

GROUPSCOOP

Important news and updates from your benefits professionals

Vol. 2020, Iss. 01

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Few know that an eye exam can identify 30 medical conditions.

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Keep Informed

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Finding the Right Solutions



Welcome to winter edition of the Group Scoop and Happy New Year from all of us at Diversified Group!

We are very excited for the New Year and the challenges that lay ahead. We are also very pleased to report that we have continued to see strong growth of new customers, stability in our existing customers and we have added several new team members to help serve you best.

The latest and greatest “new” thing everyone is talking about is Reference Based Pricing (RBP), which seems to come up every day now. While it may be a “new” topic for most, it actually started for us 12 years ago when

a long-term client asked us “How do we slow medical trends and when does it stop?” It was direct, to the point and a great question. We left that meeting in search of a solution, which led us to Reference Based Pricing. We did our due diligence and started writing RBP business; we even put our own health plan on this platform. Being a trail blazer with this product wasn’t easy, many of our employees and our customers thought we were crazy (and some still may!). But in all seriousness, over the last 12 years we have seen tremendous success with the program and hope you enjoy the article in this newsletter on the subject.

There are several RBP plans out there and some are better than others. Beware of anyone that suggests it is easy. Don’t walk away from that, RUN. You need a solid TPA like Diversified Group to quarterback an effective RBP plan. We have the experience that matters. If you consider this approach, please do your due diligence and reach out to us with any questions.

At Diversified Group we spring out of bed every day to find perfect solutions for your health plans. Whether it is Direct Contracting, Specialty Pharmacy, Cost Transparency, Reference Based Pricing, Second Opinion Programs, International Medical Travel, etc., please be assured we will continue to find solutions for our business partners and clients.

Thank you for your business.



ACA Mandate Ruled Unconstitutional

According to a December 18th decision by the 5th Circuit Court of Appeals, the ACA's individual mandate to purchase health insurance is unconstitutional. The decision did not, however, include an opinion on whether this makes the entire law unconstitutional. Instead, the court sent the matter of interpreting whether the mandate is severable from the ACA back to the lower court.

While supporters of the ACA say that killing part of the law kills only that provision, critics argue that because the law lacks a severability provision, a court ruling declaring any part of the law unconstitutional should make the entire law unconstitutional. A good deal of time could pass before a ruling is made by the 5th Circuit Court and there is no way to know how the November presidential election may impact the outcome.

What Makes a Health Plan “High Quality”?



A recent survey by a data analytics firm found that benefits objectives often vary based on company size. Results showed that while smaller companies were focused on increasing employee productivity, mid-range employers were more concerned with employee satisfaction levels. Very large employers identified employee health and well-being as their main objective.

One interesting finding was that regardless of objectives, a high percentage of employers expressed concern that their health benefits were falling behind those of industry peers. If you share that concern, be aware that even though expectations vary by industry and workforce demographics, the days of doing things because “that’s the way we’ve always done it” are over.

Stay Open to New Ideas

Top workplaces are committed to innovation in every part of their operation and health benefits are no exception. By self-funding, most use claims data to respond to member needs and take advantage of new opportunities. Health concierge services, price transparency tools, bundled pricing and the trend to low or no deductibles and copays are just a few of the ways health plans are innovating to rein in rising costs and help employees get the care they need – important objectives of a high quality health plan.

Overtime Pay for More Americans

The U.S. Department of Labor announced a final rule for the Fair Labor Standards Act that has made some 1.3 million American workers eligible for overtime pay. Under the new rule, the standard salary level will be raised from \$455 to \$684 and make all employees who earn less than \$35,568 eligible for overtime pay of at least time and a half. The previous threshold of \$23,700 has been in effect since 2004.

President Obama made an unsuccessful attempt to raise the threshold all the way to \$47,000 per year in 2016, however a federal judge blocked that in 2017, saying it was too high. These levels became effective on January 1, 2020.

