

Administrator

Important news and updates from your benefits professionals

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Self-Funding: The Greatest Benefit is Compassion

Ask an independent TPA what sets their business apart and you'll likely hear something about customer service and a promise to always put their client's health plan and its members first. Seldom have these qualities been more meaningful than during the uncertainty of the past few months.

Fortunately, self-funding provides the flexibility employers have needed throughout this crisis. By collaborating with broker partners and other colleagues, TPAs have worked to make plan design changes that lower costs while exploring ways to keep coverage in force for as many employees as possible. Unfortunately, most have been involved in the difficult decisions employers have had to make in order to sustain quarantines, stay-at-home orders and extended closures. Their team members have worked tirelessly to help members access non-emergency medical care while avoiding the risks related to the coronavirus.

Overcoming Challenges

In addition to addressing health benefit concerns, TPAs have demonstrated great empathy in encounters with employers, members and providers. While the majority of self-funded health plans offer a telehealth benefit, some groups have been slow to engage with this service. With many organizations working remotely during the pandemic, however, the number of virtual visits has increased significantly.

TPAs have helped many patients avoid visits to the ER by directing them to alternative care settings. Some in need



of treatment for chronic illnesses have been directed to high-quality, lower-cost providers rather than traditional facilities and, in some cases, treatment has been administered in the home. Searching for solutions takes a tremendous amount of time and coordination but being an advocate for members is nothing new for TPAs.

Health benefits are complicated for everyone. In times of disruption, plan sponsors and members need every possible tool at their disposal. Self-funding offers many valuable tools. When backed by expert administration and open communication, these tools can help health plans build trust and take great care of employees.



How a Premium Dollar Is Spent

America's Health Insurance Plans, a national trade association whose member companies provide insurance coverage and health-related services to consumers and businesses, has released a study revealing the breakdown of today's healthcare premium dollar, as follows:

- 16.1 cents are used to cover hospital stays
- 13.5 cents are applied to care management, administrative expenses, business expenses, provider management and other fees
- 4.7 cents of every dollar go to taxes, and...

- 23.3 cents of every premium dollar is used for prescription drugs
- 22.2 cents cover the cost of physician services
- 20.2 cents are used to pay for office and clinic visits

AHIP reports that on average, 2.3 cents of every premium dollar make it to the bottom line as net profit.



Should You Be Doing More About Mental Health?

There is little doubt that the COVID-19 pandemic has taken a toll on the mental well-being of many Americans. In addition to dealing with fear of the virus and social isolation, economic pressures have continued to grow. Many who have continued to work have been forced to balance working remotely with caring for children who would normally be in school.

A survey by telemedicine giant Teladoc recently showed that nearly half of American workers say their mental health has been negatively impacted. The more disturbing statistic is that only 27% say their employers are taking steps to provide help.

What Others are Doing

While larger employers have long made employee assistance programs available to those in need, the expansion of telemedicine has enabled employers of all sizes to provide access to behavioral health professionals. These appointments traditionally were held by phone, but many are now conducted by video using computers or smart phones.

As the pandemic has continued, onsite employers' clinics have shown a significant increase in mental health and stress-related cases. Some health systems have placed mental health providers inside workplaces to provide quicker access to treatment. For more information or to strengthen your health plan in this critical area, contact your account representative today.

HRAs and Direct Primary Care



A recent IRS proposal would enable workers to use ordinary health reimbursement arrangements (HRAs) to pay for direct primary care program memberships. In addition to giving workers the peace of mind in knowing

they can fix the costs of primary care, the proposal would help primary care doctors reduce the time and money they spend on administrative work and make them far more efficient.

The IRS says this would be accomplished by declaring that payments for direct primary care arrangements and healthcare cost sharing ministry memberships are expenses for medical care under Internal Revenue Code Section 213. While this step will have a significant impact on healthcare providers and payers, there are sure to be many questions asked within the health benefits industry. The period for comments on this proposal will run through August 10, 2020.

Trends Latest Happenings in Today's World

Virtual Waiting Rooms

With the help of mobile chatbot technology, a Phoenix-based network of urgent care clinics is helping patients check in remotely for telehealth and in-person visits with primary care physicians and specialists. By using their computer or mobile device to send and receive conversational messages, patients can complete forms and be directed to an exam

room. The company says that by using regular language instead of apps or passwords, they are experiencing excellent patient engagement.

Lowest Birthrate Ever

According to the CDC's National Center for Health Statistics, about 3.75 million babies were born in the U.S. in 2019. This resulted in a general fertility rate of 58.2 births per 1,000

women aged 15 to 44, the lowest level since the government started tracking these numbers in 1909. With the average number of babies a woman has in her lifetime falling to 1.7, women are producing at a rate far below 2.1, which is needed for the population to replace itself.

Family Physicians in Peril

Another trend causing continued



HSA Limits Increase for 2021

Inflation-adjusted limits for contributions to health savings accounts and high deductible health plans for the coming year were just announced. According to the announcement, eligible individuals with self-only HDHP coverage will be able to contribute \$3,600 to their HSA in 2021, an increase of \$50 from 2020. Those with family coverage will be able to contribute \$7,200 in 2021 and those who are 55 years of age or older will be able to make an additional “catch-up” contribution of \$1,000 to their HSA.

While minimum deductibles for HDHPs will remain the same for 2021 plan years at \$1,400 for self-only coverage and \$2,800 for family coverage, the maximum limits for out-of-pocket expenses will increase to \$7,000 for individual coverage and \$14,000 for family coverage.

