

This Issue

Reference Based Pricing

The trend continues among smaller groups.

Virtual Health

Telemedicine and video visits are just the beginning.

Regulating Conduct

Policies on masks and social distancing vary greatly.

A Covid-19 Vaccine

The race has been underway for several months.

Trends, News, Updates and More Inside!

Keep Informed



Looking Ahead to Health Benefits in 2021

Looking back to last Fall, there is little chance anyone would have imagined that a global pandemic would shut down our economy, upend our daily routines and put millions of Americans out of work. The good news is that after months of anything but normal, many kids are heading back to classrooms, more workers are returning to the office and unemployment rolls continue to shrink. While the pace of our economic recovery is largely dependent on the availability of a safe, federally approved vaccine, reviewing your health plan and establishing goals for the coming year is important.

What the Election May Mean

Since Joe Biden was Vice President when the Affordable Care Act was enacted, many doubt he will push for many significant changes if elected. The Supreme Court is set to take up the remaining structure of ACA after the election and while far left Democrats still advocate for Medicare for All, Biden's comments have focused on controlling rising drug prices and ending surprise medical bills for medical emergencies and care by out-of-network physicians at in-network hospitals.

At a recent campaign event, President Trump announced

his "America First Health Care Plan" Executive Order, consisting of a) \$200 discount cards Medicare recipients can use on prescription drugs; b) A promise that Americans with pre-existing conditions will always have access to affordable coverage; and c) Authority for Congress or

HHS to craft legislation or take administrative action to stop surprise billing.

Doubling down on price transparency, the President also said his order may eventually give HHS the authority to add clear information on hospital pricing and billing practices to Medicare's Hospital Compare website.

A Trend to Price Transparency

Greater adoption of telehealth, more flexible plan designs and the persistent push for transparency are just a few trends emerging from Covid-19.

As this push for transparency intensifies, we expect more self-funded plan sponsors to transition to reference based pricing. By enabling plans and community-based providers to negotiate reasonable reimbursement rates, typically based on a percentage above Medicare, this approach takes the mystery out of provider pricing. If these developments continue to take shape, as we hope they will, we believe employers and consumers will benefit in the months and years ahead.





Regulating Off-Duty Conduct

When you consider that laws governing travel and social distancing vary from state to state, with a couple having no such laws at all, determining how your organization will regulate and discipline off-duty conduct is very challenging. And when an employee travels to another state that has different laws, which take precedence? Some experts have compared this debate to employer's efforts to regulate employee use of social media, but it seems that how you regulate social media activity is much different than carrying out your responsibility to keep employees and working conditions safe during a public health emergency.

Given the fact that states have established their own guidelines, an example of an employee who traveled out of state to participate in a large public gathering can present a big challenge. While one employer might decide to quarantine the employee upon return because the gathering violates laws where the person lives and works, another might prefer to act in accordance with a less restrictive law that exists in



the state where the gathering took place. Given the complexity of the COVID-19 pandemic, many will likely look beyond the laws and act in a manner consistent with their duty to keep their workplace safe for all employees.

One thing most employers and attorneys seem to agree on is that like so many employment issues, determining an appropriate course of action in matters such as these often comes down to whether or not your organization has a policy in place and how that policy has been communicated to employees.

Rules for Pooled Plans

As a way to give small businesses the opportunity to offer their employees a workplace-based retirement savings option that is easy and inexpensive to maintain, the Department of Labor moved to establish rules for Pooled Employer Plans or PEP. According to the law, pooled plan providers will need to register with the Labor and Treasury secretaries in advance and once registered, can begin operating PEPs as early as January 1, 2021. The goal for the option, which was made possible by the Secure Act of 2019, is to make saving for retirement cost-effective for more employees throughout the U.S.

Trends Latest Happenings in Today's World

PBMs for Better or Worse

With enrollment in Medicare Part D and specialty drug costs exploding, it's no surprise that forecasts predict 7 percent annual growth for PBMs over the next several years. Two trends noted in the report were the continued acquisition or startup of PBMs by insurance carriers and the need for employers to better understand their options when comparing proposals.

