, most profitable employees, you should consider offering a robust menu of employee benefits – including employee-paid voluntary benefits, which you can provide at no cost to you, the employer.

Why offer voluntary benefits?

According to the "2017 MetLife Survey of Trends in Employee Benefits," 65% of employees report that their group life, dental and disability insurance plans (short-term and long-term) were important reasons to stay with the company.

Furthermore, 62% report that these benefit packages were important reasons they chose to join those firms in the first place.

Non-traditional benefits.

Carriers and brokers offer online calculators and decision-making tools – designed to help minimize the need for day-to-day hand-holding on the part of your human resources staff.

What's available?

Almost everyone knows to ask about health insurance now. But there is a wide array of less well-known benefits that have proven to be enormously popular, where offered, and are proven contributors to employee recruiting and retention. You can offer many of these benefits with little or no incremental costs simply by tacking them onto your existing benefits administrative systems.

AN ARRAY OF CHOICES

- College savings plans
- Identity theft protection
- Fitness club memberships
- Ticket discount programs
- Legal services insurance
- Critical illness insurance
- Accident insurance
- Limited medical plans
- Life insurance
- Tuition assistance plans
- Disability insurance
- Smoking cessation
- Weight loss programs
- Dental
- Vision
- Computer purchase financing
- Auto financing programs
- Pet insurance

And much more

Carriers are adding innovative solutions all the time. In the end, you can be confident that each of your employees will find a close match with their own interests and desires.

For example, more and more employers are learning that lenders are willing to extend credit on better terms to employed individuals paying by payroll deduction rather than via more traditional means.

This is beginning to make itself felt in increasingly common computer-purchase programs and programs for auto and home insurance.

The right mix for you depends on your employee demographic, income and education levels.

If it's been a while since you've explored the voluntary benefits and cafeteria/Section 125 options available to you, chances are you will find there has been a lot of innovation and development since then.

If you are looking for new ideas to enhance employee loyalty and help retain the best talent possible, voluntary benefit programs, available at little or no cost to the employer, are better and more powerful than ever. ❖