CMS Finalizes Hospital Transparency Rules

According to rules issued last November, hospitals will be required to disclose the rates they negotiate with insurers beginning in 2021. The rules require that hospitals post their standard charges online in a machine-readable format, meaning that they must post gross charges, discounted cash prices, payer-specific negotiated charges, de-identified minimum negotiated charges and de-identified maximum negotiated charges. Services, supplies, facility fees and charges for employed physicians and other professional practitioners are all included in these requirements.

Perhaps the most important aspect is the requirement that payer-specific negotiated rates be posted online in a searchable and consumer-friendly format for 70 stipulated services that patients are most likely to shop for. A total of 300 services must be posted in the same manner, however hospitals are free to choose the remaining 230. While President Trump is trying to make health plans and insurance carriers subject to similar rules, this proposal is still in the public comment phase.

Trends Latest Happenings in Today’s World

Prescription Drugs from Vending Machines

If Florida House Bill HB59 becomes law, Floridians will be able to use video conferencing technology to speak with a pharmacist and obtain prescription drugs dispensed by automated pharmacy systems or vending machines. The systems, manufactured by Canadian company MedAvail, are currently in use in

hospitals located in Jacksonville and Miami, Florida.

More Seniors Working

According to a new Harris pole conducted for TD Ameritrade, more than half of Americans age 40 and older plan to continue working after they retire. The Federal Reserve Bank of New York adds that the number of workers 55 and older has been

rising since 2000. While the percentages dropped for older workers, it remained above 50% for those 70 to 79 years of age. Financial need was important to most, but many over 55 cited a desire to remain sharp and avoid boredom as their main concern.

Surgery Going Ambulatory

As physician consolidation continues, more and more hospitals are adding

Family Leave Programs Expanding

Even though Labor Department reports show that fewer than 15% of private sector employees are covered by paid leave programs, more states are looking for ways to help employees cope with the difficulties of caring for family members of all ages. In addition to California, New Jersey and Rhode Island that have had programs in place for a long time, New York, Washington and the District of Columbia have passed similar laws.

While most private sector programs provide paid maternity and parental leave, more and more employers are looking for ways to help employees caring for elderly parents or family members facing serious health conditions. An increasing number of employers are providing on-site daycare facilities to reduce absenteeism. Those that lack the facilities are lowering stress levels for parents by helping to subsidize their daycare expenses.



California Requires FSA Notices

Two new laws governing benefits will impact employers with employees in California. One law applies to Section 125 Flexible Spending Accounts, requiring that employers notify account holders of any deadline to withdraw funds before the end of the plan year. The law applies when participants will lose FSA coverage due to a mid-year termination of employment or the FSA plan. Notices must be provided electronically and by regular mail, telephone or in-person.



Too Many Generics in Waiting

Record numbers of generic drugs that could provide much needed relief for Americans with serious medical conditions are failing to come to market because of litigation and the filing of additional patents by brand-name drug manufacturers. The number of generic approvals has set records during each of the past 3 years. In fact, the FDA has approved nearly 2,500 generic versions of 617 brand name drugs since 2016.

Analysts estimate that the price of a branded drug falls by an average of 39% every time four generics for that drug are made available. While there are many factors involved in the delays, the sad reality is that less than half of the generics approved in 2018 have been launched. In the meantime, far too many very sick patients have had to find ways to afford high-priced branded medications.

Supporting Behavioral Health

Nearly 1 in 5 U.S. adults live with a mental illness. Since it has become virtually impossible to avoid a condition at work, here are some of the factors involved. First, professionals tell us that multiple cycles can impact health and productivity in different ways. Conditions can trigger at any time and while early symptoms can be mild, a supportive work environment is critical. Symptoms often increase during later phases, causing work performance to suffer. Mental health benefits and disability insurance will come into play as everyone works together to help the employee remain at work or return to work as soon as possible. Symptoms can become severe during advanced phases, making a disability leave, family leave or access to an EAP or in-network providers likely.

