

This Issue

HSA & FSA Limits for 2017

Contributions to spending accounts increased slightly

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A change in focus from volume to value continues to evolve

Bundled Payment Progress

Joint replacement payments fall for BPCI participants

Keep Informed



Stay Calm and Carry On!



As we quickly approach the 100-day mark for the Trump administration, the chaos surrounding the Affordable Care Act continues, highlighted by the Republican's withdrawal of their repeal and replace legislation prior to a House vote. Determining where we go from here seems to be anyone's guess, but after watching the industry ebb and flow for decades, our best advice is to stay calm and carry on, as Self-Funded health plans continue to cover an estimated 75% of the U.S. workforce.

ACA Remains the Law of the Land

Until the Republican majority decides to try again or Obamacare implodes, as President Donald Trump and others say is inevitable, individuals and employers with 50 or more full time employees will have to live with the Affordable Care Act. Many who thought the American Health Care Act (AHCA) meant the certain loss of coverage made possible by the ACA can breathe easier. Providers and employer groups, many of which have adopted Self-Funding in order to better cope with the added regulations of Obamacare, can take comfort in the fact that drastic change has been avoided, at least for the foreseeable future.

Good Things are Happening

Even though some states seem committed to stopping small employer groups from transitioning to Self-Funding, flexibility and independence continue to make a positive difference for Self-Funded health plans.

- TPAs continue to be a valuable resource for regulatory compliance – perhaps even more valuable now that the law can be expected to remain in force going forward.
- Tools such as Reference Based Pricing, HSAs, FSAs, HRAs and Telemedicine continue to gain acceptance as ways to promote cost transparency and employee engagement.
- By sharing health claims data with employer clients, TPAs continue to identify cost drivers and help employers make more informed decisions.

With more employers looking to take control of rising healthcare costs, and new ideas emerging at a record pace, the forecast for Self-Funded health benefit plans remains bright.

Even though the President's post-inauguration executive order to provide regulatory relief to the maximum extent permitted by law may foster a few tweaks, and discussions among House Republicans seem to be moving in a positive direction, it is uncertain as to if or when a new bill may be introduced. In the meantime, clients and broker partners can count on us to keep you informed and prepared to consider any opportunities that may come along.

Revised Limits for HSA & FSA Contributions

The IRS and Department of Health and Human Services recently released new limits for contributions to HSAs and Health FSAs for 2017. Contributions by individuals to HSAs cannot exceed \$3,400 in 2017, with the maximum family contribution remaining at \$6,750, the same as 2016. Once again, a \$1,000 catch-up contribution also applies.

Health FSA limits for 2017 have been increased by \$50 from \$2,550 per employee to \$2,600. Health FSA transportation fringe benefits for parking, transit passes or vanpooling are remaining the same this year, with a limit of \$255 for each.

The IRS began indexing affordability safe harbors to inflation last year. This year, minimum annual

deductibles for High Deductible Health Plans (HDHPs) remain unchanged at \$1,300 for individuals and \$2,600 for families, with required out-of-pocket maximums remaining at a minimum of \$6,550 for individuals and \$13,100 for families.



Self-Insurance Protection Act Moves Ahead

In response to government relations efforts by the Self-Insurance Institute of America (SIIA), the U.S. House of Representatives recently passed H.R. 1304, the Self-Insurance Protection Act (SIPA). SIPA seeks to preclude potential federal regulatory action that could limit access

to stop-loss insurance, which would compromise the ability of many employers to sponsor self-funded group health plans. According to communications received from SIIA just prior to our deadline, the bill passed by a 400-16 vote and will head to the Senate next.

Trends Latest Happenings in Today's World

Lots of Love for LaCroix

If you've joined the "end sugary drinks" club, you may be enjoying LaCroix or one of several other unsweetened, carbonated waters. What makes them taste so refreshing? According to scientists and registered dietitians, studies show that while drinking any cold water will avoid the 140 calories and 10 teaspoons of sugar found in a can of

soda, the carbonation found in a cold LaCroix, Perrier or other unsweetened, carbonated water does enhance water's ability to quench a thirst.

