

# Visions

Important news and updates from your benefits professional

## Who Will Answer the Call For Transparency?



In a recent Deloitte Consulting survey of 500 employers, half of those with 50 or more workers expect the Affordable Care Act to increase access to health insurance but very few expect the law to lower costs or improve the quality of care. In addition, most employers said they lack clear, understandable data on the cost and quality of the medical services their plans are purchasing.

Many said they share information with employees about health care providers, common procedures, medications, cost and quality and credited their third party administrator for analyzing claims data and providing the information. This came as no surprise

because even though information on utilization is seldom made available to fully insured groups, reporting has always been a strength of TPAs who administer self-funded health plans.

### Cost Sharing Fuels Demand for Information

The huge amount of attention directed at health care reform has gotten people thinking about health care spending like never before. And after several years of rising co-pays and deductibles, it's no longer just the employer who is concerned about cost.

Despite taking on a greater share of their health

care costs, consumers cannot be prudent shoppers without information on price and quality. Common sense reinforces the need for easy-to-understand information and research shows that when information on price and quality is accessible, the vast majority of consumers will select the highest-value health care provider.

More than 30 states currently require reporting of hospital charges or reimbursement rates and many are pursuing legislation to enhance price transparency. Structure and requirements of the laws and pending legislation vary greatly and most do not cover actual prices charged by providers for specific treatments. Some states post health care costs on state-sponsored websites and others have unveiled tools to help consumers compare prices from different providers for various medical services. While Medicare's Hospital Compare website compares hospitals based on six aspects of care, price information is not yet included.

As we discussed in a recent article, the need for greater transparency has sparked considerable interest in scheduled benefits or "cost plus" pricing, where Medicare is used to determine an agreed payment schedule. Interest in this concept and variations of it will continue to grow since Medicare remains the industry's most widely accepted index. In the meantime, communications must encourage plan participants and their dependents to ask their physicians for an estimate of costs before care is received. While this step has been talked about for years, the time to act is long overdue.

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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



## Self-Funded Plans Win Fee Exemption



Thanks to fine-tuning of the Affordable Care Act by the Department of Health and Human Services (HHS), some self-insured employers have caught a break. Soon to be published rule

modifications will exempt large, self-insured, self-administered health plans from paying reinsurance fees in 2015 and 2016. All employers will be required to pay the first-year fee for the program, beginning this year.

The fees are designed to help offset the costs incurred by insurers covering high-cost individuals purchasing coverage in public insurance exchanges. However, in order to address employer feedback that the fees are burdensome, HHS will accept payment in 2 installments – at the start of 2014 and at the end of the year.

According to the HHS, the proposed modifications are the result of listening sessions with interested parties about specific requirements of the act.

## 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.

## 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.



## IRS Finalizes Rules on Additional Medicare Tax

Even though the tax took effect on January 1, 2013, final regulations for the 0.9 percent additional Medicare Tax imposed by the Affordable Care Act were released in early December. The additional Medicare tax applies to wages, compensation and self-employment income above the following threshold amounts:

- \$200,000 for single taxpayers
- \$250,000 for married taxpayers filing jointly or \$125,000 for married taxpayers filing separately

Final regulations were also released on the 3.8 percent Net Investment Income Tax, another tax included in the Affordable Care Act.

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.

### HSAs 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.

## FSAs 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.

## Early Detection is a Man's Best Defense



For men, the best weapon in the fight against disease is early detection. The earlier a condition is caught, the more effective treatment can be. Screening recommendations have been developed by several medical organizations. For example, the American Cancer Society recommends prostate and colon cancer screenings for men beginning at age 50, while the American Optometric Association recommends eye exams be performed every 2 years for men ages 18 to 60 to test vision and eye health.

As always, because of personal or family medical history, your doctor may recommend a different schedule. Talk with your doctor about the screening schedule that's right for you.

**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.



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