Einstein
Advanced Health Insurance Solutions

NEWSALERT

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*Health Insurance*

# Get an Early Start on Open Enrollment

AS OPEN ENROLLMENT looms, it is time to make a plan to maximize employee enrollment and help your staff select the plans that best suit them.

Here are some pointers to make open enrollment fruitful for your staff and your organization.


## Review what you did last year

Review the results of last year's enrollment efforts to make sure the process and the perks remain relevant.

Were the various approaches and communication channels you used effective, and did you receive any feedback about the process, either good or bad?

## Start early with notifications

Give your employees notice at least a month before open enrollment and provide them with the materials they will need to make an informed decision. This includes the plans that you are offering.

Encourage them to read the information and come to your human resources point person with questions.

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CONTACT US

**Missouri:** **1120 S. 6th Street (Suite 201)**
**St. Louis MO 63104**
**Illinois:** **280 North Main Street,**
**Breese, IL 62230**

Phone: 877.324.2114
Fax: 888.274.1538
Email: *info@ecgins.com*

## Help sort through plans

You should be able to help them figure out which plan features fit their needs, and how much the plans will cost them out of their paycheck. Use technology to your advantage, particularly any registration portal that your plan provider offers. Provide a single landing page for all enrollment applications.

Also hold meetings on the plans and put notices in your staff's paycheck envelopes.

## Plan materials

Communicate to your staff any changes to a health plan's benefits for the 2020 plan year through an updated summary plan description or a summary of material modifications.

Confirm that their open enrollment materials contain certain required participant notices, when applicable – such as the summary of benefits and coverage

## Check grandfathered status

A grandfathered plan is one that was in existence when the Affordable Care Act was enacted on March 23, 2010 and is thus exempt from some of the law's requirements.

If you have a grandfathered plan, talk to us to confirm whether it will maintain its grandfathered status for the 2020 plan year. If it is, you must notify your employees of the plan status. If it's not, you need to confirm with us that your plan comports with the ACA in terms of benefits offered.

## ACA affordability standard

Under the ACA's employer shared responsibility rules, applicable large employers must offer "affordable" plans, based on a percentage of the employee's household income. For plan years that begin on or after Jan. 1, 2020, the affordability percentage is 9.86% . At least one of your plans must meet this threshold.

## Get spouses involved

Benefits enrollment is a family affair, so getting spouses involved is critical. Encourage your employees to share the health plan information with their spouses so they can make informed decisions on their health insurance together. ❖

*Employee Benefits*

# How to Help Your Employees Deal with High Medical Costs

A NEW SURVEY has found that many American workers are struggling with medical bills even though they have employer-sponsored health plans.

The good news from the survey was that 81% of respondents said they had health insurance, which meant they were 19% more financially fit than people without insurance. They were also happier.

The survey found that:

- One in 10 employees who have insurance and pay part of the premiums, also have annual out-of-pocket medical bills of more than $10,000.
- 33% of insured employees carry medical debts that they are trying pay down.
- Insured employees that carry medical debt are 42% less financially fit than those who do not have such debt.

Carrying debts related to medical care also affects employees' health. The survey found that workers with money problems are:

- Three times more likely to suffer from anxiety and panic attacks.
- Eight times more likely to have sleep problems.
- Four times more likely to suffer from depression and have suicidal thoughts.

Stress from medical debts can also affect worker productivity. Of employees with medical debt problems:

- 24% have troubled relationships with co-workers.
- 22% cannot finish their daily tasks.

Lost productivity from these two issues costs businesses up to 14% of payroll expenses, the survey found.

## WHAT CAN YOU DO

What can you do for your low-wage employees and also ensure that your own health insurance premiums don't spiral out of control?

**Vary premium levels** – If you have a mix of highly paid staff and lower-wage workers, you can create a tiered system where the latter receive greater premium contributions from you than do the former. About 25% of large employers vary employee insurance premiums. But this may not be feasible for all businesses.

**Offer plans with varying benefits** – You can offer a slate of plans like ones with larger copays and deductibles for staff that want to reduce their premium costs as well plans with low or no out-of-pocket costs for employees willing to pay more in premium. This way, your low-wage workers have a choice of health plans that may better fit their budget.

**Offer "skinny" plans** – Skinny plans still cover the 10 benefits required by the Affordable Care Act, but they typically have a narrow network of providers in exchange for low out-of-pocket costs for the enrollee. This option is often good for your younger and healthier workers.

**Review incentives and subsidies** – Employers should design wellness incentives that do not penalize low-wage workers, who are more likely to smoke, (many employers impose a tobacco surcharge averaging $600 a year). Employers should couple tobacco surcharges with tobacco-cessation programs, and waive surcharges for employees who are trying to quit.

**Offer plans with modern attributes** – Telemedicine services can reduce health care costs, as they reduce the worker's need to take time off for an appointment and also lower the cost of delivery of care.

