

GROUPSCOOP

Important news and updates from your benefits professionals

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A great option to consider, especially in retail or hospitality

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Keep Informed



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Here's to a Safe, Fun & Active Summer!

First, let us wish you a safe, fun and active summer and we hope you will enjoy this edition of the Group Scoop! Before we get started, we would like to remind everyone to follow our blog, LinkedIn and Twitter accounts. We use these social media methods to share information and articles that are important to you and your plan members. Following these feeds will help keep you abreast of what is on our mind with regard to healthcare cost and policy. We hope you too will join the conversation!

When preparing this edition of the Group Scoop one of the articles "Get More From Your Healthcare Spend" really resonated with our Team. As a self-funded employer, we are constantly trying to find ways to get more out of our healthcare spend, in order to have healthier, happier employees, while keeping expenses in check. Every new product or service that we bring to you has that goal in mind. In fact, all of the products and services we provide are, in one way or another, in response to direct requests from our clients.

It's always good to reflect on how self-funding your health, dental and short term disability plan provides your company a tremendous advantage, compared to being fully-insured. With a self-funded plan, you truly understand your group's needs and utilization, which allows you to custom design your plan and implement thoughtful tools and strategies to control cost with solutions that are *tailored* to **your company** and **your employees**. Your self-funded plan is also rewarded for good claims experience, which would otherwise fatten the fully-insured carrier's profit margin. The next time you meet with your Diversified Group Representative, please ask what's new and what you should consider implementing on your plan. We have a lot of new,

exciting products to talk to you about – transparency tools, telemedicine, disease management programs, wellness programs...and more!

As always, we are engaged with policy makers on a local, regional and national level regarding hospital transparency and state and federal regulations. As a TPA and self-funded employer for almost 50 years (*Yes, that's right the big 5-0!!*), we are often horrified by what we see hospitals charge for certain procedures. But, more important than regulation, we all need to be concerned about the cost of healthcare these days. That is why we are encouraging you to incentivize and educate employees to help you control costs; we can put employee hospital bill auditing provisions into your plan and teach your employees how to take advantage of the financial incentives for identifying and correcting billing errors. After all, it is a widely accepted statistic that over 80% of hospital bills have errors – often times these are errors only the patient can point out.

Lastly, everyone always wants to know about the stop-loss markets. Right now there is a lot of capacity in the market, which helps to keep costs down. Diversified meets with our stop loss carriers on an ongoing basis to make sure our collective voices are being heard. As we move forward, we will update you on any progress we make.

We would like to thank you for your business, welcome our new clients and also thank our team. Based on our retention rate and the growth of our company, we realize this is only accomplished with a talented and dedicated team and top quality customers!



Get More from Your Healthcare Spend

Should You Consider a Minimum Value Plan?

If you're in an industry with significant turnover and varied work schedules, a Minimum Value Plan may be an affordable way to meet the requirements of the Affordable Care Act.

A Minimum Value Plan is one that pays at least 60% of the total allowed cost of benefits expected under the plan. And while a traditional fully insured plan might cost \$300 per month for employee-only coverage, a minimum value plan may cost just over \$100 while still providing ACA-mandated care and coverage for inpatient hospitalization.

Determining Minimum Value

Businesses may need help determining that their plan reaches "minimum value" under the ACA. To meet this standard, the plan must pay at least 60% of the total allowed cost of benefits, which can be a moving target. Recent regulations also require that minimum value plans must offer substantial coverage for both inpatient hospitalization and physician services.

It should also be noted that minimum value plans must still offer "minimum essential coverage" and coverage that is considered "affordable" under the ACA. Offering such a plan, without meeting these requirements, may still expose your organization to liability under ACA employer shared responsibility rules.

Though minimum value plans can be an affordable solution, future growth may be a concern, since only organizations with fewer than 50 full-time employees and full-time equivalents are exempt from ACA coverage requirements.



With research showing that the average cost of healthcare surpassed \$11,000 per employee in 2015, stretching every healthcare dollar is a must. Since self-funding is the foundation from which so many cost control strategies emerge, we encourage you to take this step if you haven't already done so.

Understand the Needs of Your Group

Since every employer group is unique, it's imperative that you look closely at demographics, prior claims and medical conditions. The availability of meaningful data is one of the biggest advantages of a self-funded plan, and key to making sure that those with chronic conditions such as diabetes or hypertension are receiving the treatment and attention they need. If your administrator isn't helping in this critical area, you have the wrong administrator!

