CELEBRATING 50 YEARS!

DIVERSIFIED GROUP

GROUPSCOOP

Important news and updates from your benefits professionals **Vol. 2017, Iss. 01**

This Issue

Trends, News, Updates and More Inside!

Keep Informed

DIVERSIFIED GROUP
369 North Main Street
Marlborough, CT 06447
PO Box 299
www.dgb-online.com

Looking Forward to 2017 – Our 50th Year!

Welcome to the Winter Edition of the Group Scoop. We hope you enjoyed the holidays and would like to wish you a happy and successful New Year! 2017 is a very special year for Diversified Group as we celebrate our **50th anniversary**. Experience is a valuable asset to our customers and business partners. In 1967, our founder Bob Soleau had a vision to create a company that provided affordable healthcare (an alternative to what the fully insured carriers offered) and world class service; offer cutting-edge solutions (even sometimes disruptive ones); and to always have a team that was ready and able to make this vision a reality. As Diversified Group turns 50, we hold true to this vision and our clients and business partners. Anyone that knows us knows we never miss an opportunity to celebrate! We are currently planning a 50th anniversary party, so be sure to keep an eye on your inbox for the save-the-date.

One question we've heard often since the election is *"What's going to happen with Obamacare?"* Like you, we've all heard a lot about "Repeal and Replace", but the law is so complicated it's not as easy as it sounds. In our opinion, nothing of substance will happen that will affect plans in 2017. Beyond that, it appears certain popular parts of the law may remain, such as dependent coverage to age 26, no lifetime limits and coverage for pre-existing conditions. As always, you can count on Diversified Group to be your guide along this next healthcare journey. We are heavily involved on the state and federal levels through our affiliation with the Society of Professional Administrators (SPBA), the Self Insurance Institute of America (SIIA) and the Health Care Administrators Association (HCAA). We will continue to update you as we learn more. All we ask of you is to please make sure your voices are heard! We encourage you to let us know your thoughts and questions. We feel strongly that if the new regulations do not gain meaningful control over the cost of care, they will likely be a waste of time and energy. As your TPA (and fellow self-insured health plan) we need cost control to be a topic of conversation and the focus of future legislation in this country.

Self-funding group health plans continue to grow in popularity, with many groups actively looking to escape much of the tax and carrier profit burdens of traditional markets. According to the Employee Benefit Research Institute (EBRI), nearly 20% of mid-sized employers made the jump to self-insurance from 2013 to 2015. According to the research, many employer groups report the major attraction is the availability of data, analytics and the ability for employers to learn how their healthcare dollars are being spent. Based on this data, employers can make educated decisions in regard to their health plan - and who doesn't love an educated decision? Here at Diversified, we will continue to pursue solutions to rising healthcare costs and improve on how we report your data - so you can make more educated decisions. Please remember to speak to our staff about the new programs we have launched and will continue to launch in 2017.

Thank you for your business and for helping us achieve this milestone!

Q&A

Will the ACA Stay?

One consistent theme on President Trump's wish list is to introduce legislation to repeal and replace the Affordable Care Act (ACA) within his first 100 days. What might replace it is anyone's guess, but throughout his campaign, Donald Trump stated that he supports...

- Making coverage available to those with pre-existing conditions
- Assuring people with coverage that they will not be left behind
- Not reverting back to limited lifetime coverage maximums

Other themes heard often include a combination of an expanded Health Savings Account (HSA) program, sale of health insurance plans across state lines and a subsidized risk pool program for those with serious health problems.

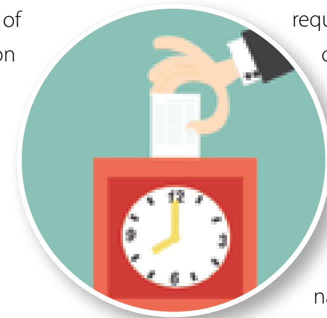
Many Challenges Ahead

While the Trump administration will only need a Senate majority to pass budget measures that could block some ACA funding, it will take 60 votes to bring repeal or replacement legislation to the floor. In addition, the Federal regulatory process places tight restrictions on what a president can do to eliminate a predecessor's regulations. With that said, some industry observers feel that his strong victory could gather support from Democrats who have expressed serious concerns about the law's future viability.

With thousands of pages of regulations in place, prominent Republicans favoring its consumer protection measures and Donald Trump's decisiveness, it would not be surprising to see the demand for "repeal and replace" turn into a deal to "revise and rebrand."

