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FOREFRONT

Equifax and Your Taxes

Everyone knows I am not a certified public accountant, but my advice regarding the Equifax breach is to file your taxes early this year. The data breach at credit bureau Equifax that may have affected 143 million U.S. adults could have lasting effects, including at tax time.

Many experts say that if hackers gained access to the information on consumers' credit reports, including Social Security numbers, credit card numbers, and driver's license numbers, they could open credit accounts in consumer's names.

To guard against this, the Federal Trade Commission has warned consumers to file their taxes early. Tax scams are already a problem. According to the IRS, hackers have caused thousands of people to lose millions of dollars and their personal information. Consumers should be aware that the IRS does not initiate contact with taxpayers by email, text message, or social media channels to request information. The agency states on its website that taxpayers should not turn over information to anyone who contacts them in those ways; however, the IRS does mail letters to taxpayers, and the FTC warns consumers to respond to any letters they receive right away. The IRS recently issued that they are reviewing and assessing the serious situation to determine necessary next steps.

Randall B. Marking
President



Healthy
Living



Identity THEFT

Identity breaches at Target, Anthem, and LinkedIn were bad, but what happened with the Equifax breach is an earthquake in comparison. Equifax is a leader in the personally identifiable information (PII) that includes your name, social security number, date of birth, street address, and in some instances, driver's license numbers. All of this information was compromised.



Soon the criminals will go to work, stealing identities and creating financial havoc for employees. Using history as a guide, the hackers will soon begin to sell smaller blocks of data on the dark web, but will take a few months so they can maximize revenue by not flooding the market with new financial records all at once.

There are approximately 185 million American's in the U.S. credit system. That means that close to eighty percent of working Americans have their name, social security number, and date of birth in the hands of fraudsters.

As an employer, we all have a million reasons to offer ID theft coverage. Industry experts estimate it takes about eighteen hours to recover from identity theft fraud. An impacted employee likely cannot deal with the issue after work, but will need to address it immediately, which will involve calling businesses that are only open during working hours.

Your organization may want to consider allowing your employees access to top-of-the line ID theft coverage at a discounted rate through payroll deduction. It will save your employees time, effort, money, and headaches by preventing ID theft.

Retirement Plans

Many organizations put a lot of effort and time into initially setting up retirement plans. Unfortunately, they do not regularly revisit the plans to ensure they are staying in compliance with ERISA. Here are some steps you may want to consider in order to prevent any formal investigation of your plan.

- * Proper documentation, which includes reasons why a fiduciary makes a decision on behalf of the plan participants, review of plan expenses, and that there is no perceived conflicts of interest between the fiduciary and service provider.
- * Plan administration should be regularly reviewed as well as plan documents for adherence to plan procedures and plan compliance.
- * Employers should listen to plan participants when they point out issues they are experiencing with the retirement plan. This includes trouble accessing benefits, incorrect account balances, or delays in making deposits.

ERISA regulations, DOL policies, and case law are always changing and it can be difficult for employers and administrators to keep up-to-date. Therefore, it makes sense to check in with your ERISA attorney occasionally.

HSA, FSA, *and* Open Enrollment

Open enrollment for many of you is underway and the growth of High Deductible Health Plans (HDHP) is contributing to an increase in popularity for Flex Spending Accounts (FSA) and Health Savings Accounts (HSA). Although popular, FSAs and HSAs are only useful if employees understand them. Here are a few tips for employers:

1. Emphasize the value of saving for health care expenses and explain to your employees the key benefits of having an account.
 - a. Triple tax savings;
 - b. Convenience;
 - c. Meeting out-of-pocket maximums, copays, and coinsurance;
 - d. Supplementing health plan coverage;
 - e. A saving vehicle for “big ticket” expenses; and for retirement expenses.
2. To maximize contributions, educate employees about current contribution limits, the tax benefits of funding their accounts, any relevant employer matching, and tools that may be available to help them estimate their annual health care needs. Consider directing them to an online FSA or HSA calculator to help them plan.
3. Be aware of the FSA spending deadline and communicate that clearly to your employees. Be sure to note if you are offering an extension or if you have a carryover option.
4. Provide an online tracker that can help employees track their spending as the year progresses to avoid surprises.
5. Because HSAs have an investment feature, be sure employees understand how this feature works and how it might benefit them.
6. The list of eligible products and services for FSAs and HSAs is long, diverse, and sometimes surprising. Online eligibility lists make it easy for account holders to get current information about how and where they can spend their money.



