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An Employer with a Plan



The Diversified Team would like to welcome you to the fall season and once again say that we all hope you had a great summer!! This edition of the GroupScoop covers many interesting topics, but the section “Have You Defined Your Health Strategy?” is very important. Unfortunately, healthcare costs continue to rise at an alarming rate and we all need to be *Defining our Health Strategy*.

We thought it would be helpful to share what we do here at Diversified in regard to our strategy as an employer that has a self-funded medical plan. We like to say at Diversified that we practice what we preach, or that when our team comes out to see you to review your plan we are speaking from experience. Below is the Diversified plan and what we do to control costs:

- **Appropriate Stop Loss Level and Coverage** (family or individual) – At Diversified we are unique; we offer a family stop loss that limits the plan exposure on families that are enrolled on our plan.
- **Aggregate Coverage** (optional) – Aggregate coverage is optional but can help cap risk on the volume of claims.
- **Fully Insured Organ Transplant Carve Out** – This

policy mitigates risk for transplants by carving them out and fully insuring those catastrophic claims.

- **Pharmasense** – Our specialty bio-tech program that aggressively manages all aspects of specialty pharmacy claims from pre-cert, to acquiring the medications, and continued case management.
- **Medical Management** – Case managers work directly with our plan participants to manage risk while working directly with their healthcare providers.
- **Worksite Wellness** – Our employee contributions are tied to participation and outcomes.
- **Disease Management Program** – We offer Nurse Navigators that assist our plan participants in managing 27 chronic conditions.
- **Culture of Health** – Good health is part of our organization. We are constantly working to keep wellness and physical fitness as an integral part of cost control management.
- **Telemedicine** – We offer 24/7/365 access to a doctor via phone, online and mobile app.
- **RealTimeHealth** – 24/7/365 diabetes care support that uses a state-of-the-art, cellular-based glucometer to automatically, consistently and accurately take and record a member's glucose readings.
- **RealTimeChoices** – We utilize technology to promote high quality/lower cost providers and tie a Go Green to Get Green cash incentive for plan participants.
- **Appropriate Plan Design** – We offer a HDHP/HSA plan that includes an employer contribution into the HSA on behalf of the plan participants.
- **Appropriate PPO or an alternative approach like Cost Plus** – Diversified utilizes the Cost Plus or Retail-Based Pricing Approach which has been very successful in reducing costs for our health plan.

ACA Changes You Should Note

Even though 2016 was considered the year of full implementation for the Affordable Care Act (ACA) employer mandate, changes keep coming. Here are a few points you will want to stay ahead of as the fourth quarter unfolds.

Small Employer Group Changes

The Protecting Affordable Coverage for Employers (PACE) Act, passed last fall, defines the small employer as having one to 50 employees. States, however, are permitted to elect to extend the definition of a small employer as up to 100 employees.

Even though the way businesses are categorized will now be a state-by-state decision, most are using the PACE Act definition. A few, including California and New York, have chosen to use 100.

Health Plan Transition Relief to Expire

Transition relief for the Employer Shared Responsibility payments for large employers with fully insured plans during the prior year will expire January 1, 2017. Depending on a plan's eligibility and start date, applicable large employers (ALEs) must be compliant at some point this year or face penalties. Starting January 1, the non-calendar year transition relief expires and all ALEs will be required to offer compliant coverage. This does not apply to self-funded plans.

Grandfathered plans are also expiring in January 1, 2017. Fifteen states required the end of remaining grandfathered, non-ACA compliant plans this year, while the other 35 states will do so in 2017.

IRS Reporting Penalties

This year when employers completed Forms 1094-C and 1095-C, they were not assessed penalties for incorrect or missing data. Employers need to identify any issues with their reporting and plan ahead since that good faith effort has not been extended. They must set aside time for testing to correct any coding or processing errors. Employers should also consider avoiding the cost of printing and mailing by enabling employees to access Form 1095-Cs online.

Cadillac Tax Delayed to 2020

The 40% excise tax on the cost of health coverage exceeding pre-determined threshold amounts, which was initially intended to take hold in 2013, was delayed to 2018. Now it has been delayed to 2020 and while some think it will eventually become law because the revenue is needed to fund the Affordable Care Act, the IRS has again issued a request for comments.

Employers have several regulations to address and implement in order to remain compliant and avoid future penalties. As always, we are prepared to help our clients remain ACA compliant as regulatory changes continue to come our way.

Trends

Latest Happenings in Today's World

Group Plans Rebound at Small Business

Results from Kaiser Family Foundation research show that while fewer small employers offered health benefits last year than 15 years earlier in 2000, and finding affordable coverage is a challenge, interest in small group plans is growing among companies with 3 to 50 employees.

