MCA Administrators

Administrator

Important news and updates from your benefits professionals

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This Issue

Self-Funding Keeps Growing

With time running out on an opportunity for Congress to repeal and replace the Affordable Care Act and open enrollment season approaching, thousands of small and mid-sized businesses are likely bracing for another round of premium increases. A growing number of employers, however, will choose to avoid the uncertainty plaguing traditional group insurance markets by moving to a self-funded health plan – an option that provides an opportunity for savings and far more plan design flexibility.

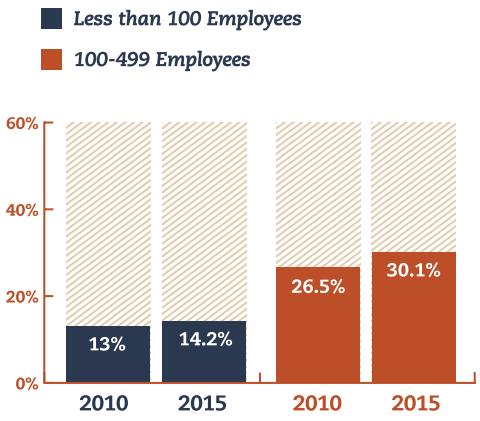
Healthcare benefits continue to be perhaps the biggest obstacle facing small and mid-sized businesses. The Self Insurance Institute of America reports that between 2011 and 2016, the average annual deductible for employer-sponsored plans increased by 49% and the percentage of firms with fewer than 200 employees still providing health benefits fell from 68% in 2010 to 55% in 2016.

Self-funding on the other hand, has proven to be a far more responsible alternative for employers, enabling thousands to not only use their health benefit plan to attract and retain high quality employees, but to do so at an affordable cost. While self-funding has long been a staple for the nation's largest employers, nearly a third of companies with 200 or more employees now offer at least one self-funded option.

Everyone Benefits from Flexibility

There are many reasons for the growth of self-funding, with flexibility and access to valuable claims data high on the list. Since self-funded plans are governed by ERISA, they avoid many of the costly mandates governing

Private Sector Businesses that Self-Fund by Size



Source: Employee Benefit Research Institute

fully insured plans. To manage risk, stop loss coverage is obtained to cover claims that exceed anticipated levels. If claims are below anticipated levels, the plan retains the savings that would have been paid to an insurance carrier in the form of non-refundable premiums. Benefits can be customized to meet the unique needs of the group. When an independent TPA is engaged to administer the plan, claims data can be analyzed to identify chronic conditions and other key cost drivers. Services such as telemedicine and mobile transparency tools can be added to make physician access more convenient and more affordable. From plan design to data analysis, everyone benefits from the flexibility that a self-funded plan can provide. It's the biggest reason why more small and mid-sized companies continue to move to self-funding with help from an independent TPA.

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Doing What We Can

We often hear of professional athletes succeeding under pressure by staying "in the moment" and remaining focused on the things that are within their control. This challenge can be applied to the uncomfortable position all of us find ourselves in today – somewhere between complying with existing laws and anticipating the unknowns coming from Washington.

While the IRS has relaxed enforcement of the individual mandate and acknowledged problems in the ACA reporting system, it has confirmed that an applicable large employer is still subject to an employer shared responsibility payment if it fails to offer coverage to 95% of its full-time employees. We continue to help large employers offer minimum essential coverage to avoid penalties, when appropriate, and track offers of coverage to comply with reporting requirements on IRS forms 1094 and 1095.

Other matters remain up in the air as well, including the so-called Cadillac tax on high-cost health plans and any changes in maximum contributions that may be made to HSAs, which would require legislative action. While any significant ACA repeal, replace or repair efforts appear to be overshadowed by the Administration's interest in tax reform, we continue to monitor developments in healthcare reform and keep our clients and partners informed. It's our way of doing what we can and remaining "in the moment."

Paid Sick Leave in Minnesota

As a result of identical ordinances passed by both City Councils, workers in the Twin Cities became entitled to paid sick time leave on July 1st of this year. While the state legislature tried to protect employers, businesses are now required to offer employees one hour of paid sick leave for every 30 hours worked. The Minneapolis ordinance allows companies with five or fewer workers to offer unpaid time, but St. Paul does not offer this exemption. Overall, employees can accrue up to 48 hours per year and roll that over to the next year.

