Einstein
Advanced Health Insurance Solutions

NEWSALERT

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Employee Benefits

Compliance Checklist for Your Group Plan

AS OPEN enrollment for the 2020 plan year is just around the corner, there are a few things that employers with group plans should know so they can work with us to take any necessary actions.

As always, new rules are taking effect and some employers' plans will be more affected than others. In addition, if you've made changes to your plans in any way, you should read this to make sure your plan is compliant with relevant laws and regulations.

ACA health provider fee

When the Affordable Care Act was signed into law it contained provisions to collect a 2.5% "health provider fee" on all group health plans to help fund other parts of the law, including subsidies to help people purchase policies on health care exchanges.

The fee was waived for the 2017 and 2019 policy years, and will return for 2020 policies. The fee, now close to 4%, is assessed on group medical, dental and vision insurers, but they typically pass it on to employers.

The fee, however, is tax-deductible for businesses that pay it as a pass-through from their insurers. It only applies to fully insured plans and does not apply to most self-funded arrangements.

Getting set up with vendors

Because of all the uncertainty and escalating costs, many companies are trying to defray costs by incorporating new plan components like pharmacy benefit managers and bill-review companies. Many vendors need earlier notification in order to factor in any benefit changes and amendments to plans.

Preventative care changes

New rules issued by the Trump administration add new preventative care expenses for individuals with certain chronic conditions to the services that health plans can cover without copay by the covered individual.

Now, individuals with high-deductible health plans (HDHPs) with attached health savings accounts (HSAs) can access the following with no out-of-pocket expenses:

- Angiotensin-converting enzyme inhibitors for congestive heart failure, diabetes and/or coronary artery disease
- Beta-blockers for congestive heart failure and/or coronary artery disease
- Inhaled corticosteroids for asthma
- Insulin, glucose meters, and glycated hemoglobin testing for diabetes
- Selective statin reuptake inhibitors for depression
- Statins for heart disease, diabetes.

The rules took effect immediately, but health plan documents must be updated to reflect the changes. Check with us to see if your insurer has incorporated these changes for the benefit of your workers.❖

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Insurance Trends

Trump Administration Decides Not to End PBM Rebates

THE TRUMP administration has decided not to pursue a policy that would have put an end to rebates paid to pharmacy benefit managers, which could put the focus again on how drug companies set their prices.

The proposal would have barred drug companies from paying rebates to PBMs that participate in Medicare and other government programs. According to the administration, the proposed rules were shelved because Congress had taken up the issue to control drug costs.

The spotlight has been harsh on some of the country's largest PBMs, which have been accused of pocketing a substantial portion of the rebates for themselves while passing on only a sliver of the rebates to the insurance companies that hire them and the health plan enrollees that pay out of pocket for the drugs.

Rebates had become a popular target of criticism in Washington after drug companies lobbied aggressively to cast them as the reason for high prices. PBMs negotiate drug discounts in the form of rebates, often keeping some of that money for themselves.

However, many pundits say that the rebate system put in place by large, national PBMs incentivizes drug companies to keep list prices high, which in turn defeats the purpose of the PBMs – that is, to reduce the out-of-pocket costs that health plan enrollees pay for their prescription drugs.

Like insurers and PBMs, some of which have sought to undermine the practice with accumulator adjustment programs, the Trump administration believes such coupons may be driving up health care spending by getting patients to opt for higher-priced name-brand drugs over generics.

The Centers for Medicare & Medicaid Services proposal unveiled in January would have essentially blocked drug manufacturer rebates from going to PBMs and health plans that serve Medicare and Medicaid patients, starting next year.

Now that the push to eliminate rebates has come to end, the focus looks like it's shifting to how drug companies price their products. We will keep you posted if any legislation surfaces in this area. ❖

Health Insurance

Group Plan Costs Hit New High – What You Can Do About It

A NEW STUDY has found that the average annual premium for a group family health plan has exceeded $20,000 for the first time in 2019, up 5% from 2018.

The average premium for single coverage plans in 2019 is $7,188, up 4% from the year prior, according to the Kaiser Family Foundation's annual report on employer coverage.

The costs of high-deductible health plans are only slightly less than the average. The average premiums for covered workers in HDHPs with an attached health savings account are $6,412 for single coverage and $18,980 for family coverage.