Coordination Matters

Self-funded health plans involve several parts that need to be working together. If you think healthcare

is complex, put yourself in the shoes of your members and their families. Programs such as utilization review, hospital pre-certification, disease management and healthcare coaching can go a long way in managing costs. Services like patient advocacy and telemedicine can help members get the care they need in an efficient setting. For example, while office visits cost about \$130, a telemedicine visit can be equally effective at a cost of about \$40. With so many variables available today, it's easy to see why customer service and care coordination are as important to your bottom line as they are to your employees.

Education and Wellness

Once a self-funded plan design and professional administration are in place, employee education and wellness integration must follow. Few factors influence healthcare costs more than lifestyle choices and the need to make informed buying decisions. And whether it involves understanding benefits or choosing a high quality, efficient provider, studies show that members need more support. To help in this area, many TPAs are integrating online access to comparative data on costs and providers.

When you consider that we can only manage what we can measure, delivering meaningful information to members, when they need to make a healthcare decision, should result in happier, healthier employees and lower costs for all.

Trends Latest Happenings in Today's World

Patients Counsel Hospitals

Hospitals have long depended on volunteers to help at information desks, delivery of flowers and more. These days, however, some hospitals are asking discharged patients to participate on advisory councils that interact with hospital staff to improve communication with nurses, design of facilities and more. Some council members have joined physi-

cians as they make their rounds, talking with patients or occasionally functioning as a "secret shopper" and to note how such sessions can be improved.

Dog Days Popular

A recent survey of more than 1,000 workers showed that allowing people to bring their pets to work can go a long way to build community and

reduce stress. Experience shows that people converge around pets, especially dogs, promoting friendly conversations that otherwise wouldn't have taken place.

Apps for the ER

In a study published in the journal titled *Academic Emergency Medicine*, ER physicians in 29 states showed that patients often leave decision

Overtime Rules Tough on Small Business



New rules mandated by the Department of Labor could affect many small businesses, driving up labor costs and creating more red tape. These rules, effective on December 1, 2016, raise the salary threshold for eligible workers from \$23,660 to \$47,476 and to \$134,004 for highly compensated employees. This means that salaried workers earning less than \$47,476 will now be eligible for time-and-a-half for every hour they work beyond 40 hours per week. While the rules were intended to

help millions of workers, they assume that every business will absorb the increased costs and pay overtime, rather than limiting hours for salaried employees.

Research by the National Federation of Independent Business shows that nearly half of all small businesses will be affected by the mandate. NFIB foresees a slowdown in productivity if salaried employees are forbidden from exceeding 40 hours per week. Another concern is that some employees may be converted from salaried to hourly, effectively receiving a demotion.

The rules also include a mechanism to automatically update the salary and compensation levels every three years in order to ensure that they continue to provide useful and effective tests for exemption.

HSA Contributions Could Rise

Republicans in the House have proposed H.R. 1270, and bundled it with H.R. 5445, which would increase the maximum annual deductible HSA contribution to \$7,800 for individuals and \$15,000 for a family. These increases are from current levels of \$3,350 for individuals and \$6,750 for families, respectively.

Members of the House Rules Committee were prepared to vote on the procedures for bringing the package to the House floor this week. The Congressional Budget Office has estimated that the increases would cost the federal government more than \$20 billion in revenue over a 10-year period. President Obama has expressed opposition to the effort, saying that it would only help higher income individuals.

Paid Leave Bills Advance

One of the biggest concerns of small business owners continues to be the paid and unpaid leave bills passing out of committee. In the Senate, the Healthy Workplace Act S.B. 2147 would require all employers to provide up to 7 paid sick days each year. The House passed H.B. 3297, creating the Employee Paid Health Care Time Act, requiring any employer of one or more to provide paid healthcare time at a rate of one hour for every 22 hours worked for an employer of 50 or more and one hour for every 40 hours worked for employers with fewer than 50 employees.

The Federal Government isn't the only governmental body pushing paid leave. Several states and even the City of Chicago are considering paid leave for a variety of hardships, from bereavement to bone marrow and organ donations. A 2015 survey by NFIB shows that the vast majority of small businesses already offer some type of paid leave, with many offering up to 2 weeks per year.