Time off can be used for illness or medical care of the employee or family, a closure of daycare facilities or schools and for counseling, legal support or related services due to an incident of domestic or sexual violence.

Trends Latest Happenings in Today's World

12 Billion Workdays Lost

Recent findings reported by the World Health Organization (WHO) report that without a greater willingness to tackle anxiety and depression, a staggering 12 billion days will be lost between now and 2030. Put in financial terms, these disorders are costing the world nearly $1 trillion each year in lost productivity. It's no wonder why a growing number of employers are considering on-site behavioral health clinics and other ways to tackle this growing problem.

Self-Service Benefits Education

While it may not yet be widespread, some companies are looking for ways to use voice-activated assistants such as Siri and Emma to provide plan members with answers about annual contribution limits, account balances and other details regarding flexible spending accounts, HSAs, HRAs and more. Many hope that linking these intelligent assistants to a mobile app will make it easier than ever for members to get answers to questions when they need them.

More Work, Less Sleep

According to the American Time Use

Should You Be More Focused on Behavorial Health Benefits?

With estimates showing that one in five Americans suffer from a mental health condition such as depression or anxiety, it's no wonder that more employers are expanding their traditional wellness programs to include an increased emphasis on behavioral health. This trend may seem surprising since traditional Employee Assistance Programs (EAPs) have existed for decades, however research conducted by the National Behavior Consortium shows that a very small percentage of employees have taken advantage of EAPs in recent years.

Walk-In Therapy

Since healthy and happy employees typically spend less on healthcare services and are more productive in the workplace, it makes sense that larger employers are taking a far more holistic approach to employee well-being. Some are utilizing telephonic EAPs while others are bringing behavioral health resources on-site, so that a therapist can be accessed on a "walk-in" basis. Experts say that the advantages can go well beyond convenience, contributing to a more caring culture.

Some also say that services can be tweaked to resemble more of a "life coaching" resource, designed to help members enjoy more rewarding professional and personal lives. Wellness programs have always demonstrated the employer's concern for the health and well-being of their workers. Greater attention to behavioral health can take that concern to an even higher level.

So Much for Bundled Payments

The trend to value-based medical treatment took a significant hit recently when the Trump administration cut the number of hospitals required to participate in the Comprehensive Care for Joint Replacement model and canceled other bundled payment models slated to go into effect on January 1, 2018.

HHS Secretary Tom Price has been a consistent critic of the mandatory payment model created by CMS Director Patrick Conway. Price's announcement came shortly after Conway announced he was leaving CMS to become CEO of Blue Cross and Blue Shield of North Carolina, leaving many to question what the move means for the future of value-based payments. Still others believe that the value-based models were beginning to drive better outcomes and that more and more patients will be attracted to hospitals offering the highest quality of care. With the Medicare Trust Fund projected to run out of money in 2029, something needs to be done to repair or replace traditional fee-for-service reimbursement.

New Jersey Aids Stop-Loss

In a recent legislative update from SIIA, it was noted that the New Jersey Department of Banking and Insurance (DOBI) approved regulations lowering minimum stop-loss attachment points for large groups of 51 lives and above, effective in late August.

This move allows the large group individual attachment points to be $20,000 per individual, reduced from $25,000 and sets the minimum aggregate attachment point at 110% of expected claims, down from 125%. These changes broaden the levels of stop-loss or excess risk coverage available to self-funded health plans and brings New Jersey's definition in line with the NAIC Stop Loss Insurance Model Act.

The Real Impact of Obamacare

A review of enrollment data for the 3-year period of 2014-2016 reported by the Heritage Foundation shows that 5.3 million people enrolled in individual policies, bringing the total to just over 17 million at the end of 2016. In the group market, the most significant changes were an overall decrease of those enrolled and a continuing trend to self-funding from fully insured coverage. In fact, self-funded enrollment rose from 100.6 million in 2013 to 105.6 million in 2016.

