

## This Issue

### HSA, FSA Limits Rise

An update on recent regulatory matters impacting health benefits.

### Retaining Talent

Using benefits as a tool to find and keep good employees.

### Understanding Opioids

Things everyone needs to know about this epidemic.

### Making Healthcare More Personal

This will be important in 2019, especially for younger employees.

### Keep Informed



## How is Your Health Plan Responding to Millennials?

You might be surprised to hear that millennials represent one third of the American workforce, but Pew Research Center confirms it. If your health benefit plan hasn't adapted to the needs and lifestyles of these young people, you're missing an opportunity to boost retention, build loyalty and enhance wellness.

For starters, it's important to realize that 45% of young adults age 18 to 29 do not have a primary care doctor. They do, however, have a smartphone and you can bet they use it to access the internet constantly. With online sources like WebMD offering so much healthcare information, it's no wonder that millennials are likely to self-diagnose and even treat one another at home before seeing a doctor. If young people can find much of the healthcare information they need in the palm of their hand, you can bet they expect to find benefits and enrollment information easily accessible as well.

### They Want Information Now

Just like so many of us who have come to expect an immediate response to everything, millennials who do need a doctor expect the visit to happen quickly and easily. According to PNC Healthcare, this explains why

34% of millennials prefer to use a retail clinic rather than waiting several days to see a primary care physician in their office – a rate twice as high as baby boomers.

It would also seem to point to an increased use of telemedicine.



### Cost Matters to Millennials

Millennials face more than their fair share of financial pressures and take their finances seriously. Surveys show they are more willing to request a cost estimate prior to choosing a treatment option than baby boomers or seniors ever were. This not only makes cost transparency tools important, but it's a very positive trend that should contribute to lower claim costs going forward.

Whether it be treatment options, provider access or cost of care, the demand for health and benefit plan information will only increase as more and more millennials enter the workforce. In order to respond to change, self-funded employer groups will need the resources of an independent TPA that can combine the right plan design with more personalized, interactive communications and more innovative ways for younger employees to access the more personalized care they will need going forward.



## How Can Your Health Plan Be More Personal?



Investment bank Morgan Stanley recently hired a Chief Medical Officer. General Motors made the Detroit-based Henry Ford Health System the only in-network option for 24,000 salaried employees in southeast Michigan. And, Apple joined many other large employers in using on-site clinics to provide more personalized care. These tactics are being used to address a combination of risk factors contributing to costly chronic conditions like diabetes, heart disease and obesity.

### Filling Voids in Wellness Programs

We all know how hard it is to change lifestyle habits. While traditional wellness programs can offer great tools and improved access, more and more employers are realizing that to boost engagement and keep it from fading over time, you must tailor a program to the needs of each individual.

This level of involvement, sometimes referred to as condition management, includes more personal involvement and communication. Providing guidance and support on nutrition, exercise, stress management and other concerns can help at-risk employees overcome the challenges that have kept them from enjoying their best life.

# HSA, FSA Limits Rise in 2019

Each year, the IRS announces inflation-adjusted limits for HSA and FSA contributions as well as minimum deductibles and out-of-pocket levels for High Deductible Health Plans (HDHP). Based on their recent announcement, maximum contribution levels going into effect on January 1, 2019 are as follows:

Type of Limit	Individual	Change	Family	Change
HSA Limit	\$3,340	+ \$50	\$6,900	+ \$100
HSA Catch-up Contribution	\$1,000	None	n/a	
HDHP Minimum Deductible	\$1,350	None	\$2,700	None
HDHP Maximum OOP	\$6,750	+ \$100	\$13,500	+ \$200
Health/Limited Purpose FSA Limit	\$2,700	+ \$50	n/a	
Dependent Care FSA Limit	\$5,000	None	n/a	

## Drug Cost Information Bills

In late Fall, the President signed two bills that should make it easier for pharmacists to help customers find the lowest cost, appropriate medications. The “Know the Lowest Price Act of 2018” and “Patient Right to Know Drug Prices Act” bills are designed to crack down on “gag clauses” that prevent pharmacists from telling patients about more affordable options for prescription drugs. Having developed a “drug pricing blueprint” to promote greater price transparency, the President praised these bills as representing significant steps in that direction.



## HRAs Could Get a Big Boost

Another recent proposal of the Trump Administration would allow employers to fund tax-exempt Health Reimbursement Arrangements to help pay for an employee’s individual health insurance premiums. In addition, the proposal would also allow employers that offer group health coverage to fund an HRA of up to \$1,800 to reimburse employees for “qualified” medical expenses. Easing restrictions in this manner is seen by many as a big boost for small businesses that are unable to provide employer-sponsored healthcare. Comments are being accepted through December 28, 2018 and if approved, the new rules would apply for plan years beginning on or after January 1, 2020.

# Trends Latest Happenings in Today’s World

### Apple Watch & Joint Replacement

Technology giant Apple reported recently that thousands of hip and knee replacement patients are using Apple Watches and a new health app, MyMobility from Zimmer Biomet, to share health data with their surgeons during treatment and recovery. The app is being used to provide physicians with data about

the patient’s heart rate, number of steps taken and time spent standing continuously, rather than having to rely on traditional in-person visits.

### Restricting Provider Choice

Walmart is requiring employees to use certain hospitals for costly procedures, such as spine surgeries. Requirements like this are typically accompanied by an assurance that

the plan will cover the full cost of the procedure, including travel, when applicable. In an effort to make sure plan members receive high quality, cost-efficient care and weed out unnecessary costly procedures, Ford struck a single-hospital deal earlier in 2018 and the State of North Carolina recently announced its intention to take similar cost-cutting measures for its 727,000 members.

