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FOREFRONT

INNOVATIVE BENEFIT SOLUTIONS, INC.

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Vaccine or Not?

A recent announcement that the Pfizer vaccine now has full FDA approval has shored up the case for requiring employees to get vaccinated. But it's still far from an easy decision. Employers need to provide a safe workplace but they don't want to alienate employees, especially in today's volatile work labor market. A Mercer Survey shows:

- Only 14% of employers had issued a mandate or were planning to issue one,
- 30% of workers who are either on the brink or strongly oppose are opposed to any vaccine mandate.

There is still much to unpack though. Employers will need to tackle costs and administrative burdens related to testing options and additional paid time off. Plus, vaccine exemptions may end up causing more concerns than employers and the Biden administration are anticipating.

Randall B. Marking
President

Early Retirement Packages: Healthcare is a Key Consideration

In weighing the different types of support to offer retirees – group coverage, individual coverage, COBRA, Health Reimbursement Arrangements (HRAs), cash lump sums, or possibly a combination -- the challenge will be to balance the overall costs of the program while making the healthcare related benefits attractive enough to alleviate your employees' concerns. Clear communications are critical to the program's success and it will be important to have the right administrative support for retirees when rolling out the program and managing benefits in the future. Here are a few considerations for employers weighting their options.

For early retirees under age 65:

Continue active coverage until the retiree turns 65. This common approach is attractive to employees because it is familiar and easy to understand and it typically results in the highest participation rate. Self-funded employers retain claims risk and, depending on how much you subsidize coverage, costs are likely to be high. One option is to vary the contribution over time; for example, by fully subsidizing COBRA for 18 months and providing a monthly contribution thereafter.

Health Reimbursement Arrangements (HRAs). Employers may choose to provide funds and let employee seek coverage on their own. By providing an annual HRA that reimburses retirees for coverage and/or healthcare expenses as opposed to a cash lump sum, employers can spread cash costs out over time and ensure that participants are using the funds provided specifically for eligible medical expenses, including COBRA premiums. The HRA is typically a tax-preferred benefit, which also may make it more attractive than a cash lump sum. You can design the HRA credits to be periodic contributions (typically monthly or annual) or a one-time lump sum. Because participants who are still under age 65 when the COBRA period ends will need to find coverage elsewhere, this option may feel risky to younger retirees and it's likely that large HRA credits will be needed to make this option attractive.

Medicare-eligible participants:

Retiree medical plan. Retirees may feel comfortable knowing that their employer is providing a plan as part of the package and have fewer concerns because Medicare is providing primary coverage. Similar to pre-65 coverage, your cost will depend on the level of subsidy provided, and engaging an administrative partner may be helpful, though it will add cost.

Health Reimbursement Arrangements (HRAs) with a retiree exchange. Retiree exchange solutions for Medicare-eligible retirees have been around for over a decade and allow employers to provide plan choice and flexibility, individual Medicare coverage, integrated HRA administration and personalized support and tools for retirees. The HRA benefit can be structured either as a recurring credit or as a lump sum. Retirees enroll in fully insured individual coverage and therefore there is no claims risk and no need to manage carriers on an ongoing basis. Employer cost is tied to the level of HRA benefit provided. Some administrative feeds may be necessary.

This option can also be delivered as a stand-alone HRA benefit, without a retiree exchange partner. In this case, retirees would need to shop for coverage on their own.

With any new retiree medical benefit, whether subsidized coverage or an HRA benefit, an actuarial valuation may be required to measure the post-retirement liabilities related to the present value of the new benefits promise.

Source: "Early Retirement Packages: Healthcare is a Key Consideration" – Mercer

Mental Health Parity Experiment

Mental health issues have been top of mind with employers for months, with the stress of the pandemic driving demand for care among workers even as chronic shortages of mental health professionals makes finding quality care challenging. Now compliance concerns have been elevated as well. The U.S. Department of Labor (DOL) recently announced agreements with United Healthcare and United Behavioral Health (collectively, "UHC") to settle allegations that UHC violated the federal Mental Health Parity and Addiction Equity Act (MHPAEA). This appears to be the first DOL MHPAEA lawsuit filed against a TPA/insurer; past DOL enforcement efforts have focused on investigations and corrections.