Child Care Costs Rise

Labor Department data shows that child care expenses have risen nearly twice as fast as overall inflation since 2009, leaving young families struggling to find affordable alternatives. The biggest reason is that incomes, when adjusted for inflation, remain relatively consistent with pre-recession levels.

More Individuals Visit ERs

According to a study by the Feinberg School of Medicine at Northwestern University shows that despite the Affordable Care Act taking effect, emergency room visits in Illinois increased by nearly 6% during 2014 and 2015. While the number of visits by uninsured people dropped after Obamacare took effect, the decrease was not sufficient to offset

Will Bundled Payments Lower Costs?

The Centers for Medicare and Medicaid Services (CMS) began their initiative to tie payments to quality or value earlier this year by implementing their Comprehensive Care Joint Replacement Model (CJR). The mandatory program holds hospitals accountable for all costs, processes and outcomes associated with hip and knee replacements performed on Medicare patients. Since hip and knee replacements are the most common inpatient surgeries for seniors, the CJR model is expected to serve as a critical test to determine whether bundles can help control costs and increase quality.

The quality of treatment and aggregate spending for a 90-day period, including surgery, recovery and rehabilitation will determine whether the hospital owes money or will receive additional payment from Medicare. CMS is establishing specific bundled pricing for each provider, then using data to determine regional pricing after five years.

Looking Outside the Walls

This model is forcing hospitals to evaluate overall care for joint replacements since clinical and financial success requires coordination between hospitals and post-acute care providers such as skilled nursing facilities. While joint replacements may represent only a portion of a hospital's revenue, the Medicare Star Rating System tied to CJR will make provider performance public. Low performance will make it difficult to compete for Medicare-funded joint replacements in the future and many think that if bundling shows positive results, CMS will likely look to other areas of care.

ACA Fee Moratorium and Self-Funding



When Congress delayed the Cadillac Tax until 2020, the same law placed a one-year moratorium on the annual fee the ACA imposes on health insurance carriers. While the fee does

not have a direct impact on TPAs or self-funded plans, it does sometimes impact stop loss premiums.

Since this fee applied to insurance carriers and not the majority of self-funded plan costs, some small group plans that moved to level funding may experience a slight cost increase in 2017. When the tax returns in 2018, the revenue targets are expected to increase. If the tax increases from its previous levels of 3% to 4%, the potential savings available to self-funded and level-funded plans will increase as well.

FSA Contribution Limit Expected to Increase



While we are awaiting an announcement from the IRS, the cap put on allowable employee contributions to Flexible Spending Accounts is expected to increase by \$50. The cap index, which is based on the medical

component of the consumer price index, did not increase last year. Inflation has been high enough to support an increase from the current level of \$2,550 to \$2,600 for 2017, however employers do not have to increase the limit. Some employers are increasing the limit prior to open enrollment, while others will likely hold off and make the adjustment for their 2018 plan year.

the increase in ER visits by those with Medicaid and private insurance. Some believe the increase is temporary and that it will drop as previously uninsured people learn how to use their health insurance.

Raising Health Awareness

A 20-foot long inflatable colon with pink walls, red arteries and bright round polyps painted on the inside became

part of a 50-city summer tour designed to emphasize that colon cancer is the second leading cause of cancer deaths in the U.S. While many who walked through the tunnel at health fairs and festivals described it as “gross”, physicians applauded it as a powerful way to entertain while illustrating what’s going on inside our bodies. A transplant physician at the University of Minnesota loved the idea so much that he ordered

a 10' x 12' custom made bone marrow tunnel to promote a bone marrow transplant program.

Philadelphia to Tax Soda

In June, the Philadelphia City Council approved a 1.5 cent per ounce tax on any drink containing less than 50% fruit juice, vegetable juice or real milk – the first tax on sugary drinks by a major city. The soda tax, which takes effect



January 1, 2017, is expected to raise \$91 million for Philadelphia schools, parks and recreation centers. While the tax is intended to have a positive impact on population health, one must wonder if cheese steaks could be next target!



TeleMedicine Continues to Grow

If you haven't interacted with a doctor by smart phone, email or webcam recently, you'll be interested to know that the American Telemedicine Association reports that more than 15 million Americans received some kind of medical care remotely last year.

For those employed by a large company or living in a major metro area, it is common to view telemedicine as a virtual doctor visit or a substitute for an in-person office visit. The fact is that electronic communications are impacting the delivery of healthcare in many ways.

