

Regulatory Action

New Rules Require Health Plans to Cover COVID-19 Vaccines, More

THE TRUMP administration has issued interim final rules that set out coverage requirements for COVID-19 preventative services and covering out-of-network testing for the coronavirus.

There are two parts to the regulation:

- One requires that COVID-19 preventative services – including vaccines – be covered without any cost-sharing.
- The second creates a reimbursement formula for insurers to pay for COVID-19 testing conducted on their enrollees by out-of-network providers.

The new rules, which implement important parts of the CARES Act, were rolled out by the Treasury, Labor, and Health and Human Services departments.

If you are a plan sponsor, you need to know how this affects your group health plan so you can help your staff understand how testing and preventative COVID-19 services are covered.

COVID-19 preventative services

The CARES Act requires that COVID-19-related preventative services be covered within 15 business days after a doctor recommends them.

Preventative services must be covered without any out-of-pocket costs on behalf of health plan enrollees, whether they receive those services inside or outside their plan's provider network. The reason for this is that as vaccines roll out, not all providers may have access in the beginning.

Under the rules, insurers must pay out-of-network providers a "reasonable amount," which would be determined by the prevailing market rates that providers are charging health plans for the service.

Finally, if a preventative service, including a COVID-19 vaccine, is not billed separately from an office visit, and the primary purpose of the visit is to deliver a vaccine, the insurer cannot require any cost-sharing on the enrollee's part.

Out-of-network tests

The new rules also require that:

- Health care providers post on their websites the cash price or any lower negotiated price for COVID-19 testing.
- Health insurers pay out-of-network providers of COVID-19 diagnostic tests the price posted on their websites.

The takeaway

If you sponsor a group health plan, you should communicate the new rules to your participating employees so that they are aware of the no out-of-pocket rules for COVID-19 preventative services.

You should also keep up with the news about when vaccines will be rolled out in your area, so you can encourage your staff to get vaccinated.

The rules will sunset at the end of the public health emergency. Currently, that's slated for Jan. 21, 2021, but will probably be extended as it is unlikely vaccines can be rolled out en masse by that time. ❖

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Festive Season

What Companies Are Doing for Holiday Parties

ONE OF the hallmarks of the holiday season is the company Christmas party, but with the COVID-19 pandemic in hyperdrive, many companies are rethinking their plans.

A number of businesses have cancelled their parties altogether, but other managers feel that in light of this very difficult year for many people, a company Christmas party might be just what employees need to lift their spirits for a while.

On the other hand, with the Centers for Disease Control even recommending that people not get together for family celebrations like Thanksgiving and Christmas, an office party would completely go against those recommendations.

Also, you could face liability and potential legal action if you do hold an in-person party and members of your staff come down with COVID-19.

Instead of in-person events, many companies are planning Zoom teleconference “parties” and they are asking their workers to join in by getting dressed up and bringing their favorite beverages and snacks to the online do.

According to Challenger, Gray & Christmas, Inc., 55% of human resources professionals surveyed said their company is not having a holiday celebration this year, which is the highest number since the consulting firm started surveying employers about their holiday plans.

Here’s what the survey found:

- 45% of HR professionals said their company had cancelled holiday party plans due to the pandemic.
- 5.3% said cost-cutting was the reason for cancelling their party.
- 4% said they never host holiday parties.
- 23% said they were unsure of holiday plans and were awaiting state and local guidance before deciding.

“It is no surprise that many companies are forgoing the holiday party this year,” said Andrew Challenger, senior vice president of

Challenger, Gray & Christmas. “It’s difficult to celebrate and implement all the precautions needed to keep everyone safe. The last thing any employer wants is an outbreak due to their year-end party.” ❖

PRECAUTIONS FOR AN IN-PERSON EVENT

Companies that said they would hold in-person events plan to take a number of precautions to reduce the risk, including:

- Requiring social distancing while at the party.
- Requiring all attendees to wear masks.
- Providing hand sanitizers, alcohol wipes and face masks.
- Taking temperatures of all workers when they arrive.
- Limiting the number of employees at the party.
- Holding the event in a large area where employees can socially distance from one another (venues should be well-ventilated with several doors and windows).
- Keeping hand sanitizer in various locations around the office.
- Hosting an outdoor event.
- Regularly checking the CDC’s website to be up to date on precautions and advice.
- Keeping up on state and local guidelines to get more accurate information on current case levels in their area.

OTHER PARTY OPTIONS

Some companies have come up with other ways to celebrate and reward their employees during the holidays, including:

- Organizing virtual gift exchanges or virtual Secret Santa exchanges.
- Giving away cooking classes or gifts like Apple AirPods or other small electronics (the cost per person will often be less than if you held an actual party and paid for the facility, catering, decorations, entertainment and drinks).
- Assembling care packages with baked goods or gift certificates and delivering them to employees’ doorsteps.



New Rulemaking

Final Regulations Require Greater Health Plan Transparency

THE TRUMP administration has issued a new rule that will require greater price transparency on the part of health insurers, including rates charged by in-network physicians and copays and costs of drugs.