At issue were the following UHC practices:

- Lower reimbursements for out-of-network, non-physician mental health providers than for out-of-network, non-physician medical/surgical providers.
- Outlier review applied to *all* outpatient behavioral health psychotherapy and to select medical/surgical services only.

DOL also alleged that UHC's disclosures about these practices violated ERISA. UHC agreed to pay $15.6 million to settle claims brought by the DOL, as well as parallel claims brought by the New York Attorney General and in a class action.

Health plans being asked to produce comparative analyses of treatment limits

The UHC settlement demonstrates the DOL's commitment to enforcing MHPAEA. The DOL is already asking some group health plans to produce a comparative analysis. Group health plan sponsors should make MHPAEA compliance a top priority and take steps *as soon as possible* to complete an NQTL (Non-Quantitative Treatment Limitation) comparative analysis required by the CAA.

Self-insured plan sponsors must prepare a comparative analysis

For self-insured plans, sponsors of self-insured plans should be actively working to prepare if such documentation does not already exist. Steps towards compliance include:

- Contacting the Third Party Administrator (TPA) to establish the level of support it can provide.
- Asking whether the TPA will produce comparative analysis documentation for all NQTLs that are standard across the plans administered by such TPA.
- Working with the TPA to identify any NQTLs that are customized for the self-insured plan and evaluating whether TPA will assist in preparing the comparative analysis for such custom NQTLs or engaging outside assistance to prepare such analysis.
- Obtaining review by counsel of comparative analysis to determine if it complies with all aspects of the new CAA requirements.

Source: "The DOL Increases Mental Health Parity Enforcement" – Mercer

Out With the Old and in With the New

Mergers and acquisitions in the healthcare space have accelerated dramatically since 2020, and most of the headline-grabbing deals reveal a similar motivation: The desire to capture more steps in the healthcare user's journey. Vertical integration, which allows one company to offer a broader range of services, has become the name of game.

Why should employers care? These M&A activities are reshaping the landscape of healthcare offerings, and will bring about new choices for employer plan sponsors. When done right, vertically integrated systems, whether built on a digital health chassis or the footprint of a major retailer, provide a more seamless experience for the healthcare user, can improve health outcomes and reduce cost – three things employers care deeply about.

Digital health companies making moves

Just a few years ago, many of these companies were considered "disruptors" and the jury was out on whether they would make inroads into the world of employer-sponsored benefits. But massive amounts of funding --combined with a few years of evidence to support their claims--has given them significant influence with employer plan sponsors. Today, many of the disruptors have grown up and are cannibalizing each other in search of a stronger value proposition and an expanded digital (and sometimes physical) footprint:

- In 2015, **Grand Rounds**, a health advocacy service, had total funding of $106 million, and their influence in the employer health and benefits space was minimal. Today, the company is valued at $1.34 billion after acquiring telehealth provider **Doctor on Demand**, a move which allows them to seamlessly offer virtual care as part of their care navigation services.

- **Accolade**, which also started out as a health advocacy vendor, has made a series of acquisitions of other digital health companies, including **the second-opinion vendor 2nd.MD** – allowing them to offer additional services to healthcare consumers experiencing a serious diagnosis.

- In a highly visible example of vertical integration, **Teladoc**, a leading provider of acute telephonic care, recently acquired **Livongo**, which provides longer-term chronic condition management service – again seeking to create a more comprehensive, "stickier" consumer experience.

Walmart sets the bar for retail

"Save money. Live better."

Walmart has announced several health-related initiatives over the past two years or so, all adding to Walmart's growing influence in the space. They are opening clinics in various retail locations. They have launched the only private brand of analog insulin, to improve access and affordability of this medication for people with diabetics.

But they are also making acquisitions that point to that goal of owning more of the heath care consumer journey -- perhaps most significantly MeMD, a telehealth provider that was founded in 2010. Now Walmart can service consumers virtually, referring to in-person Walmart clinics and pharmacies where needed, thereby increasing opportunity for the consumption of non-healthcare products and services.

