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It's time to begin thinking about 2015

Large Plans Win Fee Exemption

And several other updates on Health Care Reform

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Trends, News and Updates and More Inside!



Happy New Year!

We had a great year at Diversified Group with 100% retention of our current customers and solid growth of new customers self-funding their health plans as well. Self-funding is a solid way for employers to manage their way through ACA requirements while providing excellent, cost effective coverage for employees and their families. We are excited and bullish about this market for 2014 as well. Thank you all for being a part of our success.

Our executive letter gives us chance to let you know what's on our minds and some of the more critical items that we are focused on. Our combined success depends on us working together toward a common goal. We find the more informed you are, the better self-funding works.

Our focus over the last 4 years has been dealing with the cost of health care because it is the root cause of the problem our nation is facing. ACA did not address cost, so we must. From our point of view, whoever solves the cost issue while maintaining a positive experience for the member, wins the health care game. What a Win that will be!

Interesting cost of health care facts:

- U.S. Health Care cost was not primarily a result of increased demand or the country's aging population. Instead, it was determined that since 2000 rising prices

accounted for 91% of the increase in national health care spending. Something to think about – have your company's prices risen 91% since 2000? Why Not?

- Increasing cost of procedures, hospital care and drugs are the major cause of soaring health care costs in the U.S. (Published in Journal of the American Medical Association's Nov 13, 2013 edition).
- In the health care industry, traditional market forces do not come into play. Patients are insulated from the cost of care by design (this needs to change and slowly is). Patients never get to see 90% of the costs and many times doctors may not know how much a treatment costs (also by design and needs to change).

Yes, there is a buzz about transparency, but it remains difficult to attain. It sounds good to talk about but it's just plain bad for business for the big players in health care. Think about it... hospitals and insurance companies have made a great deal of money in a non-transparent world. Why would they want that to change? How much money would you make if you could charge whatever you wanted and rarely had to justify your charges?

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Health Care Reform Update

What's Next for ACA?

Now that most employers have adjusted their mindsets from “wait and see” to “must do” – this may be a good time to focus on helping plan participants through 2014 and maintaining a strong health benefits program into 2015. Here are a few points to consider.

Employer Mandate – Employers with a combined total of 50 or more full-time and full-time equivalent employees that do not offer minimum essential health coverage to substantially all employees and their dependents may be subject to a penalty in 2015. Penalties will also apply if the coverage offered fails to meet required standards for affordability and actuarial value.

Look-Back Measurement – To determine which employees work an average of 30 hours per week, the federal government has introduced “look-back” measurement periods for ongoing and variable hour employees. We can help clients determine which measurement period is right for your organization.

Out-of-Pocket Maximums – Limits on out-of-pocket spending that include deductibles and co-payments go into effect in 2015. While limits include \$6,350 for individuals and \$12,700 for families, there are no caps in place for out-of-network doctors.

This item, along with discussions about changing the threshold for “full-time” employees from 30 to 40 hours, could be something to watch as more people realize that those with PPACA-approved plans could be without protection if they need to see an out-of-network specialist.

Requirements on the Horizon

Many employers have asked for a simple list of Affordable Care Act requirements that apply to their business. Here are a few provisions for self-funded plans with plan years beginning on or after January 1, 2014.

- Eligibility waiting period maximum of 90 days
- Pre-existing conditions no longer permitted on anyone
- Annual dollar limits prohibited on essential health benefits
- Protections for those in clinical trials
- Out of pocket expenditures may not exceed \$6,350 for individuals and \$12,700 for families
- Revised wellness program rules
- Transitional reinsurance fee



For more information or help with any of these provisions, please contact us at your convenience.

Supreme Court to Consider Contraception

The U.S. Supreme Court will take up a challenge to part of the health care reform law from companies claiming a religious exemption to the requirement that they provide birth control coverage for employees.

In late November, the justices agreed to hear two cases involving family run businesses, including Hobby Lobby Stores, Inc. and Conestoga Wood Specialties Corporation, an employer of approximately 1,000. While the companies see the administration's mandate as an attack on religious freedom, the Obama admin-

istration is relying on pre-1990 decisions that treated the Constitution's free-exercise clause as covering only individuals and non-profit religious groups and not for-profit corporations. The court has said it will rule by July.

In a related lower court case, a federal judge in New York recently ruled that a group of Catholic health and educational organizations don't have to comply with the ACA requirement to provide their employees with contraception coverage.

Trends Latest Happenings in Today's World

Health Care Inflation Slows

According to the Commerce Department, prices paid for medical care rose by just 1% this past summer, the lowest rate of growth in half a century. In fact, Mercer's annual survey of employer sponsored health plans showed that in 2013, health benefit costs rose just 2.1% to \$10,779 per employee. This figure includes both

employer and employee contributions for medical, dental and other health coverage. Costs are expected to rise at slightly more than a 5% rate in 2014.

Many Prefer Fine to Coverage

A survey conducted for Insurance-Quotes.com showed that 4 in 10 Americans would prefer to pay a fine



Enrollment Deadline Extended



In an effort to enable more Americans to be covered by a qualified health plan from an exchange on January 1, 2014, U.S. Health and Human Services Secretary Kathleen Sebelius delayed the deadline for enrollment from December 15th to December 23, 2013. In addition, the deadline for payment of the initial premium was extended from December 23rd to Dec. 31, 2013.

“While we do not expect to do so, we will consider moving this deadline to a later date should exceptional circumstances pose barriers to consumers enrolling on or before December, 23, 2013,” officials said. The first exchange open enrollment period is set to end March 31, 2014. Officials also confirmed that for coverage starting on the first of February or later months, the application deadline will continue to be the 15th of the previous month.