- Some doctors are consulting with one another to make critical decisions on heart attack and stroke victims
- Patients are using smart phones to relay blood pressure, heart rate and other vital signs to their doctors in order to better manage chronic conditions

- Virtual Care Centers are providing remote support to ICUs and ERs in small, rural hospitals where a physician may not be on site 24/7

Many question whether the quality of care is keeping pace with the rapid expansion of telemedicine, and state rules governing telemedicine are constantly evolving. At the same time, health plans and a growing number of members view the services as a convenient way to get medical care without leaving home or work.

The AMA recently approved new ethical guidelines for telemedicine, calling for participating doctors to recognize its limitations and ensure that sufficient information is available before making a clinical recommendation. With existing telemedicine providers expanding and major teaching institutions gearing up, there appears to be no slowdown in sight.

An Employer with a Plan (continued from front)

■ **Communication** – We meet regularly with employees to discuss our strategy and answer any questions or concerns. We take their input seriously and use it for continuous improvement.

We believe that our plan brings participation, engagement, responsibility and transparency to the table. In addition, our culture of health promotes a healthy lifestyle. If any of you have been to Diversified Group, we are sure you've seen our fitness center, where we offer spinning classes, weight

training, yoga and walking contests. We believe this interaction between the staff is invaluable to promoting a healthy and happy working environment.

As we move into 2017, we'll have some exciting new programs and options to share with you. Please be sure to watch for our emails, sign up for our [blog](#) and follow us on [LinkedIn](#) and [Twitter](#)! Please let us know if you have any questions in regard to our health plan or any other items in this edition of the Group Scoop. As always, we thank you for your business!

Have You Defined Your Health Strategy?

When it comes to improving the health and well-being of your employees, it's easy to get caught up in trying to be super creative or search for that magic bullet that automatically boosts engagement and changes behavior. If only it were that easy!

Like any other important business initiative, worksite wellness and health management must begin with a plan, a budget and a strategy. Your plan needs to be based on realistic goals and objectives and executed strategically over the long-term. Most importantly, your plan must be designed to benefit everyone and taken to heart at every level of the organization, top to bottom. If health management is not lived by leadership, others will never take it seriously.

Numbers Seldom Lie

Recent surveys by Towers Watson and the National Business Group on Health show that fewer than 1 in 5 companies have defined a health strategy for their organizations. Surveys also show that in 2014, companies "working" their plan reported per employee healthcare expenses nearly \$2,000 lower than companies doing little in the area of health management.

Perhaps the most meaningful numbers in your plan are those that rise to the surface through biometric screenings. Identifying each individual's health risks is the ingredient that truly can change behavior, help fight chronic disease and improve quality of life. Relevant, personalized health data can make the difference between talk and action, and ultimately, between estrangement and engagement.

Never Stop Communicating

Virtually every employer group will consist of those who are already actively engaged in their health, a similar number with little or no interest and the majority who may not be actively engaged but can be influenced over time. The key to a successful health strategy is consistent, honest communication – telling employees what your program includes, why the program is being made available, how they can benefit and when they need to get involved. Communication is critical for those who come on board, especially when incentives are included. Keeping things simple and fun will always generate better results and help keep the focus on people's well-being rather than the company's bottom line.

Did You Know? New Ideas for Healthy Consumers

Go Nuts!

Often, the simplest foods are the best for your health – think fruits and veggies. This reins true with nuts as well. Among nuts, Mother Nature crafted a near perfect package of protein, healthy fat, fiber, antioxidants, vitamins and minerals when creating the walnut. Adding just one ounce (approximately 7 walnuts) to your diet may be all it takes to reap these benefits and more.

Cancer-Fighting Properties

Walnuts may help reduce not only the risk of prostate cancer, but breast cancer as well. In one study, mice that ate whole walnuts for 18 weeks had significantly smaller and slower-growing prostate tumors

compared to those that consumed the same amount of fat from other sources. In another study, the human equivalent of just two handfuls of walnuts a day cut breast cancer risk and slowed tumor growth in mice by 50%.

Weight Management

Adding a healthful amount of walnuts to your diet can help to maintain your ideal weight over time. In one review of 31 trials, individuals who substituted walnuts for other foods lost about 1.4 extra pounds and half an inch from their waist. Eating walnuts is also associated with increased satiety after just three days.

Brain Health

Research shows walnut consumption may support brain health, due to the number of neuroprotective compounds, including vitamin E, melatonin, omega-3 fats, and antioxidants they contain. One study also found that consuming high-antioxidant foods, like walnuts, can enhance cognitive and motor function in aging adults.

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