

## This Issue

### Retail Giants

Can they have an impact where it is needed?

### HSAs

Family contribution limits are reduced slightly

### Reference Based Pricing

This transparent approach continues to control costs

### Prescription Adherence

A growing concern for health plans and members

## Keep Informed



# 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.

# 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

### More 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.

## Reference Based Pricing Gaining

While plenty of folks talk about 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, reference 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 reference 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.

# Did You Know? New Ideas for Healthy Consumers

## It's Never Too Early for Sunscreen

The American Cancer Society reminds us that more skin cancers are diagnosed each year in the U.S. than all other cancers combined. Most are caused by too much exposure to ultraviolet (UV) rays, most of which come from exposure to the sun. One thing to remember is that you don't have to be spending a day at the pool to be at serious

risk. Simply staying in the shade will make a huge difference. If you do want to catch some rays, slip on a shirt, wear a hat and apply sunscreen with a SPF value of 30 or more. UV blocking sunglasses will help protect the delicate skin around your eyes and help you avoid certain eye diseases as well.

## Helping with Prescription Adherence

While prescribed medications are critical to the management of chronic illnesses such as diabetes, asthma or heart disease, they can only help when taken correctly and research shows that at least half are not taken as prescribed. This not only has a huge impact on the health of individuals but on health plan costs since failure to take medications as prescribed can result in costly emergency room visits and hospital readmissions.

Since failing to follow a doctor's prescription plan will likely result in higher dollar claims for treatment, examining claims data is the first step to take in order to monitor this problem. Once the employees involved are identified, a health coach or support team can be assigned to help these individuals begin managing and taking their medications

correctly. If cost is an issue, which is fairly common in the case of chronic problems, financial incentives or help with prescription copays might be wise.



## Women More Vulnerable to Stress



A study of nearly 700 individuals with coronary artery disease has revealed that hearts in men and women react differently to a temporary reduction in blood flow to heart muscles, a common symptom caused by stress. While some men may experience an increase in blood pressure and heart rate, making their heart work harder, about 1 in 5 women experienced constriction in their smaller blood vessels, which can cause more serious heart complications. American Heart Association representatives recommend physical exercise as a way to manage mental stress. Exercise will make blood vessels dilate, counteracting the constriction seen by some of the women who participated in the study. Regular exercise, like a daily walk or run, can go a long way in helping us cope with mental stress.

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