



GROUPSCOOP

Important news and updates from your benefits professionals

Vol. 2018, Iss. 02

This Issue

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Can they have an impact where it is needed?

HSAs

Family contribution limits are reduced slightly

Value Based Pricing

This transparent approach continues to control costs

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It's Time for Group Scoop + Something New for Spring!

The Diversified family is looking forward to warmer weather and being outdoors. This edition of the Group Scoop discusses some very interesting topics which include Reference Based or Value Based Pricing (RBP/VBP) plans, retail giants getting into healthcare and Association Plans. As you may or may not know, Diversified was the first Third Party Administrators (TPA) in New England to offer RBP plans eight years ago. We have seen first-hand how these types of plans lower healthcare spend and the amount of work involved. As your TPA partner we will always be on the cutting edge and do our best to bring cutting edge solutions to you. We have always believed that being an independent TPA gives us an advantage in the marketplace because we work for you and not shareholders that just look at the bottom line.

Healthcare is more complex than ever and for far too many, costs have become unmanageable. At Diversified Group, we feel a responsibility to help you deal with healthcare's

most pressing issues. Real change in the world of health benefits won't happen unless everyone – employers, brokers, providers and consumers – gets involved. For this reason, we recently launched **Healthcare Uncensored**, a monthly e-newsletter that provides answers to the most pressing healthcare questions. We encourage you to join the conversation, invite others to join as well and share **Healthcare Uncensored** with others. Spread the word and contribute your thoughts at dgb-online.com/healthcare-uncensored. We're ready to help shed light and offer solutions to your employee benefit concerns!

Save the Date!

We are also excited to let our clients, business partners and broker partners know that on Friday, October 5th we will be having our Diversified Group Seminar at the Mohegan Sun Casino. We hold this event every few years and are really looking forward to this year! Please keep an eye out for your invitation and we hope to see you there!

Keep Informed

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HEALTHCARE
UNCENSORED
Answering the tough questions in employee healthcare

Family HSA Contributions Unchanged

The IRS recently took the 2018 family contribution limit for somewhat of a roller coaster ride. After announcing that the limit would decrease from \$6,900 to \$6,850, the IRS has reversed the change and left the family limit at \$6,900. The reduction was due to passage of the Tax Cuts and Jobs Act, however because many account holders had already made 2018 contributions, the decision was reversed, leaving the maximum family contribution at \$6,900 and the 2018 individual maximum unchanged at \$3,450.

Association Plans Taking Shape



The regulations will allow a general business group to offer an AHP to all members, regardless of industry, as long as the employers are located in the group's metropolitan area. In contrast to existing association-sponsored plans, business groups that want to sponsor an AHP can organize for the specific purpose of obtaining healthcare coverage and nothing more. The regulations would enable some general purpose AHPs, such as one offered by a chamber of commerce or other business group that has members in a bordering state, to offer coverage across state lines.

In January, the Employee Benefits Security Administration (EBSA) posted draft regulations that could allow trade groups to offer nationwide association health plans (AHP) for member employers. The regulations are in response to President Trump's executive order intended to facilitate access to short-term health insurance plans and the use of HRAs by employers.

As of our publication date, comments are still being received by EBSA and officials are still working on more regulations. While the initial proposal would not alter existing statutory provisions governing multiple employer welfare arrangements (MEWAs), recent updates tell us that future proposals could involve DOL authority to exempt self-insured MEWA plans from state regulation.

Trends Latest Happenings in Today's World

Small Groups Move to Self-Funding

The Employee Benefit Research Institute (EBRI) reports that while the number of mid-sized businesses self-funding their health benefits actually declined slightly during 2015 and 2016, the percentage of smaller employer groups, those with less than 100 employees, increased from 14.2% to 17.4%.

Drug Overdose Deaths Rising

According to preliminary government data, U.S. deaths involving fentanyl and other synthetic opioids fueled a 21% jump in annual drug overdose deaths during 2017. The increase from 9,945 opioid deaths in 2016 to 20,145 during 2017 reflected the sharpest one-year increase since the U.S. began experiencing a wide-



spread opioid addiction. CDC data shows that deaths involving heroin and prescription painkillers such as oxycodone, are also increasing.