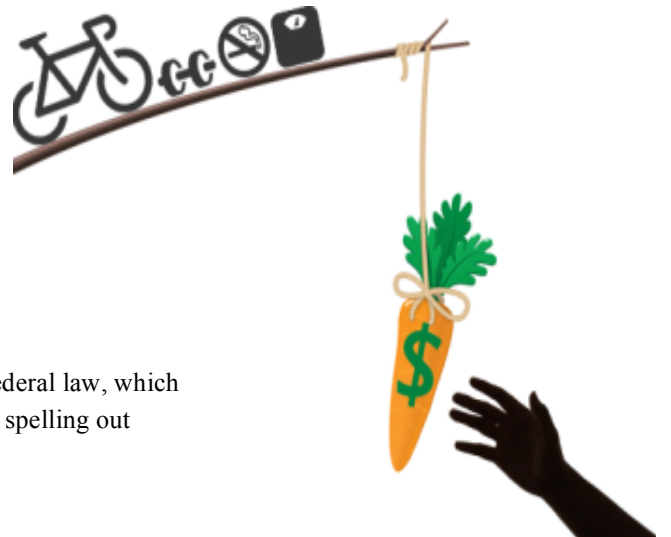
If you are offering an HDHP plan with FSA and HSA accounts, coordinate now to save time and confusion later.

WELLNESS PROGRAMS

A federal court has ordered the EEOC to rewrite its rules governing workplace programs aimed at lowering health care costs.

Many employers reward workers for healthy behaviors such as exercising regularly or quitting smoking, which can lower health insurance plans longer-term expenses. The issue is whether incentives and penalties essentially render the plan involuntary.

Critics say that by charging non-participating workers more violates federal law, which requires that such programs be voluntary. Expect EEOC's revised rule spelling out permissible incentives and penalties in 2019.



HEALTH CARE CONSUMERISM

The Milliman Medical Index shows the average family pays \$11,600 in medical expenses. A growing portion of that cost accrues during the year, from deductibles, copayments, and coinsurance, which accounts for \$4,534 of the average family's expense. According to the National Business Group on Health, the median deductible for in-network care charged by large employers is \$1,300 for employee-only coverage and \$3,000 for families.



Here are some strategies and information you may want to share with your members to reduce their overall costs: Healthcarebluebook.com shows the price range by zip code for thousands of procedures and the fair price, which is a reasonable amount one can pay for the procedure in one's area. For example, a knee MRI in Chicago ranges from \$650 to \$4,200 and Healthcare Bluebook recommends a fair price of \$1,183.

1. **X-rays and Tests:** Charges can vary greatly. X-ray charges range from \$40 to \$500. Healthcare Bluebook is a source that compares prices using a nationwide database of medical payments. Independent radiology centers often charge less than hospitals even though the same radiologist is reading the same x-ray. The MRI may cost \$600 in one location and \$2,500 in another location.
2. **Alternative Facilities:** The strategy of using an alternative facility can work with certain types of surgery and other procedures, and one does not have to change doctors. Many surgeons work in several different facilities, such as a hospital or a stand-alone surgery center and no matter where they work, they get paid the same amount. Because the facility determines the cost, the difference in price can be significant. The cost for arthroscopic knee surgery in Chicago ranges from \$1,887 to \$23,935 with a fair price of \$6,425 according to Healthcare Bluebook. If the facility you use is charging too much, get in touch with your doctor and ask about a lower cost option that will not reduce the quality of care.
3. **Lab Tests:** Check if the health plan has a preferred lab with lower costs. Doctor's offices typically have different boxes for lab tests, and if they drop the blood in one box instead of another one may change a \$50 test into a \$500 test.
4. **Tele-health:** An individual can save money and time if they take advantage of virtual visits with a doctor by phone or video chat for common complaints such as sinus problem, upper respiratory infections, bronchitis, allergies, flu, and coughs. In the case of a rash, a photo can be emailed to a doctor for diagnosis. Tele-visits typically cost about \$40 with typical copay of \$15 or less compared with average copays of about \$50 for urgent care and \$150 for an emergency room visit.
5. **Insurer Tools:** Many insurers have tools to help compare prices at in-network facilities, including mobile apps or to provide information showing if the claim is in the deductible or coinsurance.
6. **Pay in Cash:** For individuals expecting to not meet their deductible, ask for a cash price. With outpatient imaging and some outpatient surgery, one may get twenty percent off the insurance rate if you pay cash. For individuals expecting to use up their deductible, paying in cash is probably not a good option.

