

Employee Benefits Survey

Health Care Most Pressing Issue for Country, Workers Say

WHAT IS top of mind for your employees? Most likely it's health care.

A new study by the Employee Benefits Research Institute and market research firm Greenwald & Associates found that workers rank health care as the most important issue facing the country.

The survey found that 26% of workers ranked health care as the most important issue in the nation, followed by immigration at 18%, the role of government (16%) and jobs (13%).

What's on workers' minds

- 74% of workers cited health insurance as one of the top three most important benefits in a job.
- 52% of workers cited a retirement savings plan as one of the top three most important benefits in a job.
- 47% of workers said they were extremely or very confident about their ability to get the health treatments they need today.

Skimping on care to save money, and more

- 45% of workers said they had delayed going to the doctor for symptoms that arise.
- 50% said they only went to the doctor for more serious conditions or symptoms.
- 20% of workers surveyed were extremely or very satisfied with the cost of their health insurance plan, as well as the costs of health care services not covered by insurance.
- 48% reported experiencing a rise in health care costs over the past year, (that's less on average than what was found in previous surveys).
- 63% said higher costs had prompted them to exercise more and eat healthier foods.
- 51% said higher costs had prompted them to choose generic drugs more often.

The findings should give employers pause before they consider tinkering with benefits and shifting more costs to workers, particularly since they are concerned about being able to get the treatment they need.

Despite the above findings, many workers are happy with the quality of the health care they receive under their health plans:

- 82% of workers said they were extremely, very or somewhat satisfied with the quality of the medical care they receive.
- 50% of workers said they were extremely or very satisfied with their health plan, and 33% are somewhat satisfied.

The takeaway for employers

What you can take away from this survey is that in order to retain and keep talent, you need to ensure you have a solid health plan that doesn't saddle your workers with too much of the cost burden. You should work with us to find the most cost-effective plans with good networks for your employees.

As the job market remains hot, it's imperative that you don't go with the same plan year after year. There are options to consider that can provide your workers with better care and less expensive services, such as telemedicine and health clinics. ❖

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2019

Investigation Uncovers Possible Generic Drug Pricing Cartel

AN INVESTIGATIVE report by the *Washington Post* has uncovered an alleged cartel among generic drug manufacturers to fix the price of some 300 medications, adding new fuel to the debate about raging price increases in the pharmaceutical industry.

While a number of name-brand drug makers have been named and shamed for their massive price increases – sometimes hundreds or thousands of percent higher – the article looks at how something similar has been going on in the generic drug market.

A case that started as an antitrust lawsuit brought by two states has spurred a massive investigation into alleged price-fixing by at least 16 companies that make 300 generic drugs. Now 47 states are party to the lawsuit, seeking to recoup perhaps billions of dollars.

In addition, pharmacies and other businesses have filed their own lawsuits against the generic drug makers. One such suit documents huge price hikes – like a 3,400% increase in the price of an anti-asthma medication – and investigators believe that generic drug producers colluded to raise prices in tandem or not make their products available in some markets or through specific pharmacy chains.

The scale of the alleged collusion was summed up by Joseph Nielsen, an assistant attorney general and antitrust investigator in Connecticut, whose office has taken the lead in the investigation: “This is most likely the largest cartel in the history of the United States,” he told the *Washington Post*.

If the allegations are true, the parties affected run the gamut from consumers, who have high copays or high deductibles for their pharmaceuticals, to hospitals and insurance companies. And many health industry observers were surprised to learn the news, considering that generics are supposed to be a safety net for patients to ensure access to quality medications at a reasonable price.

Two former executives of one generic drug maker, Heritage Pharmaceuticals, have pleaded guilty to federal criminal charges. They are now cooperating with the Justice Department.

The article describes the coziness among executives from competing generic drug makers and how they would allegedly collude to raise prices.

There has been no estimate of how much the generic drug companies allegedly overcharged over the years, but even if it's a fraction of the annual sales of \$104 billion a year, it would be substantial.

The drug makers that the *Washington Post* was able to reach denied the allegations.

Coordinated price hikes ‘almost routine’

The generics industry used to be highly competitive, according to the story, but over the years, things changed and suddenly allegedly “coordinated price hikes on identical generic drugs became almost routine,” the *Post* wrote.

The alleged price-fixing affects 300 generic drugs, according to the report. Generics account for 90% of the prescriptions written, however they only account for 23% of the total drug spend in the country, according to the Association for Accessible Medicines.

And still, the prices of a benchmark set of older generic drugs in the Medicare prescription-drug program dropped 14% between 2010 and 2015.