Increasingly, workers are picking up a larger portion of the insurance tab. In 2019, they are paying $6,015 on average in premiums for family coverage, or about 29% of the total. Workers with individual coverage contribute 17.3% of the total premium.

Additionally, the average deductible for single coverage is $1,655 in 2019, which is unchanged from the year prior; however, the deductible is often higher for workers in small firms ($2,271) compared to large businesses ($1,412).

The average annual deductible among covered workers with a deductible has increased 36% over the last five years and 100% over the last 10 years, according to the report.

Also, 66% of workers have coinsurance and 14% have a copayment for hospital admissions. The average coinsurance rate for a hospital admission is 20%, and the average copayment is $326 per admission.

Another survey by the Kaiser Family Foundation and the *Los Angeles Times* found that 40% of group health plan enrollees had difficulty affording health insurance or health care, or had problems paying medical bills.

And close to 50% said that they or a family member had skipped or postponed getting health care or prescriptions in the past year due to costs.

Easing the burden

There are steps you can take to ease the burden on both your company and your employees.

Consider plans with telemedicine – More and more employers (69% of firms with 50 or more workers) are offering health plans that cover the provision of health care services through telemedicine. Telemedicine can greatly reduce the cost of care in terms of price for medical visits, as well as the time involved for the employee to travel to the doctor.

Telemedicine can include video chat and remote monitoring.

Using retail health clinics – More health plans will pay for services rendered by retail clinics, like those located in pharmacies, supermarkets and retail stores. These clinics are often staffed by nurse practitioners or physician assistants and treat minor illnesses and provide preventative services.

They can greatly reduce the cost of care for these kinds of visits outside normal hospital systems.

Plans with narrow networks – If a health plan can contract with fewer doctors and specialists, there is often less outlay for care. At this point the jury is still out on exactly how much can be saved, but there are also drawbacks such as:

- Disruption of provider relationships
- Employee backlash
- Reduced access or convenience for employees
- Lack of specialists.

Tiered and high-performance networks – These networks typically group medical providers based on the cost, quality and/or efficiency of the care they deliver, and use financial incentives to encourage enrollees to use providers on the preferred tier. ❖

Medical Costs

The 'Cadillac Tax' May Finally Be Repealed

THE MUCH-maligned "Cadillac tax," which was supposed to be implemented as a tax on high-value group health plans with premiums above a certain level, may finally be seeing the end of the road.

Already the implementation of the tax, which was created by the passage of the Affordable Care Act, has been postponed twice. It was originally supposed to take effect in 2018 under the ACA. The tax was delayed two years by Congress in 2016, pushing implementation ahead to 2020. It was delayed again in 2018 and is currently scheduled to take effect in 2022.

Now the House has overwhelmingly voted to ditch it once and for all.

The Cadillac tax is an excise tax that applies to any group health policy that would cost more than $11,200 for an individual policy, or $30,150 for family coverage.

Starting in 2022, a 40% tax would apply to any premium above those levels (so if an individual policy cost $12,000 a year, the tax would apply to the $800 excess over the $11,200 level).

Although the insurance company would have to pay the tax, it is widely believed that insurers would pass it on to the employer.

Widespread distaste for the tax

The tax was maligned by both employers and labor unions, many of which receive generous benefits packages that would have been subject to the tax. Labor disliked it because they felt that employers would cut benefits to avoid paying it, or pass the tax on to employees. Employers disliked the tax because, well, it's another tax – and a hefty one at that.

But supporters of the ACA said the tax was necessary to pay for the law's nearly $1 trillion cost and help stem the use of what was seen as potentially unnecessary care.

While there is widespread support for repealing the tax, not everyone is on board. A group of economists and health experts wrote a letter to the Senate on July 29 in which they argued that the tax "will help curtail the growth of private health insurance premiums by encouraging employers to limit the costs of plans to the tax-free amount."

The letter also pointed out that repealing the tax "would add directly to the federal budget deficit, an estimated $197 billion over the next decade, according to the Joint Committee on Taxation."

This summer, the House of Representatives voted 419 to 6 to repeal the tax. Currently, a Senate companion bill has 61 co-sponsors, but the legislation has not yet come up for debate.

That said, most observers expect that the bill will soon be put up for vote, meaning that the Cadillac tax will likely be sent to Cadillac ranch – having never seen the light of day. ❖