Millennials Drive HSA Growth

The State of Benefits report from BenefitFocus shows that workers under the age of 26 are investing



20% more of their salary in HSAs than other generations. This is certainly due to the fact that nearly half have elected to enroll in high

What Can Value-Based Primary Care Mean to Health Plans?

The trend from volume-based to value-based medical care is intended to change the focus from individual units of care to the overall health of a patient or a patient population. In very simple terms, value-based care is intended to bring cost and quality together.

For payers, it means moving from traditional fee-for-service reimbursement to an environment where claims data can be analyzed to help identify redundancies or gaps in care – an approach we have employed for years.

For primary care physicians (PCPs), value-based care should help them focus on improving the patient's well-being, rather than concentrating on checklists or spreadsheets. Again, the goal is to link evaluation and compensation to clinical outcomes rather than volume.

For members, basing payment on value means changing measurement from a visit or diagnosis to how all aspects of care affect a patient or patient population. The bundled payment experiment instituted by CMS for Medicare-funded joint replacements is a familiar example.

While there will be many bumps along the road to value-based primary care, the benefits should include increased cost transparency and greater employee engagement. If everyone involved – patients, physicians and hospitals – has access to the right information at the right time, better decisions about cost, quality and risk should result.



States Oppose Small Group Self-Funding

To protect the self-funded market for groups of 51 to 100, a number of lobbying efforts are currently underway. In New York, an April 25th “lobby day” is planned to give SIIA members and other stakeholders the opportunity to meet with key legislators about their plans to define small employers as those having 100 or fewer employees, rather than 50.

Stopping the trend to self-funding by smaller groups also continues in Maine, Connecticut, New Jersey and New Mexico while a legislator in Illinois has reintroduced an assessment on paid health claims similar to that passed by the State of Michigan.

Through our support of SIIA and other state-based efforts, we will continue to support self-funding as the most transparent and efficient way for qualified organizations to fund health benefits for their eligible employees.

How Reconciliation Can Change ACA

While it will take support from Republicans and Democrats to fully replace Obamacare, a simple majority of Republican senators could repeal parts of the law through reconciliation. Here are just a few:

- The individual and employer mandates can be reduced to zero
- The Cadillac tax, currently delayed to 2020, could be repealed
- Individual subsidies to purchase exchange coverage can be reduced to zero

Another welcome step requiring only a simple majority in the Senate would be increasing the limits on FSA and HSA contributions.

deductible health plans in 2017. While PPO plans remain very popular, especially among older adults, employee contributions to HSAs and FSAs are rising. A growing interest in savings among young people is another factor contributing to the increased popularity of HSAs.

Alexa Has Health Answers

In the race to bring health-related

information to your digital world, Amazon is certainly not falling behind. Beginning in early March, Amazon enabled “Alexa” users to obtain answers to medical questions. According to a press release, with help from WebMD, Alexa devices will respond to medical questions with physician-reviewed, medically appropriate answers in plain, understandable language. Answers to questions such as how to treat a sore

throat or the side effects of certain substances can also be sent in text form to those using the Alexa app.

Fewer Working-Age Americans

With statistics showing that 10,000 baby boomers will turn 65 each day from now until 2030, the impact on our workforce will be dramatic. When the last of the baby boomers reach

age 65 in 2029, nearly 25% of our population will be 65 or older. This is up from about 15% today. While 62% of Americans are between the ages of 18 and 64 and considered to be of working age, this percentage will drop to 58% by the end of the next decade. While this poses growing problems for Social Security and Medicare in the U.S., many other countries face even bigger challenges.