But, for the 300 drugs in question, prices went up, according to the lawsuits. That's why pharmacies have also come to the fore to sue.

They were on the front lines when they started noticing marked increases of hundreds of percent in the prices of some generic medications.

If the collusion turns out to be true, it essentially reverses the possible gains when a generic drug enters the market.

According to the Federal Drug Administration, prices fall up to 50% when a second generic enters the market. And once there are six or seven companies making the same generic drug, the price usually falls 75% from the original cost of the brand name pharmaceutical. ❖



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New Year's Gift

Deadline Extended to Provide ACA Tax Forms to Employees

THE INTERNAL Revenue Service is presenting employers with a gift by extending the period during which they are required to furnish essential Affordable Care Act-related forms to their employees.

Applicable large employers (ALEs) to whom the ACA employer mandate applies will now have until March 4, 2019 to furnish their employees with Forms 1095-B and 1095-C for 2018. The old deadline was Jan. 31, 2019.

Also, the IRS is extending relief from penalties to employers who file or furnish incorrect or incomplete statements if they can show they made a good-faith effort to comply.

ALEs with 50 or more full-time and full-time-equivalent employees are required under the ACA to file and furnish certain forms every year. The forms relate to the health coverage, if any, that the employer

offers to its full-time employees.

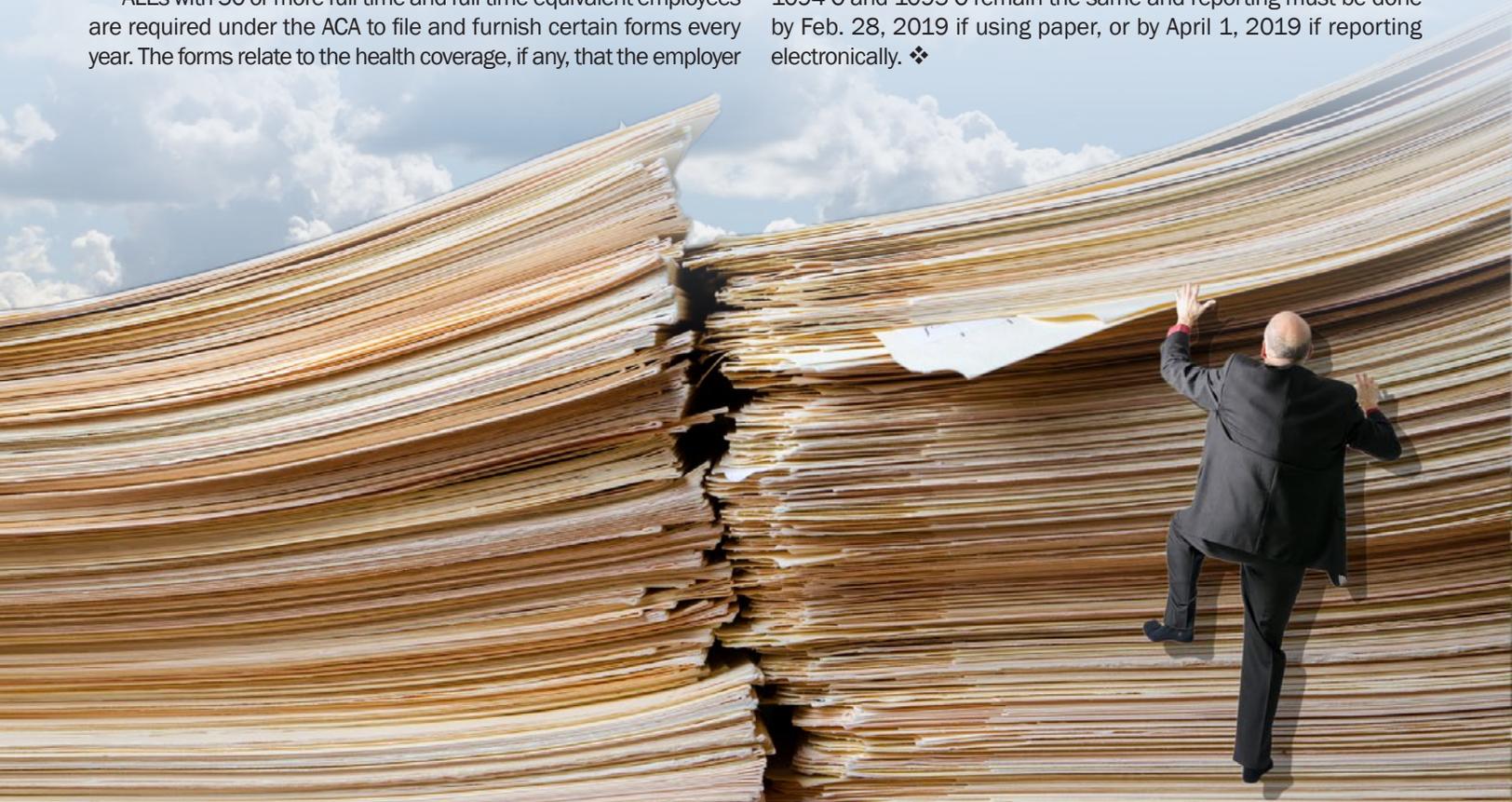
Entities are required to report information to the IRS, as well as furnish statements containing similar information to individuals.