Calls for Expanded COBRA Coverage

With nearly 40 million workers laid off or furloughed as a result of the Coronavirus, many organizations have urged Congress to expand COBRA coverage. Most of their concerns are focused on encouraging Congress to subsidize COBRA premiums for these workers so that existing health conditions will not get worse because care is delayed.

To date, the Department of Labor and the IRS have extended the time period workers have to decide to enroll in COBRA. With the President’s order setting the end of the national emergency for COVID-19 at June 29th, individuals would have until August 28th to enroll in COBRA. DOL and IRS have also given workers 30 days beyond the end of the national emergency to pay their COBRA premiums for March, April, May and June. Should the Administration decide to extend the national emergency, these timelines would be adjusted accordingly.

concern is the nation’s shortage of primary care doctors. Baby boomers continue to retire and more and more medical students are choosing specialties. The Coronavirus has contributed to the problem, causing a great number of family physicians to experience a downturn in patient volume. Experts see different practice models such as value based care or direct primary care as the only way to reverse the trend.

California and Consolidation

The California Attorney General is petitioning the state legislature for the authority to deny any sale of a hospital, outpatient clinic or independent physician practice that will fail to improve the access, cost or quality of patient care for Californians. While AG Xavier Becerra has remained close to this issue since taking office in 2017, he is fighting even harder after seeing the enormous stress

that COVID-19 has placed on independent providers.

Industries Hardest Hit

A new report released by financial services firm Alera Group shows that few, if any, sectors of our economy have avoided damage by COVID-19. One area that has suffered terribly includes food growers, packers and suppliers that typically serve restaurants, schools

and other commercial facilities. Other sectors hit hardest include construction, higher education, healthcare, hospitality and gaming, manufacturing and restaurants.



Price Transparency Efforts Continue

In a recent decision by the U.S. District Court for the District of Columbia, the AHA lost its bid to avoid having to disclose rates hospitals negotiate with insurers. While an appeal is expected, this is a win for the administration, which is committed to providing patients with understandable information about the cost of medical services.

The rule approved last year required hospitals to post a list of standard charges and rates they charge for diagnostic-related groups (DRGs). These charges were, however, posted as “chargemaster rates” – a format that meant little to the general public. By requiring that hospitals post median prices negotiated with commercial health insurers, CMS believes that providers will be forced to compete on price and that consumers will be better able to make informed choices.

In other developments, the Trump administration was stopped from requiring that drug companies disclose prices in their TV commercials. The President also brokered an agreement with drug companies and insurers to limit Medicare recipients’ copays on insulin to \$35 a month. This will go into effect in 2021.

Wellness and Working Remotely

While working remotely has put some wellness programs on hold, creative companies are adding exercise to the workday and enabling people to connect with co-workers. For some, the social interaction is proving to be just as helpful as the physical activity.

Web conferencing applications such as Webex, Zoom and Microsoft Teams are making it easy to participate in everything from stretch breaks to cardio sessions, meditation and yoga classes. In some cases, fitness trainers or coaches stream classes from their studio or home. When sessions involve more conversation than fitness, such as a virtual coffee break in the middle of the day, staff members often take the lead.

Point is that with today’s technology and a little imagination, many employers are finding greater engagement in virtual wellness sessions than they ever achieved with fitness classes in the workplace. If some of your people are still working remotely, why not give it a try?

Did You Know? New Ideas for Healthy Consumers

How Much Do You Know About Costs?

In 2017, according to the Centers for Medicare and Medicaid Services, healthcare spending for every man, woman and child in the U.S. totaled nearly \$11,000 – more than any other wealthy country. The interesting thing is that very few of us really know what goes into this number or who pays the bills. Here are a few facts you may find interesting.

- The average cost of employer-based health insurance for a family in 2019 was \$19,616.
- The Census Bureau reports that 91.5% of Americans have health insurance coverage.

- In 2017, the average ER visit cost about \$1,400 – an increase of 176% in 10 years.
- Federal, state and local governments currently pay for about 45% of all healthcare services.
- From 2000 to 2016, spending on prescription drugs rose by 69% – more than any other component.
- The Kaiser Family Foundation reports that in the past year, 50% of Americans put off needed healthcare because of cost.

Do You Need an Antibody Test?



If you've had COVID-19 in the past, or suspect that you have, you may want to get an antibody test, which tests your blood serum to check for your body's response to an infection.

If you decide to proceed with an antibody test, make sure the test is authorized for FDA emergency use and speak with your doctor about the results. If your antibody test is negative, you probably were not infected with the SARS-CoV-2 virus in the past. If you

test positive and have no symptoms of COVID-19, you likely were infected with SARS-CoV-2, especially if you had common COVID-19 symptoms in the past.

Rules governing which tests can be given and who can take them vary from state to state. It is wise to check with the department of public health in your state and also ask your doctor to determine if a test is appropriate for you. With reports of false positives growing, many physicians are recommending that patients wait until experts can better identify which tests are performing best.

It's OK to Breathe Your Own Air



With summer comes outdoor activities and plenty of fresh air. But really, how fresh is the air we breathe if we're wearing a mask? When asked this question in a recent Facebook Live event, a specialist in charge of infectious disease at a Midwest-based healthcare system said wearing a mask outside is fine and there's no reason to be concerned about breathing too much of your own carbon dioxide.

While this is one of several myths circulating on social media networks, Dr. Robert Citronberg said there is no scientific evidence showing that wearing a mask can be harmful, even for long periods of time. He went on to confirm that wearing a mask is still one of the best ways to stop the spread of COVID-19.

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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