Einstein
Advanced Health Insurance Solutions

NEWSALERT

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Runaway Inflation

Legislation Tries to Tackle Health Care Costs

THE SENATE Health Committee in May 2019 released a draft bill that aims to reduce health care costs, taking particular aim at the lack of transparency in the system and the scourge of surprise medical bills.

The draft legislation is the first serious attempt at addressing the drivers behind costs in a system that is starting to see double-digit inflation again. The bill has not yet been heard in commmittee, but here is the framework:

Surprise bills

Unusually, the draft puts forward three options for tackling surprise medical bills:

Option 1: A hospital would have to guarantee that all of its physicians are in-network.

The option gives doctors the choice to either contract with the hospital's insurers or stay out of network and subject their own charges through the hospital. That way, the insurer would get just one bill and the fees would be charged at in-network rates.

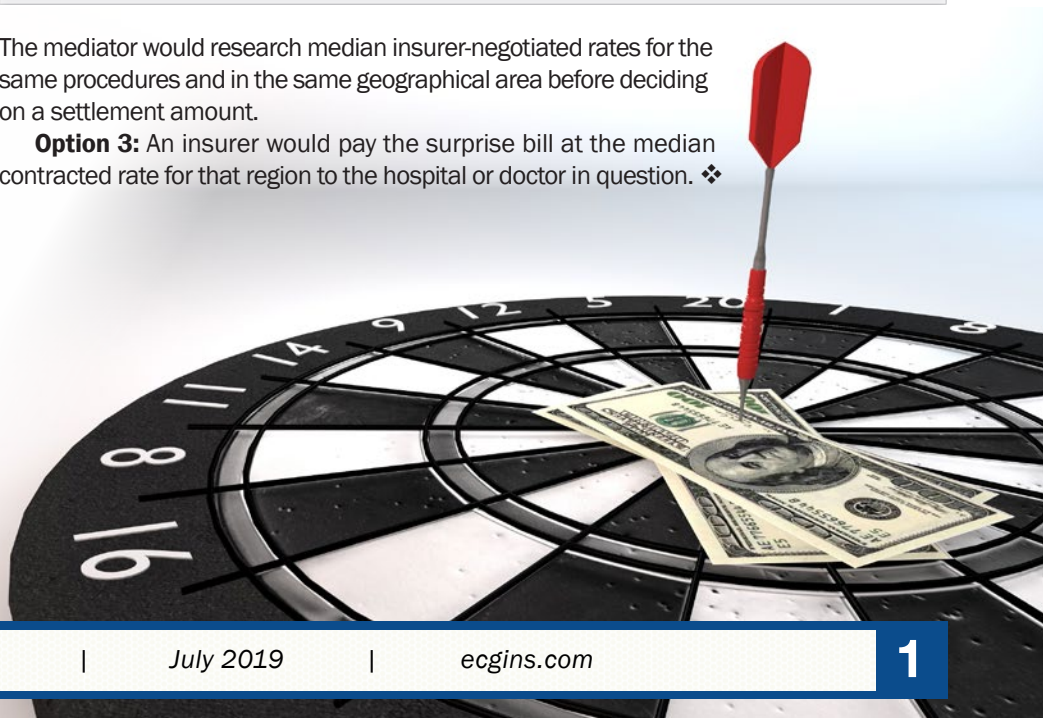
Option 2: Insurers, hospitals or doctors could opt for arbitration to resolve any disputed charges that are more than $750. The mediator would research median insurer-negotiated rates for the same procedures and in the same geographical area before deciding on a settlement amount.