Can the Retail Giants Make a Difference?

After years of watching big insurance carriers jockey for position, we now have retail giants striving to become one-stop, healthcare superstores, offering everything from doctors and pharmacies to health insurance. First came a bid by Albertsons to buy Rite Aid, then a proposed alliance between Berkshire Hathaway Inc., JP Morgan Chase and Amazon.com. A \$77 billion offer by CVS to acquire Aetna was recently followed by an announcement that could send millions of Humana customers flocking to more than 6,000 Walmart stores nationwide.

Many Factors at Play

There are a lot of factors at play here. While some retailers are looking to fill available floor space in the age of online shopping, those already in retail pharmacy want to cross-sell other goods and services. Insurers with a foothold in the senior market want to gain a greater share of the prescription drug spend.

The big question is: can all this disruption do anything to bring the cost of healthcare back down to earth? It's probably safe to say that if these companies dedicate their vast resources to providing high value, lower cost care rather than simply adding scale, they could move the needle in the right direction. The potential exists – let's hope that if approved, at least a couple of these deals bend the cost curve downward.



Value-Based Care Marches On

Major insurers are reporting that value-based care initiatives are yielding good results for payers, providers and patients. Employer groups and individuals covered under insured plans, Medicare and Medicaid, are receiving more consistent, quality care that is easier to navigate. This is music to the ears of Alex Azar, HHS secretary, who has been a strong supporter of value-based care.

While the concept of value-based care dates back to the Obama administration, Azar believes it can accomplish more. In a recent speech to the Federation of American Hospitals, he advocated for enabling consumers to gain more control over their health information, increasing transparency from providers and payers and easing government burdens in both Medicare and Medicaid.

IRS Penalties Are Being Issued

The Internal Revenue Service is finally issuing penalty letters to employers who failed to provide health coverage, in compliance with the employer shared responsibility provisions of the ACA, for the 2015 tax year. Some letters may describe a no coverage excise tax while others may assess an excise tax for failure to provide “adequate or affordable” coverage. The notices are catching many employers off guard because issuance of these letters was delayed several times.

Those who receive a letter describing the specific violation, could be liable for penalties ranging from \$2,080 to \$3,480 per affected employee, depending on the violation and the plan year involved. Regulatory experts recommend that employers refer to the data submitted on forms 1094-C and 1095-C and respond to the IRS on time, even if they don't believe the tax is owed.

Value Based Pricing Gaining

While plenty of folks talk about value based, or reference based, pricing as though it's a fad that has come and gone, we're finding more interest from employers all the time. This may be because many like to brand it as another form of disruption, but regardless of how you brand it, value based pricing is becoming a more important part of our value proposition all the time. It's becoming more widespread because it enables a self-funded plan to limit costs to an extent that few other measures, if any, can match. This is primarily because by negotiating in advance with hospitals to accept a schedule of fixed payments for certain healthcare services, carrier-sponsored provider networks can be bypassed.

The fact is that while value based pricing may be considered disruptive by many hospitals, it works. It is a transparent approach that can save a lot of money for self-funded health plans and their members. And finding ways to help self-funded employer plans provide high quality, high value healthcare to their members is our most important job.

Getting People to Use Telemedicine

24/7 physician access by phone or video has the potential to do great things for health plans and consumers. Getting a doctor's help without waiting in a medical office is a great convenience, especially if you're traveling or your primary care physician is unavailable. The challenge, however, is that telemedicine does not sell itself – it needs to be communicated over and over again if we want members to remember they have this great, easy-to-use benefit instead of driving to an urgent care center. Technology is great, but it won't activate itself. People are creatures of habit and it takes a good deal of effort to change behavior. Low tech tactics like email reminders, flyers or refrigerator magnets may just be what the doctor ordered when trying to drive home the benefits of telemedicine.