Forms 1095-B and 1095-C are sent to employees who receive employer-sponsored health insurance.

IRS regulations generally allow for 30-day extensions on an individual employer basis. However, in light of the current guidance, no additional extensions will be provided for the 2018 reporting year.

Deadlines for reporting to IRS unchanged

Deadlines for reporting to the IRS using Forms 1094-B, 1095-B, 1094-C and 1095-C remain the same and reporting must be done by Feb. 28, 2019 if using paper, or by April 1, 2019 if reporting electronically. ❖



IRS Increases Health FSA Contribution Limit for 2019

THE INTERNAL Revenue Service has raised the health flexible spending account (FSA) contribution limit by \$50 to \$2,700 for plan years beginning in 2019. It has also changed the high deductible health plan (HDHP) limits for deductibles and out-of-pocket costs.

The order also contains the cost-of-living adjustments that apply to dollar limitations in certain sections of the Internal Revenue Code. ❖

New FSA, HDHP limits	2019	2018
	Individual/family	Individual/family
Annual HSA contribution limit	\$3,500 / \$7,000	\$3,450 / \$6,900
Minimum annual HDHP deductible	\$1,350 / \$2,700	\$1,350 / \$2,700
Maximum out-of-pocket for HDHP plans	\$6,750 / \$13,500	\$6,650 / \$13,300

Couple 401(k) and Financial Wellness Plans to Help Your Staff

THE FIRST source of financial advice for nearly 65% of U.S. workers is their 401(k) plan provider, according to a survey by T. Rowe Price.

Top three objectives for advice

- Saving for retirement outside of the workplace retirement plan (74%).
- Saving to fund health care expenses in retirement (74%).
- Saving in the workplace retirement plan (71%).

The results of the study show how much value employees put on their retirement plans and how active they really are in trying to secure a sound financial future for themselves. With the stresses of rising costs, particularly health care expenses, many workers are having trouble managing their regular finances as well.

Offering both a 401(k) plan as well as some financial wellness services as part of your voluntary benefits package can go a long way to helping them become better stewards of their finances.

In the T. Rowe Price survey, typically, workers were asking for assistance in choosing investments and trying to calculate how much they should save. They also were seeking advice on tracking their savings.

Ideally, your plan should have a number of different channels for seeking advice. And different generations seem to have different preferences for consuming advice.

Generational strategies

- Millennials who were surveyed said they would like advice that is accessible on their mobile phones.
- Generation X wants advice services that fit into their busy schedules.
- Baby boomers want advice that is easy to use.
- 64% of millennials say they rely on digital tools and calculators either somewhat or a great deal, while this is true for only 55% of Generation X and 42% of boomers.

Pressing finances

- 64% of workers said that reducing debt is a major or minor financial objective where advice could be useful.
- 75% said credit card balances are their highest form of debt.
- 65% said that having an emergency fund is a major or minor financial objective where advice could be useful.
- 56% said that managing and budgeting day-to-day expenses is a major or minor financial objective where advice could be useful.
- 17% said they always or often have difficulty paying their monthly bills.

What you can do

“The availability of financial wellness programs alongside a retirement plan is more important than ever. Employers can support this growing need by offering access to educational resources, greatly influencing not just the retirement readiness of their employees but their overall financial health as well,” said Aimee DeCamillo, head of T. Rowe Price Retirement Plan Services.

Financial wellness plans may include:

Financial education – This education should go beyond just retirement planning. It needs to encompass a number of components like retiree health care, Medicare education, investment management, asset-allocation instruction and retirement financial planning.

Digital platforms – There are a number of websites and apps that can help your staff with cash-flow management and that include retirement or savings calculators, and more.

Financial coaching – This is different from a financial advisor or planner. A financial coach is more focused on the basics of finances and addressing financial habits.

Debt management – This usually focuses on student loans. There are some options for student loan repayment assistance that come at little or no cost to the employer. These plans will often work with a lending or refinancing partner to reduce the overall loan repayment burden on your workers. ❖