(continued)

7. **Drugs:** Always look for a generic option. Even if your drug does not have a generic equivalent, you could save money by asking your doctor if there is a therapeutic alternative that treats the same condition for less. For many health conditions, particularly for things such as high blood pressure and cholesterol, there are several drugs that do similar things. The health plan may charge a coinsurance of thirty-five percent for one drug, but just twenty percent coinsurance for another preferred brand-name drug.
8. **Use Mail order:** A 90-day supply of drugs often costs only 2.5 times a 30-day supply rather than three copays at the retail price. Also ask your doctor or pharmacist about other options. For example, one may be able to save by switching from two tablets at a lower strength to one tablet at a higher strength.
9. **Pay Cash for Generics:** Paying cash for drugs, especially generics may cost less than using insurance. Walmart, for example, offers more than 200 generic drugs for \$4, which can be less than one's copayment and much less if you are still paying your deductible. One can compare costs at local and mail order pharmacies at www.GoodRx.com and www.FamilyWize.com.
10. **Coupons:** Many drug manufacturers offer coupons that can lower the cost of their drugs by hundreds of dollars. Look up drugs at GoodRx.com and search the drug manufacturers' website. Some coupons and programs are not available if using one's insurance, but if the deductible has not been met, pay cash for the drug using the coupon, then submit the receipt when getting closer to meeting the deductible.
11. **Copay Assistance Programs:** Even if the insurance plan covers a drug, one may have to pay a big out-of-pocket cost, especially for specialty medications. Many drug manufacturers have copay assistance programs to help with the cost of deductibles and coinsurance. These programs generally specify income maximums, but the cut off can often be as high as 300% to 400% of the federal poverty level (*about \$65,000 for a couple or \$98,000 for a family of four*) or even higher for some really pricey specialty medications. Search for these programs on drug manufacturers' websites or at www.needymeds.org.
12. **Audit:** Get an itemized bill that breaks down each cost, especially for complex procedures and hospital stays. Make sure there are no double charges or charges for procedures and items not received. Do not pay a bill for care that you thought was covered until an explanation of benefits is received from the insurer explaining why the claim was denied. It may be that the provider's office simply coded it incorrectly.

Perhaps you will find an idea or two that can be useful to your organization and your employees.



2018 Social Security COLA

Social Security recipients will see a two percent bump in their benefits next year, which is the largest raise for retirees since 2012.

The two percent gain translates into an approximate \$27 per month increase for all retired workers, from \$1,377 to \$1,404.

The government also announced it will be taking more.

It will increase the maximum amount of earning subject to the Social Security tax to \$128,700 from \$127,200 starting January 1, 2018.



HEALTH CARE COSTS – THE GREATEST MIDDLE CLASS KILLER

You may want to sit down before reading this recent finding.

A Milliman report shows that in 2015 the average cost for a family of four for medical expenses was \$24,671. In 2016 it was \$25,826 and in 2017 the cost was \$26,994.

Health care costs have nearly tripled over the last fifteen years. If they triple again in the next fifteen years, the average cost would rise to \$81,000 per year, and health care costs would only need to increase around seven percent inflation for that to occur.

Another important piece of information is the Annual Retirement Health Care Cost Data Report from Healthview Services in which they calculate that a sixty-five year old couple living to their life expectancy will pay medical costs of \$404,000 in today's dollars. Furthermore, their latest report found that retirement health care costs are increasing at twice the rate of the cost of living increases for Social Security. At that rate, the cost of health care will consume all of a retiree's social security benefits.

This is eye opening for all of us. Embrace the concept of money compounding, save money for you and your family during the working years. You may already know this, but do your employees?