Overtime Pay Put on Hold

In late November, a federal judge blocked an Obama Administration regulation that would have made millions of Americans eligible for overtime pay on December 1st. The decision by U.S. District Judge Amos Mazzant in the Eastern District of Texas affected an estimated 4.2 million workers who were to be eligible for time-and-a-half wages for each hour worked beyond 40 per week.



The rule, released by the Department of Labor in May of 2016, would have nearly doubled the threshold at which executive, administrative and professional employees are exempt from overtime to $47,476 from $23,660.

Twenty-one states challenged the overtime expansion, arguing that Congress never intended to set any salary threshold for the exemptions or to allow the threshold to be raised every three years, as the Labor Department's rule specifies. The National Federation of Independent Business, which had criticized the requirement as one that would swell labor costs, demote managers to hourly employees and damage morale, viewed the injunction as a big victory for small business owners.

While Labor Department officials and advocacy groups said the rule would narrow a growing divide between wealthy and low-to-middle income households, thousands of restaurants, retailers and other small businesses had already taken steps to offset the added expense. Some raised employee salaries to the new threshold while others converted salaried employees to hourly workers and cut their base pay.

Soda Tax Moves Ahead

In a prior newsletter, we reported on the City of Philadelphia's intentions to tax sugary and sweetened drinks. While the beverage industry and retailers sued saying the tax is unconstitutional, a judge recently dismissed the legal effort, clearing the way for the **15 cent per ounce tax to take effect January 1, 2017**.

While Philadelphia will become the first major U.S. city to pass such a tax, several other governmental entities, including the City of San Francisco and Cook County, Illinois, are taking similar action. In Cook County, which includes the City of Chicago, the tax will go into effect on July 1, 2017 and will add 68 cents to the cost of a 2-liter bottle of soda and a penny per ounce to all sugary fountain drinks.

Trends Latest Happenings in Today's World

Caregiving Benefits

The latest movement in parental-leave benefits is paid leave for caregiving. Professional-services firm Deloitte LLP is leading the way, recently announcing it will offer up to 16 weeks of fully paid leave for a wide range of caregiving, including maternity and paternity leave, eldercare and aid for other sick family members or partners. The policy recognizes that nearly 40 million people in the U.S. provide unpaid care to an adult, per a report by the AARP Public Policy Institute and National Alliance for Caregiving.

Soccer Injuries Grow

The number of U.S. kids being sent to ERs with soccer injuries has soared as of late, a trend driven in part by young players seeking urgent medical care for concussions, a study found. The increase can be attributed to soccer's growing popularity and greater awareness of concussions and their potential risks. Coaches and parents might be seeking treatment for symptoms often downplayed in the past. The trend emphasizes a need for safety education, injury prevention and proper techniques in youth soccer.

New HRA for Small Employers

While some employers may be familiar with the 21st Century Cures Act, recently passed by Congress and signed into law by President Obama, few may have noticed that a section of the law creates a new HRA called a **Qualified Small Employer Health Reimbursement Arrangement** or QSE HRA. This new account is intended to allow non-ALE (Applicable Large Employer) entities to resume paying for individual health insurance premiums for their employees. Qualifying employers will need to jump through several hoops in order to offer the benefit – here are just a few…

- *First, as a non-ALE, the employer (including others under common ownership) must average less than 50 FTEs during the prior calendar year*
- *Any existing group health plan must be terminated prior to adopting a QSE HRA*
- *The account can reimburse any Section 213(d) healthcare expense for eligible employees covered by individual health insurance*
- *The employer must pay 100% of the cost of the benefit. No employee contributions can be used to pay for the QSE HRA's benefit(s).*
- *Although the benefit amount must be listed on the employee's W-2, it is not treated as taxable wages. In addition, Form 1095-B must be sent to eligible employees, with the data transmitted to the IRS on Form 1094-B.*

While some employers may view the restrictions as too stringent, others will see this as a good way to help employees afford individual coverage. Like the Affordable Care Act, we're certain to hear more on this benefit as the new administration's plans take shape.

Millennials Welcome a Personal Touch

After numerous articles advocating technology and social media as the only sources of information valued by young workers, a recent study by MetLife has shown that nearly two-thirds of millennials favored a one-on-one discussion with a benefits specialist when trying to understand their employee benefits.

Believe it or not, millennials even lead other generations in consulting with family and friends on benefit-related issues, showing that they value the personal experience when it comes to complex matters. Because they have become accustomed to the way technology streamlines information, they are looking for the facts without a lot of fluff. Nonetheless, one-on-one consultations and phone conversations are proving to be effective in giving young people the personalized information they need to understand their healthcare benefits and make informed decisions.