Bundled Payments Yielding Good Results

In a previous newsletter, we discussed bundling introduced by Medicare which focuses on orthopedic and cardiac procedures. Through the mandatory initiative for comprehensive care for joint replacements (CJR), which became policy in 2016, some 800 hospitals are participating in the program.

While some sources report the results of bundling as mixed, Medicare reports that joint replacement payments increased by approximately 5% nationally, but decreased 8% for BPCI participants. One large health system achieved a 20.8% episode decrease and another reported a significantly shorter prolonged length of stay – a sign of fewer complications resulting from surgery.

Providers, both acute and post-acute, shared in the savings and indications are that post-acute savings were achieved because their care was bundled, placing these providers at risk. Even though efforts to repeal and replace or modify the Affordable Care Act are on hold, more healthcare providers and payers can be expected to embrace bundling going forward.

Encourage Cost Savings by Sharing

A recent article in *The Self-Insurer* magazine described a very simple, straightforward approach to combating the rising cost of healthcare. It featured an approach a law firm is using to encourage and incentivize employees to utilize more cost-efficient healthcare providers.

The firm provides its members with the data needed to compare costs for various procedures, then shares the savings that accrue to their self-funded health plan when a more cost-efficient provider is selected. In some cases, members have received checks for hundreds and even thousands of dollars. Everyone wins according to the CEO and in the process, members learn that shopping for healthcare can be the responsible and rewarding thing to do.

Did You Know? New Ideas for Healthy Consumers

Preventing Sickness When Flying



Ever wondered what causes so many people to get sick after flying? Is it the air quality on the plane, people around you or what? The airlines say

that the ventilation systems on airplanes are vastly improved, so the recirculation of germs throughout the cabin may not be the issue.

Germs are everywhere. If you think about the experience – people standing in line could be sick, containers you use to go through security – these are great places for germs to gather. Doctors say to stay away from airplane restrooms if you can, stay hydrated, keep the air on at your seat to help blow germs away from you and bring sanitary wipes or hand sanitizer with you. Use it after you touch armrests, latches on overhead bins, etc.

How Are You Feeding Your Heart?

For those who simply cannot do without their favorite foods, here's a list of the things that many of us love, but our hearts wish we would avoid.

Fast Food – Most of it has poor nutritional value, including plenty of fat, calories and processing.

Candy – Go with a small quantity of dark chocolate if you must have some candy, but the sugar just isn't a good thing for your heart.

Ice Cream – Cardiologists warn that even small amounts of ice cream provide too much fat and sugar – it's that simple.



Pizza – Pizza nights are tough to beat, especially in cities like Chicago and New York. But unless you make your own, using healthier ingredients, you're consuming too much fat and salt.

Soft Drinks – These are simply full of sugar and while they may be refreshing on ice, soft drinks are lacking in nutritional value.

Pastries – Few things taste better than cookies, pies and cakes but in high doses, the sugar, fat and gluten can lead to obesity.

Processed Meats – Ham, bacon, hot dogs and other deli meats usually contain lots of salt, fat and even nitrates. Too much salt can boost blood pressure, another risk factor.

Protecting Your Health Information

While health information is protected in doctors' offices, hospitals and other healthcare institutions, that simply isn't the case in the online world. The Department of Health and Human Services warns that HIPAA privacy regulations do not apply to information you reveal on social media, in emails and web searches or when using health apps. The unfortunate fact is that information you provide when using these applications is fair game, often being gathered by data aggregators for sale to insurers, employers and others.

Another problem is that the privacy policies included by websites contain pages of small print and are seldom read. Too many people just assume their information is protected, click "accept" and move on. In 2014, the State of California adopted a law that extends HIPAA-like protection to online medical information, requiring medical apps to meet the same standards of confidentiality required by healthcare providers. Many believe that with more and more medical information moving online, it's time for other states to follow.

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.



900 Jorie Blvd | Suite 250 | Oak Brook, IL 60523
630.655.3755 | 800.435.5694

www.pbaclaims.com