Option 3: An insurer would pay the surprise bill at the median contracted rate for that region to the hospital or doctor in question. ❖

MEASURE TAKES AIM AT TRANSPARENCY AND MORE

The bill also has a number of other provisions:

- Requiring air ambulances to itemize medical charges apart from transportation costs in their bills to health plans and patients.
- Requiring that patients receive their full bill within 30 business days of treatment. If it's later than that, the patient would not have to pay the bill.
- Hospitals, doctors and health insurers would be required to provide, upon request by a patient, a "good faith" estimate of their out-of-pocket costs for a procedure within 48 hours of the request.
- Plans would be required to keep their provider directories up to date. If patients can prove that their plan's directory steered them to an out-of-network physician or hospital, they would not be required to pay out-of-network rates and instead pay the negotiated rates of their plan.
- Banning gag clauses that some hospitals include in their insurer contracts. This means that patients must be allowed to see a hospital's cost and quality data.
- Barring "all-or-nothing" clauses, through which hospitals force insurers to contract with all of their facilities or none.
- Pharmacy benefit managers (PBMs) would have to send quarterly reports on the costs, fees and rebates to the employer plans they contract with.
- PBMs would be barred from charging higher prices for drugs than what they pay drug-makers, and they would be required to pass along 100% of manufacturer rebates to plan sponsors.



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Medical Costs

New Health Savings Account, HDHP limits for 2020

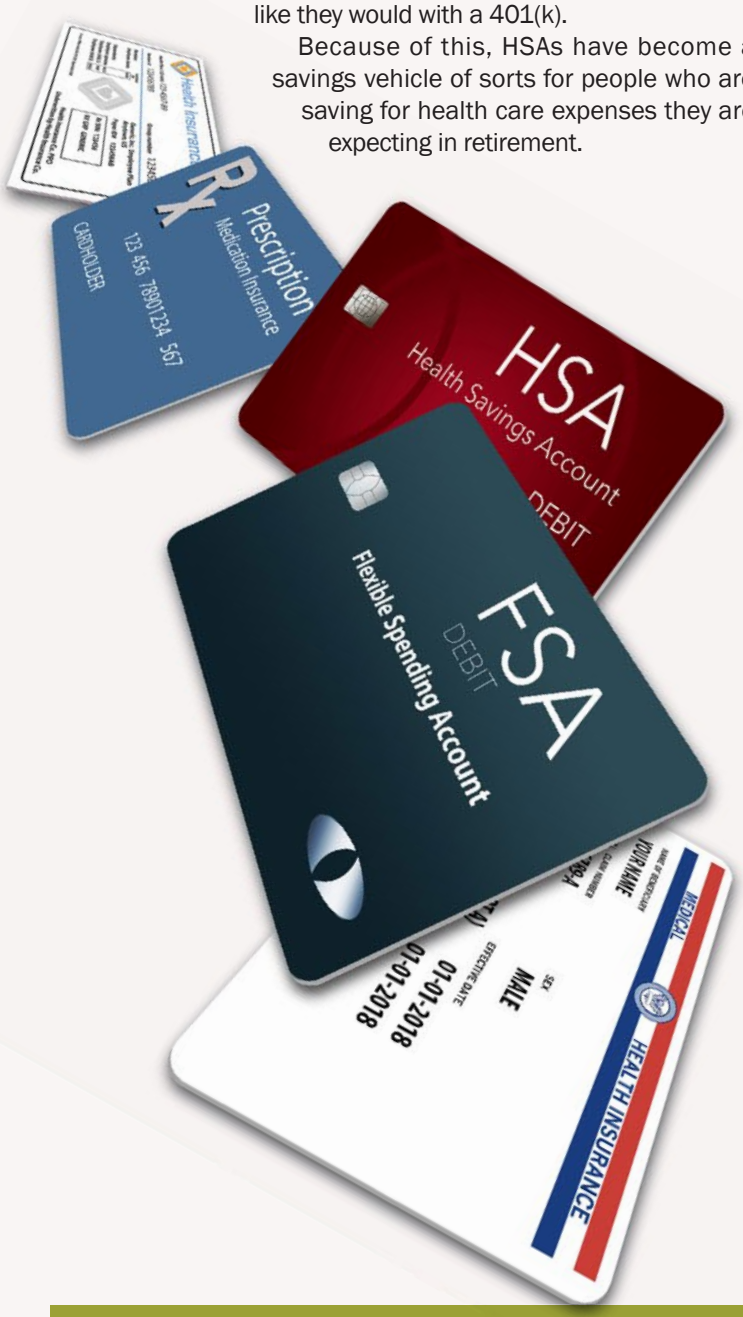
THE IRS has announced new health savings account contribution maximums for the 2020 health insurance plan year.