No Time for Fun

From fear of travel to feeling it's simply not a good time to take time off, surveys show that the number of unused vacation days is building. Consulting firm Willis Towers Watson reports that a fourth of employers plan to increase rollover limits to minimize lost vacation days. Others are hesitant to relax their policy, citing financial concerns and the

increased risk of employee burnout. Staycations, traditionally viewed as an opportunity to do things around the house and clear the mind, are being viewed very differently by those working from home.

Pushing Doctor Visits

With many patients still worrying about contracting COVID-19 by visiting a doctor or pharmacy, large

Is Reference Based Pricing Really Saving Money?

When the independent think tank finds that on average, prices paid to hospitals by younger, healthier policyholders were 100 percent higher than what Medicare would have paid for the same procedures, it's easy to understand the impact that payment contracts based on what Medicare pays can have on health plan costs.

In contrast to traditional fully insured plans, self-funded health plans with reference based pricing (RBP) enable consumers to learn the cost of treatment before they receive it. This is the advantage of basing provider payments on publicly available cost and quality data rather than arbitrary network discounts. And because Medicare varies its pricing by geographic region, providers are compensated fairly, and medical price inflation can be controlled.

From Big to Small

While very large employers were early adopters, the model is becoming far more commonplace among smaller groups that partially self-fund. TPAs are helping some of these plans realize overall savings in the 20 percent range and for a plan with 300 members, this can mean annual savings of \$1 million or more.

In a marketplace that has lacked transparency and accountability for far too long, Medicare reference is proving to be not only a market disruptor, but an approach that can help employer-sponsored health benefits thrive.

Orders to Cut Drug Costs

In an effort to revive an important promise made to the American people prior to his election in 2016, President Trump recently signed 3 executive orders aimed at bringing the cost of prescription drugs more in line with what consumers in other countries pay. One order, directed at Medicare Part D plans, would require that PBMs pass discounts or manufacturer's rebates directly to consumers rather than to their health plans.

A second order would permit individuals to import lower cost drugs from other countries, including Canada, and re-import insulin. The third order is intended to provide uninsured or underinsured individuals with life-saving medications such as insulin and epinephrine. It is doubtful that these executive orders will yield any immediate relief to consumers since legislative bodies and federal agencies will need to follow government protocols in order to put the orders into practice.



Short-Term Plans Upheld

In mid-July, a federal appeals court upheld the administration's regulation allowing the sale of short-term health plans that are not in compliance with the Affordable Care Act. While a previous rule allowed these plans to be carried for only 90 days, the court decision allows these plans to be carried for one year and renewed for as long as 36 months. The plaintiff, The Association for Community Affiliated Health Plans, argued that the ruling undermines the ACA and has said it will appeal the decision.

healthcare organizations are sponsoring ad campaigns encouraging people to return to their medical providers. Print ads, TV commercials and social media ads tell people that returning to their doctor for regular checkups, emergencies or diagnostic tests is not only important, but safe due to strict cleaning routines and office protocols that eliminate shared waiting areas. Providers and payers fear that leaving

conditions untreated will result in more serious and costly medical concerns in the future.

Calling All Glass Vials

What may be in short supply when a safe, effective Coronavirus vaccine is available? The medical glass needed to produce vials to hold the vaccine. With plans to produce more than a billion doses globally, Johnson & Johnson

bought 250 million vials in the U.S. at the start of the pandemic. Corning recently signed a \$200+ million deal with the U.S. government to expand manufacturing capacity to meet demand.

Perks Over Pay

When office supply retailer Staples surveyed U.S. workers, they learned that 3 out of 5 would accept lower pay in exchange for other incentives, with

more remote work topping the list. More flexible hours, paid insurance premiums and paid family leave were highest on the list of perks considered either must haves or likely to convince an employee to stay with the organization. Many employers have been more flexible with hours, paid time off and remote work this year in response to the virus and it appears that many employees would like to see this continue.



Approving a Vaccine

Guidance recently released by the FDA outlining conditions for approving a Covid-19 vaccine includes a 50 percent benchmark, meaning that any vaccine must be at least 50 percent more effective than a placebo in preventing the disease. This is the same benchmark used annually to approve flu vaccines. In the announcement, Commissioner Stephen Hahn told a Senate panel that the FDA would not approve a vaccine for the general public without clinical evidence that it is both safe and effective.

