

Administrator

Important news and updates from your benefits professionals

Vol. 2020, Iss. 01

This Issue

ACA Unconstitutional

A December court decision leaves other questions unanswered.

Family Leave Expanding

Few private sector employees are covered by paid leave programs.

Generics in Waiting

Record numbers of generics are approved, but not yet available.

Eye Exams Revealing

Few know that an eye exam can identify 30 medical conditions.

Trends, News, Updates and More Inside!

Making Reference Based Pricing Work

Whether you refer to it as Reference Based Pricing, Medicare Reference, Cost Plus or something else, the important thing is to understand what it is and why it's being used to lower health plan costs.

Health plans with reference based pricing provide high quality coverage at a lower cost by using Medicare fee schedules as a base. Then they negotiate with hospitals and physicians to determine an acceptable percentage margin over and above Medicare. Margins often fall within a range of 25% to 65%. The absence of PPO networks takes many of the "unknowns" out of play. Rather than operating at the mercy of networks that traditionally save their largest discounts for the largest health plans, reference based pricing takes the mystery out of network discounts by fixing fees for covered services. In addition to lower out-of-pocket expenses, members also gain the flexibility they need to search for a physician that meets their needs rather than settling for a smaller network in order to save on out-of-pocket expenses.

Experience Makes the Difference

Administration is always important when a health plan is self-funded. But reference based pricing requires much more than claims administration. Supporting a health plan with reference based pricing requires a TPA with the skills to make providers comfortable with this form of reimbursement and the resources to protect the plan against issues such as balance billing.

Many employers fear reference based pricing because of balance billing, which can occur when the established



fee does not pay a provider's bill in full and the provider chooses to bill the unpaid balance to the member directly. Even though resourceful TPAs point out that concerns about balance billing are often overblown, they typically integrate measures to protect members against it. In most cases, these include adding the services of attorneys or consultants to enforce the terms of the reimbursement agreement or negotiate a payment settlement with hospitals that may not be subject to negotiated reimbursement rates.

Experienced TPAs know that the competitive landscape for providers can often determine the potential for referenced based pricing in a given community. While it may not be appropriate for all employer groups, the ability to control future healthcare costs certainly makes it worth exploring.



ACA Mandate Ruled Unconstitutional

According to a December 18th decision by the 5th Circuit Court of Appeals, the ACA's individual mandate to purchase health insurance is unconstitutional. The decision did not, however, include an opinion on whether this makes the entire law unconstitutional. Instead, the court sent the matter of interpreting whether the mandate is severable from the ACA back to the lower court.

While supporters of the ACA say that killing part of the law kills only that provision, critics argue that because the law lacks a severability provision, a court ruling declaring any part of the law unconstitutional should make the entire law unconstitutional. A good deal of time could pass before a ruling is made by the 5th Circuit Court and there is no way to know how the November presidential election may impact the outcome.

Overtime Pay for More Americans

The U.S. Department of Labor announced a final rule for the Fair Labor Standards Act that has made some 1.3 million American workers eligible for overtime pay. Under the new rule, the standard salary level will be raised from \$455 to \$684 and make all employees who earn less than \$35,568 eligible for overtime pay of at least time and a half. The previous threshold of \$23,700 has been in effect since 2004.

President Obama made an unsuccessful attempt to raise the threshold all the way to \$47,000 per year in 2016, however a federal judge blocked that in 2017, saying it was too high. These levels became effective on January 1, 2020.

CMS Finalizes Hospital Transparency Rules

According to rules issued last November, hospitals will be required to disclose the rates they negotiate with insurers beginning in 2021. The rules require that hospitals post their standard charges online in a machine-readable format, meaning that they must post gross charges, discounted cash prices, payer-specific negotiated charges, de-identified minimum negotiated charges and de-identified maximum negotiated charges. Services, supplies, facility fees and charges for employed physicians and other professional practitioners are all included in these requirements.

Perhaps the most important aspect is the requirement that payer-specific negotiated rates be posted online in a searchable and consumer-friendly format for 70 stipulated services that patients are most likely to shop for. A total of 300 services must be posted in the same manner, however hospitals are free to choose the remaining 230. While President Trump is trying to make health plans and insurance carriers subject to similar rules, this proposal is still in the public comment phase.