Overall, the majority of gains reported in the last 3 years resulted from the law's expansion of Medicaid. While overall enrollment increased by 15.7 million, 89% of the increase can be attributed to Medicaid. 73.5% of the total, or 11.7 million people, enrolled in the 31 states that adopted Medicaid expansion. With private sector growth accounting for just 11%, one must wonder if Obamacare succeeded in insuring the uninsured or un-insuring the previously insured.

Taking Care of Smaller Groups

Small businesses, many of which have been hit with double-digit premium increases in recent years, have also had to deal with a diminishing number of insured options. To address these challenges, we encourage our broker partners to go beyond traditional fully insured options by suggesting a level funded plan design.

By changing the way an employer finances the plan costs, smaller groups, typically those with 25 employers and sometimes even fewer, can create an opportunity for savings. Fixed costs and anticipated claims are funded monthly by the employer up to a pre-determined level. If actual claim costs are lower than the annual total of monthly payments, the unspent claim payments are refunded to the plan. If actual claim costs are greater than the amount you have funded, stop loss insurance covers the excess claim costs.

While level funding may not be appropriate for every small group, a growing number continue to change. For more information on level funding and other alternative healthcare options, contact us or ask your broker.

Survey released recently by the Department of Labor, Americans spent more time working and less time sleeping in 2016 than in 2015. On average, men and women 15 years of age and older worked about 8 more minutes each weekday and slept for about 5 minutes less than they did in the previous year. Labor officials view this as an indication of a healthier job market. Millennials worked an average of nearly 5 hours per weekday in 2016, their highest level since 2011.

Employees Contributing More

The gradual transition to high deductible health plans is having a significant impact on out-of-pocket costs, according to a study released by the Kaiser Family Foundation/Health Research & Educational Trust. In 2016, for the first time, just over half of all workers (51%) with single coverage faced a deductible of at least $1,000. The study also showed that 29% of workers were in high-deductible plans compared to just 20% two years earlier.

Food Allergies Spread

An analysis by FAIR Health, an independent nonprofit that reviews health and dental claims filed by individuals, shows that severe allergic reactions to foods like peanuts have increased five-fold in the past 10 years. Studies now show that as many as 8% of children have a food allergy, with nearly 40% reflecting a history of severe reactions. More than a fourth of all claims were linked to peanuts, while tree nuts such as walnuts, pistachios and seeds accounted for 18%. One interesting fact is that a third of all claims were in people over the age of 18.

Did You Know? New Ideas for Healthy Consumers

Maybe You Should Eat Earlier

The old saying "timing is everything" may even apply to when you eat your meals, according to Michael Pollan, author of ***In Defense of Food***. Skipping breakfast or having an occasional late dinner is fine, but sticking to an earlier eating schedule may contribute to healthier living by helping you maintain a healthy weight. Findings were based on a small study implemented over an 8-week period in which adults had three meals and two snacks between 8 a.m. and 7 p.m., followed by a two week break and eight weeks of a later schedule, which included three meals and two snacks eaten between noon and 11 p.m.

The later eating schedule resulted in weight gain and a negative impact on insulin levels, cholesterol and fat metabolism. The study also showed that when people ate earlier, they stayed satisfied longer, which helped them prevent overeating. Given our hectic schedules, eating later occasionally is hard to avoid. But it will help if you can make an effort to get back to an earlier schedule.

Questions for Your Doctor

According to a Medscape survey of more than 19,000 physicians, the average patient spends between 13 and 16 minutes with their physician during an office visit. Given the short amount of time, it is probably best to focus on two or three things you want your doctor to address. It may also help to prepare a list of questions ahead of time. Here are a few you may want to consider.

1. Which health websites do you trust?
2. What is this medication I'm taking and why am I taking it?
3. If you're a smoker, how can I get help to stop?
4. Are my screenings and vaccinations up to date?
5. What is a healthy weight for me and how can I get to that?
6. What do you do to stay in shape?
7. If you're taking a prescribed opioid painkiller, ask if it's really necessary and what else you might take?
8. What are some things I can do before my next appointment to make me healthier?
9. If a test is ordered, ask what it is for and what are you trying to learn from it.
10. When a specific treatment is recommended, don't hesitate to ask about other alternatives.

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