Judge Rules Against Reimbursements



In May, U.S. District Judge Rosemary Collyer ruled that the Federal Government improperly reimburses insurance carriers to cover discounts to low-income consumers. The court ruled that the administration overreached

its authority by spending taxpayer money on reimbursements without approval from Congress.

The decision was the result of a lawsuit filed in 2014 by House Republicans. The original health law required insurers to offer the cost reductions even if they lack funding from Congress. The Justice Department says it is reviewing the ruling and does have the right to appeal.

making to their physician because the matter is too complicated for them to weigh in. To help patients and loved ones better share in decision making, some hospitals are developing apps that can provide back up information on cardiac care, appendicitis and other conditions. These aids are being especially helpful to parents who may not understand what a doctor says when they bring a sick child to the ER.

Costs to Rise 9%

The global cost of employee healthcare benefits is expected to rise by 9.1% this year according to research by consulting firm Willis Towers Watson. Hospital and inpatient services, many of which are tied to treating chronic conditions such as cardiovascular disease and respiratory illnesses, are driving the cost increases worldwide.

Camera Capsules

Vitamin-sized cameras, referred to as edible electronics, are helping doctors examine areas that are very tough to get to, such as parts of the small intestine. Medtronic's Pill Cam uses up to two mini cameras, a light and up to 10 hours of battery life to travel through the GI tract taking photos at up to 35 frames per second. While the cameras can be very helpful in detecting signs of

Crohn's disease or bleeding, they do not enable a physician to remove polyps on the spot, which they often do during a colonoscopy.



Photo credit: Medtronic

Comparing Spending Accounts

If your health plan is like most, finding ways to help members manage healthcare expenses is a top priority. Offering one or more tax advantaged healthcare spending account can help.

Health Savings Accounts (HSAs) –

Employers and employees can contribute to an HSA tax free and funds can roll over from year to year. To qualify, a compatible health plan must have a minimum annual individual deductible of \$1,300 or \$2,600 for a family. All contributions count towards the annual maximum, which is \$3,350 for individuals and \$6,750 for a family. Catch-up contributions of \$1,000 are allowed at age 55 or older.

Health Reimbursement Accounts (HRAs) – Like an HSA, this account can be used before a deductible is met and no minimum plan deductible is required. Unlike HSAs, only the employer can contribute; the account is not portable and the employer can approve a rollover provision.

Flexible Spending Accounts (FSAs) – Section 125 FSAs allow employees to defer part of their income to pay for medical expenses. Both the employer and employee can contribute, but the amount employees pledge to contribute cannot change during the year. If a required provision is in place, up to \$500 can roll over to the next year.

The features of these accounts vary somewhat. HSAs offer great flexibility to the employee without an administrative burden for the employer. HRAs do not require a qualifying high deductible health plan, but only employers can contribute. FSAs allow the employee to contribute pre-tax dollars, but the use-it-or-lose-it requirement can be a disadvantage. For help in determining which option is most appropriate for your group, talk with your Third Party Administrator.



Did You Know? New Ideas for Healthy Consumers

Zika Virus and Summer Travel



Summer is upon us and with it comes more outdoor activities, more sunscreen and, for some, more travel. What you may not expect summer to bring is the risk of the Zika virus. But, U.S. health officials warn that mosquitos carrying the virus could hit the mainland's southern borders, starting with Florida and the Gulf Coast, in a few weeks.

Whether you're traveling this summer or you're staying put, the CDC says the best way to reduce your risk is to avoid bug bites by using repellent and covering your skin. If possible while traveling, choose hotels with screens or air-conditioning. While using both sunscreen and repellent, apply the sunscreen first, let it dry and then apply the repellent. However, you do not want to use products that contain both sunscreen and repellent and you should not spray repellent on the skin under clothing.

Pregnant women, especially those in their first trimester, are most at risk for the virus and should take every possible precaution and are advised to avoid affected areas. A current list of countries where Zika is active can be found on the CDC's main site – www.cdc.gov.

Safe in the Sun

Summer is the season for enjoying as much outdoor time as possible. But, it is also critical to protect your skin from the sun while you're at it. Choosing sunscreens and knowing how different SPF levels will affect your skin can be tricky. Applying sunscreen that protects from both UVA and UVB light with an SPF between 30 and 50, limiting midday sun exposure and applying sunscreen 20 minutes before going outside are just some of the steps you can take to protect you and your family.

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.