Worksite Wellness: What Employees Want

Even though a growing number of employees are active in employer-sponsored wellness programs, the majority are not. While concerns about privacy are often expressed by non-participants, recent research by HealthFitness revealed more points to consider if your organization is considering wellness.

Personal Attention was mentioned by nearly 75% of those surveyed, meaning that support from a coach or trainer would help them take charge of their health. **Convenience**, meaning that anything an organization can do to remove the barriers of cost or travel will boost participation. **Encouragement** can make more hesitant employees want to try. It was noted that the greatest source of motivation often comes from "regular people" and not those who look like marathon runners. Support must also be part of the **company culture**. Actions speak louder than words and participation is needed at all levels of the organization, including management.

More Move to Self-Funding

The Employee Benefit Research Institute reports that nearly 20% of mid-sized employers made the jump to self-insurance from 2013 to 2015. A major attraction is the availability of data and analytics, enabling the employer to learn how healthcare dollars are being spent. A growing number of employers are using this data to incentivize employees who lower claim costs by choosing more efficient hospitals or free standing imaging centers when tests such as an MRI are needed.

Heart Deaths Increase

The death rate from heart disease rose 0.9% last year, per U.S. mortality data released by the CDC. Researchers link the increase to obesity and diabetes. Death rates from heart disease were declining due to anti-smoking campaigns and medications to control blood pressure and cholesterol. The findings signal a reversal of a trend that has been improving for decades.

Telehealth Physicals

One telehealth company recently announced a partnership enabling patients to imitate an in-office visit and examine the heart, lungs, abdomen, ears, throat and more at home and share the exam prior to, or during, a telehealth visit. These steps are expected to help doctors make diagnoses with the same confidence as an in-person visit.

2017: A Year for HSAs

While President Donald Trump has talked about several remedies for healthcare, one he mentions often is expanding the use of Health Savings Accounts (HSAs) – consumer directed accounts that are typically paired with high deductible health plans (HDHPs). Like Flexible Spending Accounts (FSAs), they offer a convenient way to pay for out-of-pocket costs like doctor visit co-pays and other qualified medical expenses.

No Use It or Lose It Rule

One big advantage HSAs offer is that account balances are not subject to the Use It or Lose It rule that applies to FSAs – surplus funds can roll over from year to year. The IRS maximum annual contribution in 2017 is $3,400 for individuals and $6,750 for those with family coverage under a HDHP. Individuals age 55 and older can contribute an extra $1,000. HSAs can be used to pay for qualified medical expenses, while surplus funds can grow and be used in the future. Employer contributions, where available, can go a long way in meeting future qualified medical expenses. According to the 2016 Devenir HSA Market Survey, nearly a third of all funds contributed to HSAs in 2015 came from employers, with the average employer contribution being approximately $850.

A Triple Tax Advantage

A HDHP with a HSA can make it easy to set aside pre-tax dollars through payroll deductions. Individuals can also fund an HSA with after-tax dollars, which can be taken as a tax deduction on their personal tax return. Finally, all contributions accumulate tax free and can be withdrawn tax free to pay for future qualified medical expenses, including in retirement. No federal tax is due on funds contributed to a Health Savings Account, and many states follow the federal tax law.

Looking ahead, we know that healthcare costs will continue to rise and the need to engage employees will grow. Regardless of actions taken by the new administration, we believe HSAs are a great way to help employees save for future medical expenses and better understand the importance of cost and quality in the process.

Social Corner

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ON OUR BLOG

Manage Enrollment and Eligibility with Our New BenefitReady® Technology

Navigating the ever-changing world of employee health benefits just got easier. BenefitReady® for Diversified Group clients is a comprehensive online benefits administration tool that offers an affordable, one-stop enrollment solution for your plan and its members, while keeping your self-funded health plan in compliance.

What Can BenefitReady® with Diversified Do for You?

Reduce Administrative Costs

This new solution can help reduce the workload of your HR department and lower administrative costs. Using BenefitReady®, HR personnel can review individual employee details, elections, dependents and beneficiaries and add new hires and terminations all in one place.

[Read more]

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- According to the American Telemedicine Association, more than 15 million Americans received some sort of remote medical care last year and there's no slowdown in sight.
  [Read Why Here]

- We are pleased to bring you the new Corporate Fitness & Health website! With a fresh new look, expanded information and more resources, they hope to continue to help create a culture of wellness in the workplace. Visit the new CF&H site today.
  [Learn More]