Trends Latest Happenings in Today's World

Prescription Drugs from Vending Machines

If Florida House Bill HB59 becomes law, Floridians will be able to use video conferencing technology to speak with a pharmacist and obtain prescription drugs dispensed by automated pharmacy systems or vending machines. The systems, manufactured by Canadian company MedAvail, are currently in use in

hospitals located in Jacksonville and Miami, Florida.

More Seniors Working

According to a new Harris poll conducted for TD Ameritrade, more than half of Americans age 40 and older plan to continue working after they retire. The Federal Reserve Bank of New York adds that the number of workers 55 and older has been

rising since 2000. While the percentages dropped for older workers, it remained above 50% for those 70 to 79 years of age. Financial need was important to most, but many over 55 cited a desire to remain sharp and avoid boredom as their main concern.

Surgery Going Ambulatory

As physician consolidation continues, more and more hospitals are adding

What Makes a Health Plan "High Quality"?



A recent survey by a data analytics firm found that benefits objectives often vary based on company size. Results showed that while smaller companies were focused on increasing employee productivity, mid-range employers were more concerned with employee satisfaction levels. Very large employers identified employee health and well-being as their main objective.

One interesting finding was that regardless of objectives, a high percentage of employers expressed concern that their health benefits were falling behind those of industry peers. If you share that concern, be aware that even though expectations vary by industry and workforce demographics, the days of doing things because "that's the way we've always done it" are over.

Stay Open to New Ideas

Top workplaces are committed to innovation in every part of their operation and health benefits are no exception. By self-funding, most use claims data to respond to member needs and take advantage of new opportunities. Health concierge services, price transparency tools, bundled pricing and the trend to low or no deductibles and copays are just a few of the ways health plans are innovating to rein in rising costs and help employees get the care they need – important objectives of a high quality health plan.

Family Leave Programs Expanding

Even Labor Department reports show that fewer than 15% of private sector employees are covered by paid leave programs, more states are looking for ways to help employees cope with the difficulties of caring for family members of all ages. In addition to California, New Jersey and Rhode Island that have had programs in place for a long time, New York, Washington and the District of Columbia have passed similar laws.

While most private sector programs provide paid maternity and parental leave, more and more employers are looking for ways to help employees caring for elderly parents or family members facing serious health conditions. An increasing number of employers are providing on-site daycare facilities to reduce absenteeism. Those that lack the facilities are lowering stress levels for parents by helping to subsidize their daycare expenses.



California Requires FSA Notices

Two new laws governing benefits will impact employers with employees in California. One law applies to Section 125 Flexible Spending Accounts, requiring that employers notify account holders of any deadline to withdraw funds before the end of the plan year. The law applies when participants will lose FSA coverage due to a mid-year termination of employment or the FSA plan. Notices must be provided electronically and by regular mail, telephone or in-person.



Too Many Generics in Waiting

Record numbers of generic drugs that could provide much needed relief for Americans with serious medical conditions are failing to come to market because of litigation and the filing of additional patents by brand-name drug manufacturers. The number of generic approvals has set records during each of the past 3 years. In fact, the FDA has approved nearly 2,500 generic versions of 617 brand name drugs since 2016.

Analysts estimate that the price of a branded drug falls by an average of 39% every time four generics for that drug are made available. While there are many factors involved in the delays, the sad reality is that less than half of the generics approved in 2018 have been launched. In the meantime, far too many very sick patients have had to find ways to afford high-priced branded medications.

Supporting Behavioral Health

Nearly 1 in 5 U.S. adults live with a mental illness. Since it has become virtually impossible to avoid a condition at work, here are some of the factors involved. First, professionals tell us that multiple cycles can impact health and productivity in different ways. Conditions can trigger at any time and while early symptoms can be mild, a supportive work environment is critical. Symptoms often increase during later phases, causing work performance to suffer. Mental health benefits and disability insurance will come into play as everyone works together to help the employee remain at work or return to work as soon as possible. Symptoms can become severe during advanced phases, making a disability leave, family leave or access to an EAP or in-network providers likely.

Because fewer than half the people who need help ever receive treatment, meeting the issue of mental health head on is very important. Having a general conversation or town hall about behavioral health can go a long way in creating a safe, healthy, supportive environment.

ambulatory surgery centers, including many that are physician-owned. The rise in popularity is primarily due to the ability of these facilities to traditionally offer high quality procedures at a lower cost than hospitals.