In accordance with established FDA guidelines, virus vaccines can be approved by full approval or emergency authorization. While an emergency authorization can move much quicker than a typical full approval, it still would require the vaccine maker to show through clinical studies that the vaccine produced lower levels of disease. Several clinical studies are underway now, with one manufacturer having just initiated clinical testing by 60,000 adults.

What to Expect from Virtual Health

Researchers define virtual health as continuous, connected care delivered using digital and telecommunication technologies. Healthcare consumers can think of virtual health as telemedicine and video doctor visits, remote patient monitoring, asynchronous communication, medication adherence and provider-facing solutions such as virtual consults and second opinions.

To consider the future impact of virtual health, the Deloitte Center for Health Solutions surveyed clinicians and healthcare executives, with most agreeing that a fourth or more of all outpatient, preventive and long-term care will move to virtual delivery over the next 20 years. Physicians expect to be spending more time in face-to-face interactions with their patients as virtual assistants handle appointment scheduling, prescription orders and transfer of clinician notes into electronic medical records. Nearly 75 percent of respondents see improved clinical outcomes resulting from home-based monitoring and faster, easier access to health plan information helping members and providers alike. Finally, patients can expect virtual physician visits to save them valuable time compared to physical office visits.

Did You Know? New Ideas for Healthy Consumers

Stay Positive and Stay Well



Researchers at University College London found that ongoing negative thinking can increase the risk of developing Alzheimer's disease. Nearly 300 people over the age of 55 were monitored in order to determine how much they dwell on negative past experiences or worry about the future. Approximately half of participants were also given PET scans to measure deposits of tau and amyloid, two proteins that build up in the brain to cause Alzheimer's.

Overall, several years of study produced results similar to other studies that have shown that people who maintain a positive attitude live longer and maintain better overall mental health. In contrast, chronic negative thinking over long periods of time increases the risk of heart attack, stroke and early death.

How Healthy Are We?

According to the 2019 edition of the Bloomberg Healthiest Country Index, the United States ranks 35th among 169 recognized by the World Health Organization. This was one position lower than the U.S. earned in 2017. Spain surpassed Italy to become the world's healthiest country and four other European nations ranked in the top 10. While Japan was the healthiest Asian nation, China dropped from 51 in 2017 to 53 in the 2019 rankings. Based on data provided by the World Health Organization and the United Nations Population Division, the index evaluates health factors and risks including behavioral concerns, environmental characteristics and more.



Anyone Can Lower Stress

If 2020 hasn't been everyone's most stressful year, it has to rank among the top for sure. From hardship created by the Coronavirus to unrest in our biggest cities, virtually everyone's routines have been disrupted. Whether you're working from home or transitioning back to the office, here are some steps you can take to improve your mental health.

Mini-Meditation: Even 5 minutes of meditation can help erase negative thoughts and improve your attitude. The people around you will benefit from your improved mood too. If you want something to clear the mind, there are plenty of apps you can access with your mobile device.

Try Tangibles: Meetings and projects will always be there, so why not designate one 10 to 15 minute time slot to turn off your digital devices and do something different. Write a note or journal entry, make notes on a new project or pick up the phone and call a friend or family member just to say hello.

Celebrate Success: Whether you take a few minutes to recognize an accomplishment of your own or congratulate a co-worker on a recent achievement, make "bravos" a small part of your week. Celebrating or sharing our accomplishments can go a long way, especially in challenging times.

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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States with Individual Health Insurance Mandates

After the repeal of the Affordable Care Act's Individual Mandate, which was effective January 1, 2019, several states began the process of implementing statewide individual mandates. Currently there are six states that have passed some form of the individual mandate.

Click here to view a reference chart of the current individual mandates in place: <https://bit.ly/2HzFpC7>.

➔ **ON OUR BLOG** Read more at <https://www.dgb-online.com/blog/>

IRS Extends ESR Reporting Deadline

On October 2nd, the IRS issued notice 2020-76, which extends the deadline for employers and other coverage providers to distribute forms 1095-B and 1095-C to individuals for the 2020 reporting year.

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