KAISER FAMILY FOUNDATION STUDY

1. 2017 average annual premiums for employer-sponsored health insurance are \$6,690 for single coverage and \$18,764 for family coverage.
2. The average single premium increased 4% and the average family premium increased 3% in 2017. Workers' wages increased 2.37% and inflation increased 2.2% last year.
3. Premiums for family coverage have increased 19% since 2012 and 55% since 2007.
4. Average premiums for high-deductible health plans with a savings option are considerably lower at \$6,024 (Single) and \$17,581 (Family).
5. On average, covered workers contribute 18% of premium for single coverage and 31% of premium for family coverage. In dollar terms, single coverage employer contribution was \$1,213 and for family \$5,714.
6. Average copayments are \$25 for primary care and \$38 for specialty care. 67% face a copayment and 26% face coinsurance.
7. Most workers also face additional cost sharing for emergency room visit, hospital admission, or outpatient surgery. After a general annual deductible is met, 32% of covered works have a coinsurance and 58% have a copayment for an emergency room visit, and 64% have coinsurance and 12% a copayment for hospital admission.
8. Fifty-seven percent of workers are in a plan with an out-of-pocket maximum for single coverage of more than \$3,000 while 18% are in a plan with an out-of-pocket maximum of \$6,000 or more.

Wellness Programs	Small Firms	Large Firms
Health Risk Assessments	38%	62%
Biometric Screenings	21%	52%
Promotion Programs	58%	85%
Wearable Devices	8%	14%
Telemedicine	Not Reported	63%

One policy that could affect the market over the next couple of years is the high cost plan tax, also known as the Cadillac Tax. Employers have reported increasing cost sharing and making other changes in anticipation of the high-cost plan tax taking effect in 2020.

From the President

The Seventh Circuit and the ADA

The Seventh Circuit Court which serves Wisconsin, Illinois, and Indiana, has shed some light regarding a leave of absence by an employee. In *Severson vs. Heartland Woodcraft, Inc.*, an employee worked a physically demanding job and after experiencing serious back pain, he took twelve weeks of family and medical leave, which provides employees with job-protection and unpaid leave for qualified medical and family reasons (FMLA). On the last day of FMLA, the employee underwent back surgery and requested an additional three months off work as an accommodation under the Americans with Disabilities Act (ADA).

In ruling on the employee's claim, the Seventh Circuit Court noted that the ADA is an antidiscrimination statute, not a medical leave entitlement and held that long-term medical leave is not a reasonable accommodation under the ADA.

Take my word on this, leave accommodation is a hot button for the Equal Employment Opportunity Commission (EEOC); therefore, it is prudent to consider state leave laws that may provide employees with greater rights. No one ever wants to be in the crosshairs of the EEOC or other federal and state agencies.

Opioid Crisis

America has a problem that does not have a one-size solution. I am talking about the opioid crisis. Employers who have strong workplace policies, education, and health benefit programs, with well-trained managers create safe and healthy environments in which both employees and business thrive. I do not have the solution, but here are proactive steps an employer may want to embrace to mitigate the problem:



- ✓ **Educate your Employees:** It is important your employees and dependents understand the risks associated with opioid use and the importance of working with professional clinicians on their use and options.
- ✓ **Empower Employees:** Inform employees to absolutely question a physician or a dentist who is prescribing an opioid for them or a family member.
- ✓ **Workplace Policy:** Have a clear written policy with drug testing. Consult with your company's legal team to ensure that all federal and state-specific guidelines are reflected in your policy.
- ✓ **Offer Alternative Options:** Offer coverage for chiropractors, physical therapy, acupuncture, heat therapy, and massage. The American College of Physicians supports these pain treatments as alternatives to pain management.
- ✓ **Consult with Pharmacists:** Pharmacists have access to the most up-to-date scientific evidence and guidelines from the U.S. Centers for Disease Control (CDC). Let employees know pharmacists are experts in educating people and counseling patients and caregivers about the ill effects of opioid overdose and the usefulness of Naloxone.
- ✓ **The Addicted:** Improve access to confidential help for your employees. Encourage employees to seek help for dependency and addiction. The company's Employee Assistance Program (EAP) or medical providers are critical resources.
- ✓ **Proper Disposal:** Inform employees of safe storage and proper disposal of unused medication. Many unused opioids in the home may be a temptation to other family members. Impress upon your employees that selling unused opioids is illegal.

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