The final rule requires health plans and health insurers to disclose on a public website their in-network negotiated rates, billed charges and allowed amounts paid for out-of-network providers, and the negotiated rate and historical net price for prescription drugs.

The aim of the new rule is to give enrollees more information when seeking out and price-comparing care and choosing medications. With more information about health care costs, health plan enrollees can:

- Make cost-conscious decisions,
- Face fewer out-of-pocket surprise bills, and
- Potentially lower their overall health care costs.

It's important for health plan sponsors and employers to be aware of the rules as they will greatly affect how their employees access and shop for coverage and medications.

Transparency for enrollees

Insurers will be required to make available to health plan participants the following information:

- Personalized out-of-pocket cost information (for their particular plan) for all covered health care items and services, including prescription drugs.
- Negotiated rates for all covered health care items and services, including prescription drugs.

This information must be provided through an online tool on their website, and in paper form upon request. Items or services include encounters, procedures, medical tests, supplies, drugs, durable medical equipment, and fees (including facility fees).

Insurers will be required to make available an initial list of 500 shoppable services that will be determined by the Centers for Medicare and Medicaid, starting with the 2023 plan year. The remainder of all items and services will be required for these self-service tools for plan years that begin on or after Jan. 1, 2024.

Public transparency

Health insurers will be required to make available to the public the following information in "machine-readable" files:

- All in-network rates for services and equipment.
- Historical payments to out-of-network providers.
- In-network negotiated rates and historical prices for all covered prescription drugs at the pharmacy level.

The idea behind these changes is to provide opportunities for research studies, data analysis, and offer third party developers the ability to create private apps and websites to help consumers shop for health care services and prescription drugs.

These files are required to be made public starting in 2022.

The takeaway

Once the rules take effect, your covered employees should have a wealth of information at their fingertips when they are shopping and comparing health services and drug information. ❖

Coverage Trends

How COVID-19 Will Change Employee Benefits

THE COVID-19 pandemic has impacted businesses and other organizations in multiple ways. Lost revenue and the overnight change to remote workforces, among other things, have caused significant changes to operations and finances. A new report shows that there will be long-term effects on employee benefit programs as well.

Health insurers are forecasting continued cost increases that dwarf general inflation rates, according to the report by Mercer Marsh Benefits. Most expect 2021 medical cost inflation to come in at 4.3%, slightly higher than in 2020. They anticipate the trend of escalating costs to continue next year and going forward.

The culprits? The high costs of diagnosing, caring for and treating COVID-19 patients. A survey of studies released in September showed that half of all COVID-19 patients who were admitted to an intensive care unit were there more than seven days. ICU patients who need ventilators also cost more to treat – 59% more per day, according to one report.

A new landscape for plan outlays

Like this year, 2021 will be a very different one for group health plan outlays, as a number of novel factors take center stage, including:

A rebound in elective diagnostics and treatments – Mercer Marsh predicts a rebound in some elective treatments when it is safe to resume these procedures in 2021. On the other hand, some elective procedures that were postponed will never be rescheduled as people end up taking a different non-surgical course and ideally recover from their ailment, or use lower cost-of-care virtual services.

Delays leading to greater need for care – Delays in treatment for serious conditions, such as cancer, and exacerbation of other chronic conditions, like diabetes, may require more invasive and expensive care. Many people have postponed these treatments during the pandemic and doing so may end up increasing the cost of the treatments if their conditions have deteriorated.

New claims linked to remote working – The report predicts a higher incidence of conditions relating to remote working and sedentary lifestyle, including musculoskeletal and mental health issues. According to the journal *The Lancet Psychiatry*, “A major adverse consequence of the COVID-19 pandemic is likely to be increased social isolation and loneliness ... which are strongly associated with anxiety, depression, self-harm, and suicide attempts across the lifespan.”

Coronavirus-specific claims – Sixty-eight percent of insurers expect to see higher outlays due to the cost of COVID-19-related diagnostics, care and treatment. There is also the issue of paying for a vaccine once they become available. These costs cannot be predicted at this point.

Ongoing COVID-19 concerns – The long-term physical and mental health effects on survivors of COVID-19 are largely unknown. Some coronavirus “long-haulers,” who have lingering symptoms and effects that can last for months, may require additional treatment and doctors’ visits as they try to cope.

Increases to unit prices – Prices for a wide range of services are increasing as demand rises and/or to offset revenue lost due to COVID-19. Mercer Marsh found that 68% of insurers expect costs will rise in 2021 because of health providers charging more to offset revenue lost due to the coronavirus.

New PPE costs – The unit cost of care is also being driven up by the cost of personal protective equipment, which is being added to many treatment bills.

The takeaway

In the years ahead, employee benefits will change in terms of the services they provide, the treatments they cover, and the way they will be delivered.

More doctor’s visits will be done via tablet computers. Coverage for preventative medicine will increase to drive better and less expensive health outcomes. But even with that, a vicious pandemic coupled with uninvited changes in lifestyles will likely drive up the cost of those benefits for years to come. ❖