Because fewer than half the people who need help ever receive treatment, meeting the issue of mental health head on is very important. Having a general conversation or town hall about behavioral health can go a long way in creating a safe, healthy, supportive environment.

ambulatory surgery centers, including many that are physician-owned. The rise in popularity is primarily due to the ability of these facilities to traditionally offer high quality procedures at a lower cost than hospitals.

Cost Increases Outpace Wages

The Kaiser Family Foundation employee health benefits survey for 2019 shows

that the cost of annual premiums for employer-sponsored health insurance plans have reached \$20,576. While there are differences between small and large employer groups, costs are rising faster than wages for both and average contributions by employees have reached \$1,242 for single coverage and more than \$6,000 for families. And while wages have increased by 26% in the past decade, contributions to healthcare

premiums have gone up 71%.



Direct Contracts Grow

As more and more employer-sponsored health plans become self-funded, the trend from PPOs to direct provider contracting is growing. High quality health plans continue to demonstrate that direct contracting promotes a more level playing field where both parties can agree on pricing that is fair rather than trying to determine the real value of network discounts.

Making Reference Based Pricing Work



Whether you refer to it as Reference Based Pricing, Medicare Reference, Cost Plus or something else, the important thing is to understand what it is and why it's being used to lower health plan costs.

Health plans with reference based pricing provide high quality coverage at a lower cost by using Medicare fee schedules as a base. Then they negotiate with hospitals and physicians to determine an acceptable percentage margin over and above Medicare. Margins often fall within a range of 25% to 65%. The absence of PPO networks takes many of the "unknowns" out of play. Rather than operating at the mercy of networks that traditionally save their largest discounts for the largest health plans, reference based pricing takes the mystery out of network discounts by fixing fees for covered services. In addition to lower out-of-pocket

expenses, members also gain the flexibility they need to search for a physician that meets their needs rather than settling for a smaller network in order to save on out-of-pocket expenses.

Experience Makes the Difference

Administration is always important when a health plan is self-funded. But reference based pricing requires much more than claims administration. Supporting a health plan with reference based pricing requires a TPA with the skills to make providers comfortable with this form of reimbursement and the resources to protect the plan against issues such as balance billing. Many employers fear reference based pricing because of balance billing, which can occur when the established fee does not pay a provider's bill in full and the provider chooses to bill the unpaid

balance to the member directly. Even though resourceful TPAs point out that concerns about balance billing are often overblown, they typically integrate measures to protect members against it. In most cases, these include adding the services of attorneys or consultants to enforce the terms of the reimbursement agreement or negotiate a payment settlement with hospitals that may not be subject to negotiated reimbursement rates.

At Diversified Group, experience tells us that the competitive landscape for providers can often determine the potential for referenced based pricing. While it may not be appropriate for all employer groups, the ability to control future healthcare costs certainly makes it worth exploring. Not only has Diversified been administering these plans for more than 10 years, but reference based pricing has enabled our own health plan to keep costs down year after year. If you have any questions, please contact your Diversified Sales Representative today!

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

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Department of Labor Releases 2020 Adjusted Penalty Amounts

The Department of Health and Human Services (HHS) and the Department of Labor (DOL) have issued adjusted/updated civil monetary penalties for a myriad of benefits related violations.

The Departments are required by law to provide their annual adjustments by January 15th each year. The 2020 penalties will not be assessed until after January 15, 2020 regarding violations occurring after November 2, 2105. To read the rest of this article, visit dgb-online.com/blog.

If you have questions regarding compliance, please feel free to reach out to Diversified Group's Compliance Team at (888) 322-2524 or online at dgb-online.com/compliance-center.

→ HEALTHCARE UNCENSORED LIVE PODCAST

Managing the Rising Cost of Specialty Drug Claims

In this edition of our HCU Live Podcast, Brooks Goodison describes the tremendous challenge facing health plans and more important, patients, in need of high cost specialty prescription drugs to treat serious medical conditions. Listen Now at dgb-online.com/podcasts.

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