Employees who have an HSA linked to a high-deductible health plan (HDHP) will be able to contribute to their HSA up to a certain level to help pay for health care and pharmaceutical expenses.

Funds going into your employees' HSA accounts are deducted before taxes during each paycheck and the balance can be carried over from year to year.

Many HSAs also allow employees to invest the funds like they would with a 401(k).

Because of this, HSAs have become a savings vehicle of sorts for people who are saving for health care expenses they are expecting in retirement.



HSAs can only be offered with an attached HDHP.

If you as an employer also contribute or partially match your employees' contributions, they benefit even more, especially when compounding investment returns build up in the long term.

The IRS adjusts contribution limits for HSAs yearly based on inflation. For 2020, those limits will be:

- $3,550 for individual coverage under an attached HDHP (up $50 from 2019).
- $7,100 for family coverage (up $100 from 2019).

Also, remember that individuals who are 55 or older can make an additional $1,000 in catch-up contributions.

Besides the contribution maximum increasing, the deductible requirement for an attached HDHP will also climb for 2020:

- For individual HDHPs, the deductible amount must be between $1,400 and $6,900. That's compared with $1,350 and $6,750 in 2019.
- For families, the range is $2,800 to $13,800. That's up from $2,700 and $13,600 in 2019.

Long-term benefits

One of the best benefits from an HSA is the long-term advantage of being able to carry over balances year after year and let it build up for medical expenses in retirement.

But, one of the key points that your employees should know is that if they use the funds in their HSAs for purposes other than qualified medical expenses, they have to pay a 20% penalty.

GETTING THE MOST OUT OF AN HSA

Investopedia recommends that your employees:

- Max out their HSA contribution each year. If they do so, the amount they can save over the long term only grows through compounding.
- Hold off on spending contributions now, and try to not use HSA funds for current medical expenses.
- Make sure they only use the money for qualified medical expenses, so they don't have to pay penalties of 20% plus regular income tax on their withdrawals.
- Invest contributions for the long run. For example, if you're currently invested in a mix of 80% stocks and 20% bonds, you should probably invest your HSA that way, too.
- Use the account once they're 65 or older. An added benefit to waiting until you're at least 65 to spend your HSA balance is that the 20% penalty for withdrawing funds for purposes other than qualified medical expenses doesn't apply. But, you will have to pay income tax if you don't use the funds for qualified medical expenses. ❖

Win-Win Benefits

Making Your Voluntary Benefits Program a Success

BOTH EMPLOYERS and employees have much to gain from a solid voluntary benefits program.

For employees, being able to enroll in an insurance product through a workplace voluntary benefits program offers them the advantage of group pricing, the convenience of paying through payroll deduction, and perhaps access to insurance that would be difficult to get on an individual basis.

For employers, offering a range of voluntary insurance products can help increase employee satisfaction – and along with it loyalty and morale – and make the business more competitive in attracting and retaining the best employees.

These advantages alone, however, do not ensure that a voluntary benefits program will be a success. Careful planning, including the selection of benefits to offer, choice of vendors and well-crafted communications, are keys to program success. Consider the following:

Getting the right mix – Bring in the kinds of benefits that employees want and will enroll in. Survey employees as to what types of additional benefits they would participate in if given the opportunity. Depending on your employee demographics, these could include additional life insurance options, long-term care, or even pet insurance.

Voluntary benefits enable employees to self-customize an individual benefits package that is uniquely appropriate to them.

