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Benefits & Consulting

THE RISK REPORT

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Cost Trends

The Top Five Health Conditions Driving Insurance Costs

A NEW STUDY has identified the top five health conditions that are driving the overall cost of group health plan expenditures to such an extent that without them overall payer outlays would actually be falling.

The report is enlightening, and employers can use the findings to offer programs aimed at education and prevention to help control their employees' health care costs. If that leads to smarter health and medical care choices by health plan participants, it could have a positive effect on premiums paid by both employers and workers.

Inspecting its study data for trends, the Health Action Council (HAC) determined that 63% of its covered lives had at least one of five conditions that were driving health care costs.

Most of these conditions are preventable or treatable with lifestyle modifications that employers can encourage.

Here's a look at the burden these conditions put on staff and employer based on the HAC study:

CONTACT US

MAPLE BROOKS™
Benefits & Consulting

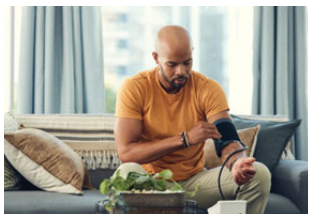
Maple Brooks Benefits & Consulting
14436 Old Bandera Rd,
Helotes, TX 78023
Phone: 210-949-0002
marketing@maplebrooks.com
www.maplebrooks.com

Asthma

Average costs paid per member of the HAC for asthma treatment are increasing on average 6.4% a year. This is one of the most prevalent health conditions in the country. Three important stats:

- The incidence of asthma was 31% higher among women than men.
- African American enrollees were 20% more likely to have asthma.
- The average age of HAC members with asthma was 31.9, two years younger than the overall membership average age.

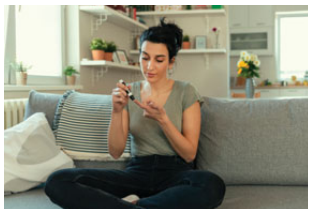
Hypertension



Average costs paid per HAC member for hypertension treatment are increasing 6.3% a year. Three important stats:

- Hypertension was 23% more common in men than women.
- The average age among HAC enrollees with hypertension was 53.1.
- The risk of African Americans developing hypertension was 63% more than for other races.

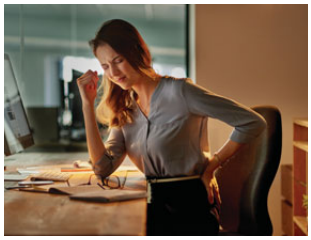
Diabetes



Average costs paid per HAC member for diabetic treatment are increasing 6.4% a year. Three important stats:

- Diabetes was 20% more common in men than women.
- The average age of HAC plan enrollees with diabetes was 52.
- Although Asian covered lives amounted to only 3% of the HAC enrollees, they had the highest incidence of diabetes of all racial groups.

Back disorders



Average costs paid per member of the HAC for back treatment are increasing 3.4% a year. Three important stats:

- Back disorders were 27% more common in women than men.
- The average age among HAC enrollees with back disorders was 43.3.
- Caucasian HAC members had 14% higher back disorder prevalence than other races.

See 'Create' on page 2

Regulatory Change

Insurers No Longer Required to Send 1095-B Forms to Workers

HEALTH INSURERS will no longer be required to mail out the form 1095-B to employees who are covered under their employer's group health plan.

This means that the burden of producing and sending these forms out will lay solely with the employer going forward. The new policy applies to the 2020 tax year, so the time to ramp up and get these out is now.

Many health insurers have been sending out notices to their employer clients that they will no longer send these forms out to covered employees, unless they request them. While the new IRS guidance says the insurers do not have to send these forms to workers starting with the 2020 tax year, they will still be required to file the 1095-B forms with the IRS.