Robotic Coronary Intervention

Responding to an anticipated shortage of cardiologists and other specialists, Mayo Clinic is using a \$3.3 million charitable grant to conduct a preclinical study enabling doctors working at a remote location to use telemedicine to place heart stents by guiding a robotic arm. The study, being done in collaboration with a robotic

equipment manufacturer, is being referred to as “telestenting” because it takes telemedicine to a new level.

Apple to Introduce Employee Health Clinics

Even though on-site clinics are not revolutionary, the announcement by Apple seems to have captured more attention because of the excitement generated by newsmakers Berkshire

Hathaway, JP Morgan Chase and Amazon. Apple, currently working to add medical personnel, expects the clinics to be available at their Cupertino, California headquarters this Spring.

Blood Free Glucose Monitors

Thanks to a new system approved recently by the U.S. Food and Drug Administration, Medicare patients with diabetes are able to monitor their

glucose levels without sticking their fingers. The first-of-its-kind system reads glucose levels through a sensor placed on the back of the upper arm. Sensors, which can be worn for 10 days, are priced at \$36 while a handheld reader, placed over the sensor to obtain real-time readings, retails for about \$70.

The Changing Definition of Wellness



After decades of preaching to workers about the importance of staying fit and physically healthy, the term worksite wellness is beginning to mean much more to employers and employees alike. Leading companies are expanding their workplace wellness initiatives to address mental health and financial security – key components of their employee’s overall well-being that go way beyond physical health.

The National Business Group on Health shows that a majority of employers are addressing emotional and mental health as well as financial security as part of their overall well-being strategy. Other initiatives, such as support for community involvement and social interaction, are pointing to a growing trend of focusing on the entire person

and not just physical health or fitness. Research is showing that addressing physical health is only one way to improve the workplace experience and reduce employee turnover.

More Choice Means Greater Satisfaction

While traditional wellness programs have been more “one size fits all” and lacking in personal appeal, some employers are encouraging employees to do the things they like to do by giving employees a flat dollar amount to spend on a gym or pool membership, personal trainer or other self-defined activity they find rewarding. Volunteering to help with community causes or enrolling in educational classes are not out of the realm of possibilities, since these activities can do a lot to

help an employee gain a healthier perspective on work and life.

When choices are made *by* individuals and not *for* them, better decisions often result. As people share their experiences with others, the impact on a company’s culture can be extremely positive. Better well-being becomes an important priority for everyone and not just those who like spending time on treadmills or yoga mats. From the employer’s perspective, objectives can expand beyond healthcare cost savings and increased productivity. As an example, offering health coaching is a great way to focus on the needs of individuals rather than the group as a whole. It can help companies address emotional and mental needs as well as physical needs.

If worksite wellness is a priority for your organization, this might be a good time to review the goals of your program and then to make sure the activities you are offering are in line with those objectives. There is a lot more to be gained from worksite wellness than lower medical claim costs and redefining wellness may be just what your organization needs.

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.

Social Corner

Keep informed by connecting with Diversified Group online...



Is Value Based Pricing Here to Stay?

With More Families Forced to Choose Between Healthcare & Housing, It May Be the Future

As a TPA, employer groups count on us to make their health benefits work. While that sounds easy enough, it can be anything but easy when ordinary working families face hospital bills they can’t handle.

Helping employers and hospitals agree on pricing schedules for covered benefits may be the only way to keep quality healthcare within reach for small and mid-sized employers and the workers they depend on.

To learn more, visit <http://www.dgb-online.com/cost-plus>

→ ON OUR BLOG

Recognizing Mental Health Awareness

Work environment plays a significant role in our mental health and overall well-being. As mental health issues become more prevalent in the workplace, employers should consider taking ownership.

Read More at <https://info.dgb-online.com>

→ LINKEDIN

[linkedin.com/company/diversified-group](https://www.linkedin.com/company/diversified-group)

May is Employee Health & Fitness Month – the perfect time for organizations to show employees how much they care about their well-being. Learn more!