**Push for lower prices and costs** – You should coordinate with us, so we can work with your health plans and providers to reduce costs.

*A Different Approach*

# Getting the Benefits of Self-Funding Without the Risks

THERE ARE typically two approaches to securing health coverage for your staff – group health insurance or self-funding.

But, self-funding can be costly and risky and is usually only done by larger organizations with thousands of employees. But there is a hybrid model that can help small and mid-sized employers provide their staff with affordable health coverage: partial self-insuring.

To understand how partial self-insuring workers, we should start with the basics of what a self-insured plan is. In a fully self-insured plan, the employer pays the cost incurred under the plan for claims and administration.

The employer will usually contract with a third-party administrator or an insurance company to process claims and provide access to network of physicians and other healthcare providers.

Partially self-insured arrangements provide some of the benefits of being self-funded without all the risks.

## HOW IT WORKS

- Employer and their employees still pay premiums, a portion of which goes into an account that will be tapped to pay the first portion of claims that are filed.
- The other portion of the premium is paid to an insurance company. This is sometimes known as a stop-loss policy.
- Plans have an aggregate deductible for all claims filed by employees, meaning that once that deductible is reached an insurer starts paying the claims instead.
- Premiums are calculated to fund the claims fund to the aggregate deductible amount.
- If claims are lower than expected the employ can receive a refund at the end of the policy year or use it for the next year.

### Lower risk than fully self-insured plan

Typically, an employer should have at least 25 workers if it is considering a partial self-funded arrangement, but we've seen plans with fewer enrollees.

Many employers will opt for a partially self-insured plan to save money, but these types of plans also allow the employer to design a more useful and valuable plan for their workers.

The key to making this work is cost controls, without out which claims can spiral and drive up premiums at renewal.

Also, knowing exactly how much to set aside for reserves and how much you should set your employees' premiums, deductibles and other cost-sharing, can be complicated.

With the right mixture of benefits, plan design and education you control behavior, which drives claims, in order to keep renewal rates from increasing too much each year.

### The fine print

That said, there some reasons partial self-insuring is not for all employers:

- There is additional responsibility as the employer basically becomes an insurer or sorts.
- There is additional paperwork for these plans since the employer also become a payer.
- There are compliance issues that the employer needs to consider (ERISA and the Affordable Care Act, for example).
- There is some additional risk to the employer since they are paying claims.
- If you have too many claims you could face a non-renewal by your stop-loss insurer. If you are cancelled, it may be difficult to seamlessly enter the insured market. ❖

# New Directives Order Price Transparency, FSA Changes

PRESIDENT TRUMP has issued a multi-faceted executive order to reduce costs and increase pricing transparency in the health care and insurance system.

The parts of his order that could affect benefits that are part of employer-sponsored plans include:

### Helping people with chronic conditions

The order directs the Treasury Department to issue guidance that can help people with chronic conditions who are enrolled in high-deductible health plans (HDHPs) with attached health savings accounts.

The guidance, which was issued in July, requires HDHP insurers to pay for a number of preventative services and medications with no copay or outlay by the enrollee.

### Increasing health FSA carryover amount

Flexible spending accounts are funded by transferring a portion of the employee's pre-tax salary to the account. The funds can then be used to pay for medical services, including copays and any out-of-pocket payments, as well as medications.

The current maximum amount that someone can carry over on a flexible savings account is $500.

FSAs have a "use it or lose it" provision that means any funds that are left in the account at the end of the year are forfeited. This means that if, for example, you contribute $1,000 in 2019 and spend $500 during 2019 on qualified medical expenses, the unspent $500 would roll over into 2020.

Now it seems that this sum could be increased even further under the president's executive order, which requires the Treasury Department to issue new guidance by Sept. 22.

This development is welcome news to individuals who do not always exhaust their FSA accounts as anticipated.

### Increasing price transparency

The executive order also required the Treasury, the Department of Labor and the Department of Health and Human Services to seek comments on a proposal that would require hospitals and health care providers to publish their rates for various procedures, in an effort to improve pricing transparency.

In July, the Medicare Outpatient Prospective Payment System proposed new rules that would require hospitals to not only publish their list prices, but also the prices they have negotiated with various health insurance plans for a set of services that they could theoretically shop for ahead of time (think MRIs or knee surgeries).

This comes after a Centers for Medicare & Medicaid Services (CMS) order in January requiring hospitals to publish their list of retail charges for health care services.

By putting prices out there, the Trump administration believes that hospitals will be keener to compete on price, which could reduce overall pricing for these types of services.

The new rule goes into effect on January 2020. At that time, hospitals will be required to post negotiated rates for at least 300 services (which can be both inpatient and outpatient services) and prices for all patients (those in health plans and those on Medicare).

Of the 300 services, 70 will be pre-chosen by the CMS and each individual hospital will be free to choose which other services it wants to show rates for, as long as the total amount is 300 different services. ❖