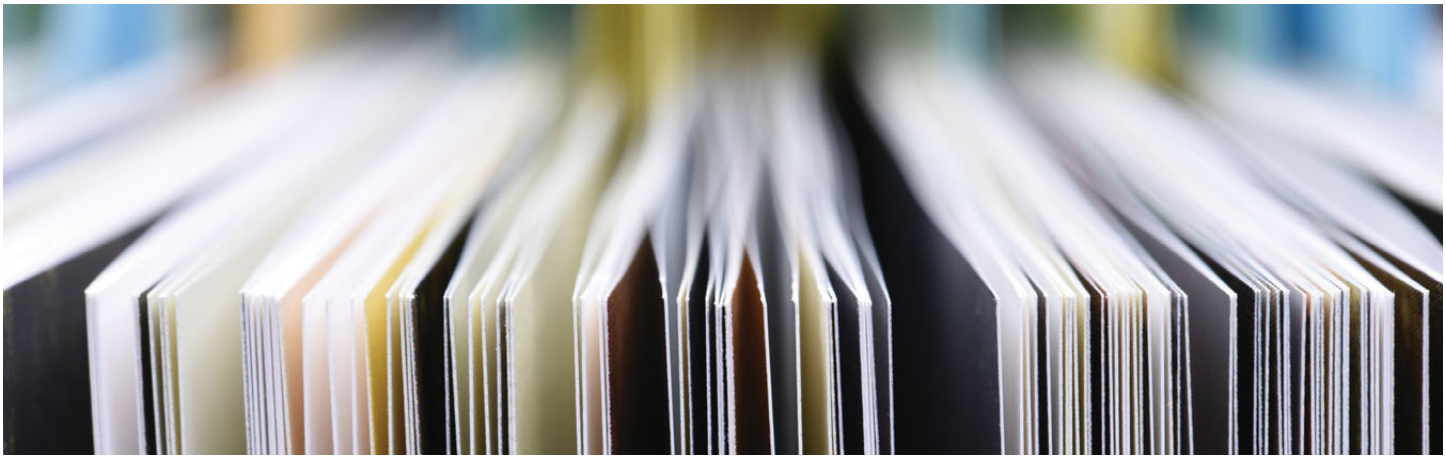
However, there may be some state laws that still require that health insurers send these out to insured group members.

This is a big change from prior rules as many employers have relied on their health insurers to send these forms to their workers.

Form 1095-B documents that a worker is receiving minimum essential coverage through their workplace health plan.

It should also be noted that the IRS announced it would extend the deadline for employers to provide employees with a copy of their 1095-C or 1095-B reporting form, as required by the Affordable Care Act, from Jan. 31 to March 2.

In addition, the IRS again extended "good-faith effort" transition relief to employers for plan year 2020 reporting. v



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Create Education and Targeted Wellness Programs

Mental health, substance abuse

Average costs paid per member of the HAC for mental health and substance abuse treatment are increasing 2.7% a year. Three important stats:

- Mental health and substance abuse problems were 39% more common in women than men.
- The average age among HAC enrollees with mental health and substance abuse issues was 32.8.
- Caucasian HAC members had 20% higher mental health and substance abuse issues than other races. v

WHAT EMPLOYERS CAN DO

To help workers with these conditions, the report recommends:

- Creating and implementing simple education and targeted wellness programs to address common conditions among your employees.
- Instituting an exercise, stretch or meditation program at the beginning of a work shift to improve safety and decrease injuries. These types of practices are preventative and may decrease the severity of an injury if one occurs.
- Evaluating benefit plan design for opportunities to implement continuum-of-care protocols. For example, employers can make chiropractic care or physical therapy mandatory for back disorders before moving to more aggressive treatments.
- Covering medications for specific common chronic conditions as preventative care. Another option is to promote the use of patient assistance programs for medicines that may be excluded in your plan's drug formulary.
- Promoting virtual care for specific conditions; for example, mental health support if you have staff in rural areas.
- Working with your health insurer or medical expert(s) to identify opportunities for provider outreach and education to your workers.

Employee Mental Health

EAPs to the Rescue During Troubling Times

THANKS TO stresses brought on by the COVID-19 pandemic, employee assistance programs have become more popular and crucial than ever before.

EAP managers report a surge in call volume from workers that need mental health help as they face the stresses of potentially becoming infected by the virus, losing a loved one or a friend to COVID-19 or financial problems due to reduced hours or a partner being laid off.

If you have an EAP, now is the right time to promote the program among your employees so those who really need it can get the help they need. Also, since you are likely paying for the EAP, there's more incentive for you now to get your workers to take advantage of its offerings.

EAPs are obviously beneficial to workers when they are in trying times or dealing with a life emergency. When employees access EAPs during hard times, that also benefits the employer in the form of fewer days away from work and reduced presenteeism, which is defined as being at work but not being productive due to issues that may be weighing on the employee.

The "2020 Annual Report for the Workplace Outcome Suite," published by LifeWorks, found that workers who access their EAPs significantly increase their productivity once they have accessed their program and received counseling.

Return on investment and savings

Small employers: ROI: 3:1. Cost savings per employee: $2,000.
Mid-size employers: ROI: 5:1. Cost savings per employee: $2,500.
Large employers: ROI: 9:1. Cost savings per employee: $3,000.

Strong results for employees

- 86% of EAP-using workers had clinical improvements from the help they received.
- 86% improved their work productivity.
- 64% had fewer days off from work.
- 94% reported that they were satisfied with the service.