Happy New Year! (continued)

More pressure... now that our plan members have higher and higher deductibles (ridiculously high in some cases, especially on the Exchanges), more and more people have to reach into their wallets to actually pay for the costs of care. This dynamic is forcing a grassroots need for transparency, which is starting to make its way to the open market - despite the attempt by many to suppress that information or at least give as little of it as possible.

More movement... States are starting to take transparency seriously (they know that with the ACA's expansion of Medicaid that their budgets will soon be busted) and we hope for progress. Maryland has rolled up their sleeves more than most. Since the 1970's they have been unique in setting hospital prices for their state.

The cry for transparency by the people that actually pay the bills (employers and their plan members) is beginning to take hold and we are committed to making this happen. Part of our role is to provide the best tools to

move this forward and keep hospital spending from growing faster than the economy.

Our ultimate goal at Diversified Group is to embrace transparency, steer plan participants to physicians with the best outcomes/value and to educate our customers about excessive charges we see from hospitals and facilities. Employers are embracing this philosophy and many of them are holding the line on costs. Some are lowering costs and employee contributions without cutting benefits! Please make sure you are talking with your Diversified Group sales person or Account Executives about how your company can take charge on this important topic.

Thank you for your business. We hope you have a happy and successful New Year!

Your Success Is Our Success,

Brooks, Charlie and Dan

Legislation Introduced Supporting Self-Insurance

Last year, members of the Self-Insurance Institute of America formed the Self-Insurance Defense Coalition (SIDC) to facilitate information related to legislative developments affecting self-insured entities. The coalition moved quickly to foster the introduction of **HR 3462/SB 1735** known as the Self-Insurance Protection Act. This legislation clarifies existing law to ensure that federal regulators cannot re-define stop-loss insurance as traditional health insurance, since this designation would effectively force self-insured entities that retain stop-loss insurance to discontinue their health plans.

Supporters of the legislation, introduced by Rep. Bill Cassidy (R-LA) and Senator Lamar Alexander (R-TN), emphasize that today, some 60 percent of consumers receiving health care coverage in the private sector are covered by self-insured plans which will become much more limited if regulators are permitted to limit access to stop-loss coverage or re-define it as health insurance.

We will provide updates in future newsletters as we continue to work with our colleagues in support of this legislation and self-insurance.



than buy health insurance. The survey also showed that most Americans are confused about the amount of the penalty involved, which for 2014 will be the greater of \$95 or 1% of household income above the filing threshold of \$10,000 for individuals and \$20,000 for families. Only 21% of those who knew a penalty would apply were also aware of the amount involved.

Doctor Vacancies Rise

A nationwide medical staffing company reports that vacancies for physicians are nearing 18%, while the vacancy rate for nurses is 17%, more than three times what it was just 4 years ago. Nurse practitioners and physician assistants are also in short



supply, with AMN Healthcare reporting a vacancy rate of 15% in these categories. The news comes at a time when more than two-thirds of hospital executives expect an influx of newly insured patients due to PPACA.

HSA's Encourage Health Management

Buck Consultants say that employees who contribute to a health savings

account (HSA) typically become more engaged in managing their health. 90% of the 23,000 surveyed participate in employer sponsored health care coverage. Nearly a third have more conversations with their doctors about the cost of care and about 13% are actively engaged in managing a chronic disease.

Did You Know? New Ideas for Healthy Consumers

A Few Simple Moves to Get Back in the Groove

Whether you are looking to get started with, or get back to, an exercise routine, you should begin by gradually building a regimen. A guide from the National Institute on Aging suggests starting with as little as 5 minutes of moderate to vigorous activity and increase gradually. You should also set out to perform 30 minutes of endurance exercises most days of the week. Regardless of your age, or length of inactivity, here are some simple exercises to get you moving.

Half Squats – Begin by standing next to a chair for balance and slightly bend your knees. Try to complete 3 sets of 10. If you want more of a challenge, try holding light hand weights.

Leg Lifts – Sit in a chair and wrap one end of an exercise band around the bottom of a chair leg and the other end around your ankle. Extend that leg in front of you for 3 sets of 10 and then switch to the other leg.

Stair Climbs – Boost power and endurance by timing yourself walking up a flight of stairs. Climb the same set of stairs, at least 10 steps, each time.

Plantar Flexion Moves – While standing straight, hold on to a table or chair for balance and slowly rise up on your tiptoes. Hold for 1 second and then slowly lower your heels. Perform 2 sets of 8 to 15 repetitions.

FSA's Gain Rollover Option



The rules governing section 125 flexible spending accounts, or FSAs, have been loosened, allowing a roll over of as much as \$500 in unused funds each year. This change modifies the use-it-or-lose-it rule that has governed the tax-advantaged accounts for decades.

FSAs allow employees to set aside pretax dollars to pay for many health expenses not covered by insurance, and they can provide significant benefits. The use-it-or-lose-it rule prevented

people from sheltering large amounts of money in the accounts. The rollover provision will likely be popular with consumers, as the rule has often discouraged people from signing up for the account.

Eighty Day Challenge



Diversified Group has challenged one of our long term clients to a Virtual Walk Around the Caribbean to increase employees' physical activity and raise money for charity.

The company that finishes the challenge first will get to donate any monies raised to the charity of their choosing. The program will be tracked utilizing wireless activity monitors and employees can view all their activities through a custom health portal for up to the minute results.

The goal of this challenge is to improve overall physical activity for both companies, create a competitive environment between the companies and to raise money for charity. Diversified, in a prior contest, did an internal challenge and was extremely successful! Both companies are excited about the challenge and are hoping for positive results.

Stay tuned for more information and updates on our progress!

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.



369 North Main Street • Marlborough, CT 06447
PO Box 299
(888) 322-2524 • www.dgb-online.com