Look for gaps – Look for gaps in your company's current benefits coverage, and consider how voluntary benefits plans can be used to fill them.

For companies that have had to scale back on their regular benefits package, voluntary benefits can be particularly helpful. If your benefits budget is tight and, for example, needs to be dedicated to helping fund medical benefits, offering dental and vision on a voluntary basis gives employees easy and affordable access to these benefits.

Get the word out –While we can often supply some communications materials, your internal communications concerning the program will help to incorporate it into your overall benefits program in the eyes of employees, making it more likely they will enroll.

Consider announcing new voluntary benefits offerings in a communication from top management, which will demonstrate the company's commitment to the program.

Make voluntary benefits enrollment a part of your annual enrollment process, and incorporate descriptions and information on voluntary benefits offerings into the communications materials for your core plans.

Work closely with us – We are here to help you make a selection that best fits your company's needs, and to help you communicate with your employees and enhance enrollment.

This will be particularly important if any of the voluntary benefits have minimum participation requirements. We can come in for presentations, individual meetings or enrollment sessions, all of which can be very effective in increasing participation in these programs.

The takeaway

Voluntary benefits can be a great add-on to any company's benefits program. Careful planning and consideration of the various issues that can affect participation can increase the chances of program success.❖

New Regulation

Rule Allows Employers to Pay Workers to Buy Health Coverage

THE TRUMP administration has issued new rules that would allow employers to provide workers with funds in health reimbursement accounts (HRAs) that can be used to purchase health insurance on the individual market.

The rule reverses a long-standing part of the Affordable Care Act that carried hefty fines of up to $36,500 a year per employee for applicable large employers that are caught providing funds to workers so they can buy insurance.

It was put in place to keep employers from shunting unhealthy or older workers from their group health plans into private insurance and government-run marketplaces.

Under the rules issued by the Departments of Health and Human Services, Labor and Treasury, employers can fund, on a pre-tax basis, health reimbursement funds that can be used to buy ACA-compliant plans. The new rules take effect Jan. 1, 2020.

With the final rules written in a way to keep employers from trying to reduce their group benefit costs by sending sicker and older workers into the individual market, HHS noted in a press release announcing the rule that it would closely monitor employers to make sure this type of adverse selection doesn't occur.

Typically, HRAs have only been allowed to be used to reimburse workers for out-of-pocket medical expenses. This rule allows them to also be used to pay for health insurance premiums for coverage that a worker may secure on their own.

'Integration' conditions

The regulation permits an HRA to be "integrated" with certain qualifying individual health plan coverage. In order to be integrated with individual market coverage, the HRA must meet several conditions:

- Any individual covered by the HRA must be enrolled in health insurance coverage purchased in the individual market, and must substantiate and verify that they have such coverage;
- The employer may not offer the same class of individuals both an HRA and a "traditional group health plan";
- The employer must offer the HRA on the same terms to all employees in a "class";
- Employees must have the ability to opt out of receiving the HRA;
- Employers must provide a detailed notice to employees on how the HRAs work;
- Employers may not create a class of employees younger than 25, whom they might want to keep in their group plan because they're healthier.
- For employers with one to 100 employees, a class cannot have less than 10 employees; for employers with 100 to 200 employees, the minimum class size is 10% of the workforce; and for employers with 200 or more employees, the minimum class size is 20 employees;
- While the HRA money can be used mostly for buying plans that meet ACA requirements, employers under the rule can establish a special type of "excepted benefit" HRA for employees who want to buy less expensive short-term plans that do not comply with the ACA. The contribution for such plans would be capped at $1,800 a year.

Under the ACA, employers with 50 or more full-time workers (applicable large employers) must provide their employees with health insurance that covers 10 essential minimum benefits and must be "affordable."

Under the new rule, an applicable large employer could meet their obligation if they provide adequate HRA contributions for employees to buy individual coverage. ❖