Source: EAP vendor survey by National Behavioral Consortium

What an EAP offers

EAPs are a work-based intervention program designed to identify and assist employees in resolving personal problems that may be adversely affecting their performance at work.

Services offered vary, but some of the common ones include:

Resolving workplace personality conflicts – Advice and suggestions on how to work with a difficult manager or co-worker.

Drug addiction prevention – Advice on how to deal with the employee's addiction, or how to handle a family member's addiction.

Counseling – This can cover any mental health issue an employee of family member is dealing with, including depression, anxiety, anger management, as well as grief counseling.

Health and caregiving assistance – This can include managing return-to-work issues after an injury, managing a disability or medical issue, or getting care for an ill or elderly loved one.

Legal and family assistance – Marriage counseling, divorce or child custody advice.

Financial counseling – How to avoid bankruptcy, pay down credit card debt or create a budget.

A note about confidentiality: Employers do not get to know who is utilizing the service, what the reasons are or how often employees call, due to Health Insurance Portability and Accountability Act regulations.

Get the word out

EAPs are only worthwhile for the employer and employee if they are utilized.

Often your workers suffer in silence and you are unlikely aware of the stresses and troubles they may be facing in their personal lives that can spill over into their work lives.

That's why it's important that you get the word out among your employees about your EAP. Let them know that accessing the program is done in full confidentiality and nothing is shared with the employer.

They should be urged to take advantage of the services if they are under pressure in their lives.

That will help both you the employer and your staff. If you do not have an EAP in place, call us and we can help you. v

Employee Benefits

Higher Health Plan Cost-Sharing Limits Proposed for 2022

THE DEPARTMENT of Health and Human Services has proposed cost-sharing limits that would apply to all Affordable Care Act-compliant health insurance policies for the 2022 policy year.

The ACA imposes annual out-of-pocket maximums on the amount that an enrollee in a non-grandfathered health plan, including self-insured and group health plans, must pay for essential health benefits through cost-sharing.

This means that health plans are not allowed to require their enrollees to pay more than the maximum in a given year for health services.

The proposed 2022 out-of-pocket maximums are $9,100 for self-only coverage and $18,200 for family coverage. This represents an approximate 6.4% increase over 2021 limits. For 2021, the out-of-pocket maximums are $8,550 and $17,100, respectively.

Penalties to rise

Applicable large employers (ALEs) – employers with 50 or more full-time or full-time-equivalent workers who are required to offer their employees health insurance under the ACA – can face large penalties known as "shared responsibility" assessments if they have at least one full-time employee who enrolls in public marketplace coverage and receives a premium tax credit.

There are two types of infractions with different penalty amounts:

The "play or pay" penalty – This can be levied when an ALE fails to offer minimum essential coverage to at least 95% of its full-time employees and their dependent children during a month, and at least one of its full-time employees receives a premium tax credit through a public marketplace.

The per-employee penalty will rise to $2,880 in 2022 from the current $2,700.

The "play and pay" penalty – An ALE can be hit by this penalty if it offers minimum essential coverage to at least 95% of its full-time employees but a full-time employee receives a premium tax credit because:

(1) the employer-offered coverage is unaffordable or fails to provide minimum value, or

(2) the employee was not offered employer-sponsored coverage.

For 2022, the maximum annual assessment for each full-time employee receiving a premium tax credit will be an estimated $4,320, up from the current $4,060. v

Group Plan COVID-19 Testing Rules Clarified

The Centers for Medicare and Medicaid Services announced in late February that private group health plans cannot deny coverage or impose cost-sharing for COVID-19 diagnostic testing, regardless of whether or not the patient is experiencing symptoms or has been exposed to the disease.

The CMS said it issued the new guidance to make it easier for people to get tested with no out-of-pocket costs if they are planning to visit family members or take a flight, for example. Up until now, some health plans have not covered testing if a person is not experiencing symptoms or has not come into contact with someone who is later confirmed as being infected with COVID-19.

The guidance covers the part of the Families First Coronavirus Response Act of 2020 that required that plans and issuers must cover COVID-19 diagnostic testing without any cost-sharing requirements, prior authorization or other medical management requirements. Still, many people were denied getting tests because they had no symptoms or hadn't been exposed to the virus.

According to the guidance:

"Plans and issuers must provide coverage without imposing any cost-sharing requirements (including deductibles, copayments, and coinsurance), prior authorization, or other medical management requirements for COVID-19 diagnostic testing of asymptomatic individuals when the purpose of the testing is for individualized diagnosis or treatment of COVID-19."