# Drug Firms Resist Price Disclosure

While the Department of Health and Human Services has asked drug manufacturers to disclose list prices for most drugs they feature in television commercials, the industry's largest trade group, the Pharmaceutical Research and Manufacturers of America (PhRMA), has countered with an offer to include content directing consumers to a new website where pricing information could be found.

The Administration's request requires that list prices be featured in text on the screen in television ads for drugs covered by Medicare and Medicaid costing more than \$35 per month. A great deal of debate has developed, with PhRMA arguing that featuring list prices would confuse consumers by making them think they have to pay more than they actually would. HHS is still accepting comments on the proposal.

## Proposals on Many Wish Lists

Now that the makeup of the new Congress has been decided, many employers are hoping Washington can work together to address a few of their important concerns. High on many lists, especially those belonging to large employers, would be doing away with the Cadillac Tax on high-cost health plans once and for all. While implementation has been delayed until the 2022 tax year, the law will require insurers and large employers to pay a 40% excise tax on the costs that exceed \$11,100 for employee-only coverage and \$29,750 for family coverage.

Other items that employers have been talking about for a long time include making HSAs considerably more user friendly and easing ACA reporting requirements to allow employee statements to be provided electronically rather than by mail.



## Getting Creative Can Attract Talent

With unemployment for college-educated people age 25 and above at just 2.2%, it's been a long time since we've seen a jobs market this tight. To attract and retain workers in this environment, growing companies are offering more than just competitive health benefits, and this is especially true for smaller companies forced to compete with larger companies.

Executive search firms have shared examples of employers going above and beyond their health plan by offering additional compensation to cover a candidate's projected out-of-pocket medical expenses going forward. Technology-related firms in competitive markets are adding wellness benefits like on-site clinics or pre-arranged access to nearby fitness centers. For early to mid-career employees, companies are expanding their family leave or flex-time policies to provide easier transitions for young parents returning to work.

### Flexibility and More

Whether it be more paid time off or arranging your work day to meet outside demands on your time, flexibility is becoming increasingly important, especially when you're dealing with millennials or X-ers. Equally important to young workers is the culture present at an organization and the opportunity to make a difference – to know that what they are doing is helping their community or the world at large.

From unique apprenticeship programs at manufacturing and industrial companies to help with retiring outstanding student debt, more employers are looking for creative ways to gain an edge that will appeal to qualified, prospective employees. In a really tight job market, it pays to be creative.

### Benefits Before Pay

The American Institute of CPAs reports that its poll of 1,100 working adults revealed that by a 4 to 1 margin, workers would choose a job with benefits over an identical job that offered 30% more salary without benefits. Employed adults estimate that benefits represent about 40% of their total compensation. When asked which benefits are most valuable over the

long run, 56% said a 401(k) match or health insurance while just over 30% said a pension.

### Tracking Sleep

In order to address a sleep shortage that is hurting productivity for U.S. businesses, the American Academy of Sleep Medicine has introduced an online wellness program to help employees track the quantity and

quality of their sleep. Employees log their time online or upload data from a fitness tracker such as a Fitbit. With the CDC linking sleep to chronic illnesses such as Type 2 diabetes, heart disease and depression, researchers hope to help employees set a goal and improve the quality of their sleep.

### More Value-Based Payments

According to a public-private partner-

ship launched by HHS, the percentage of U.S. healthcare payments tied to value-based care rose to 34% in 2017, a 23% increase since 2015. Fee-for-service Medicare data and data from 61 health plans and 3 fee-for-service Medicaid states with spending tied to shared savings, shared risk, population-based payments and bundled payments were examined in the analysis.

# Did You Know? New Ideas for Healthy Consumers

## Understanding the Opioid Epidemic

Even though overdose deaths linked to prescription opioids have more than quadrupled since 1999, many people do not really understand what opioids are. To clarify, opioids are a class of drugs including heroin and prescription narcotics such as hydrocodone, oxycodone, codeine, morphine and other chemically related drugs.

These drugs, often prescribed because of a medical condition, cause a stimulus in the brain that helps individuals cope with anxiety, depression and other life-altering events. While they are usually fine when taken as prescribed for a short time, they are too often misused or taken without a prescription because they produce euphoria in addition to relieving pain. Prolonged use can lead to dependence and misuse can lead to overdose and death.

### Signs of Addiction to Look For

Patients can range in age from pre-teen to elderly and from all walks of life. While each case is different, some common signs of potential misuse or abuse among young people include: a loss of interest in usual activities, changes in appearance, a lack of concern for grooming and hygiene and changes in eating and sleeping habits. Withdrawal symptoms that can occur after stopping or reducing use include negative mood, nausea or vomiting, muscle ache, diarrhea, fever and insomnia.

Many hospitals, municipalities and public entities offer awareness forums or support groups for those dealing with substance abuse. The Drug Enforcement Administration (DEA) and Discovery Education have published an online Parent Toolkit, available at [operationprevention.com](http://operationprevention.com).



## Why Everyone Needs to Shop



You don't have to look far to find huge price swings in healthcare. From diagnostic tests to joint replacements, the differences in price and quality found in cities across our country can be staggering. A recent Consumer Reports survey of U.S. pharmacies even showed that the price of generic prescription drugs can vary greatly.

Even more surprising is a 3-year study of claims by the National Bureau of Economic Research showing that the price of hip and knee replacements, births and MRIs performed in the same hospital varied based on the pay and plan involved. Patients covered by high deductible health plans paid less than those with traditional indemnity plans. Those with self-funded health plans saved even more.

Reports such as these prove that from funding to delivery of care, no two health plans or healthcare providers are alike. The TPA you choose to design and manage your self-funded health plan can have a tremendous impact on the cost and quality of care your members receive.

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