Cost Increases Outpace Wages

The Kaiser Family Foundation employee health benefits survey for 2019 shows

that the cost of annual premiums for employer-sponsored health insurance plans have reached \$20,576. While there are differences between small and large employer groups, costs are rising faster than wages for both and average contributions by employees have reached \$1,242 for single coverage and more than \$6,000 for families. And while wages have increased by 26% in the past decade, contributions to health

care premiums have gone up 71%.



Direct Contracts Grow

As more and more employer sponsored health plans become self-funded, the trend from PPOs to direct provider contracting is growing. High quality health plans continue to demonstrate that direct contracting promotes a more level playing field where both parties can agree on pricing that is fair rather than trying to determine the real value of network discounts.

Did You Know? New Ideas for Healthy Consumers

Even Healthy Places Have Germs

While we think of our doctor's office as the place to go when we need to get back to better health, physician offices and hospitals are proven to be some of the germiest places we can go. Waiting room furniture, toys, books, magazines – even the dirt and water in potted plants are known to contain loads of bacteria.

The pen you use to sign in at reception can be covered with germs and while some may be wiped down with a sanitizer after a long day, it is doubtful that many are cleaned between uses. And even though many doctors

and nurses now turn to tablets or laptops to review medical records, some still carry file folders that can easily be contaminated with bacteria.

To protect yourself and your family when visiting medical offices, urgent care centers or hospitals, wash your hands or use bottled sanitizer after you touch surfaces that can harbor bacteria. Most important, avoid touching your face in order to keep bacteria or a virus from easily entering your body.

Do You Have a Caregiver Crisis?

The National Alliance for Caregiving and AARP report that some 43 million caregivers in the U.S. provide more than 24 hours of unpaid care to an adult or child each week. The worry and stress that goes along with this responsibility are creating an unprecedented level of stress and hardship, especially for those who need to remain focused and productive at their workplace.

For concerned employers, experts recommend listening to the particular challenges your workers are dealing with before jumping into a program. Conducting an employee survey can provide an opportunity for caregivers to suggest benefits that will help them improve their specific situation. These can be access

to childcare, emergency back-up or care coaches for those responding to a critical illness or disability. Other benefits can help workers deal with legal concerns or simply save time by accessing concierge type benefits such as delivering groceries or helping with other household chores or errands.

With Harvard Business School studies showing that 32% of employees have left a job to become a caregiver, this is certainly a growing concern for companies large and small. Whether these benefits are funded by your company to some degree or voluntary, they will become far more valuable as more working adults find themselves confronting this issue.

Eye Exams Can Be Very Revealing

Everyone knows that a routine vision exam is important, but few may know that an optometrist or ophthalmologist can identify more 30 medical conditions, often before any outward symptoms occur. Heart disease, diabetes, liver disease and certain cancers are just a few of the serious conditions that are often detected early on by an eye care professional.

This is surprising to many, but the fact is that because our eyes are extremely sensitive organs, they are often one of the first areas affected by changes to our nervous or circulatory systems. And because the eyes and brain are so close to each other, an eye exam can often predict dementia and Alzheimer's disease years before they begin to affect memory. If vision care is not a part of your current benefits plan, consider using your FSA or HSA funds to schedule an eye exam. Doing so just may help save your life or that of a loved one.

Please Contact Us: This newsletter is not intended as a substitute for personal medical or employee benefits advice. Please consult your physician before making decisions that may impact your personal health. Talk to your benefits administrator before implementing strategies that may impact your organization's employee benefit objectives.



Corporate Office

450 Riverchase Parkway East | Birmingham, AL 35244 | 833.748.8876 | 90degreebenefits.com

Regional Offices

Caprock HealthPlans

4401 82nd Street, Suite 1200
Lubbock, TX 79424
800.747.9446

Corporate Benefits Service, Inc.

9101 Southern Pine Blvd, Suite 300
Charlotte, NC 28273
704.373.0447

Covenant Administrators

2810 Premiere Parkway, Suite 400
Duluth, GA 30097
800.680.8728

EBSO

2145 Ford Parkway, Suite 200
St Paul, MN 55116
800.558.7798

Entrust

22322 Grand Corner Drive, Suite 200
Katy, TX 77494
800.436.8787

IMA, Inc.

1325 Barksdale Blvd, Suite 300
Bossier City, LA 71111
800.742.9944

Lockard & Williams

1505 Jackson Avenue
Pascagoula, MS 39567
228.762.2500

Self Insured Plans

14710 Tamiami Trail N, Suite 201
Naples, FL 34110
239.403.7884