All of this action in the market creates challenges and opportunities for employers. At a minimum, employers should vet their potential partners and understand their product roadmaps. How are vendors looking to expand their services, and how might an employer take advantage of those new offerings? Employers should also consider what new services are emerging from non-traditional entities, and how those services might augment or replace existing programs.

Source: "New-School Market Deals are Poised to Disrupt Old-School Healthcare" – Mercer

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The Future of Healthcare?

Biogen's new drug Aduhelm for Alzheimer's has received FDA approval.

But it is not a cure. Nobody has said so, but it is the first treatment that has shown evidence in clinical trials of removing amyloid plaque, a hallmark of the disease, and slowing cognitive decline.

The FDA approved Aduhelm because it significantly reduced amyloid. But, many of Aduhelm's critics in the public-health crowd have criticized the FDA's approval program.

One such critic is Oregon Senator, Ron Wyden. He said, "It's unconscionable to ask seniors and tax payers (Medicare and Medicaid) to pay $56,000 a year for a drug that has been proven effective". His not so subtle desire is to incorporate "price controls" and limit coverage of the drug.

We know there are millions of desperate patients looking for this type of product. We also know the pharmaceutical industry is both innovative and competitive (COVID?) We also know that competition from new therapies often drives down costs. A drug price war lasted a decade between Gilead and AbbVie, which caused Hepatitis C treatment prices to fall by nearly 90%. Competition may also occur with Alzheimer's treatments as therapies that have shown promise in clinical trials aim to seek approval in the new few years.

Alzheimer's and other types of dementia are expected to cost the nation $355 billion this year. If Aduhelm delays the progression of the disease for some patients, even by two years, it will save tens of billions of dollars in Medicare/Medicaid, home care, and other health costs.

The hostility to Aduhelm illustrates the healthcare paternalism of American progressives. They believe we spend too much money on old people. They want to put government in charge of paying for all healthcare, and then put "experts" (Anthony Fauci?) in charge of determining what treatments patients can receive so that the elderly can go "gently" into the night.

No thank you.

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Over 65? Here are Two of the Best Type of Flu Shots for You

If you are over 65, you know that you can develop serious complications, like pneumonia, from the flu. However, according to Laura Haynes, a professor of immunology at the University of Connecticut Center of Aging, a typical flu shot may not be as effective for seniors.

Here are the two flu vaccines that she and the CDC recommends for people over 65:

1. High dose flu vaccine called Fluzone
2. Adjuvanted inactivated flu vaccine called Flaud

Not only can you get both at your doctor's office, but you can also get them at pharmacy clinics like CVS.

But what is the difference between the two?

Fluzone

Fluzone is a high dose flu vaccine, meaning it has four times as many antigens as a regular flu shot. Antigens are pathogenic molecules that trigger the immune system to release antibodies designed to fight infection. Even if your immune system has a weak reaction, the antigens will help your body in created the necessary antibodies, which will protect you from the infection.

A study published in 2014* found that the high dose flu vaccine, like Fluzone, was 24% more effective in preventing the flu in people over 65.

Flaud

Flaud contains adjuvanted, which is a substance that increases your body's reaction to virus proteins. Inactivated flu shots contain dead flu viruses. Why is this good? Because the antigens in the vaccine still provoke an immune response so you build up antibodies against the flu virus. The substance added to the adjuvanted flu vaccine is squalene oil called MF59, which "gives an extra boost to the immune response to the vaccine which will then lead to greater protection from infection" – Haynes.

A 2020 study found that people over 65 who got the adjuvanted vaccine, like Flaud, were less likely to be hospitalized for the flu.

*New England Journal of Medicine
*Oxford Academic

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We are a privately owned insurance benefits firm specializing in the development, delivery, and implementation of employee benefits. Our primary focus is tailoring health care solutions for active and retiree populations. These solutions include our proprietary programs wrapped within a complete package of employee benefits and administration. We are a one-stop shop.

IBSI is on the cutting edge of providing benefits to active employees as well as both pre- and post-65 retirees for major employers nationwide. We offer Medicare Supplement, Major Medical, Life, Dental, Vision, and Prescription Drug Benefits on both a fully insured and self-funded basis. We integrate HMO Risk contracts and PPO's with our core solutions for the retiree segment.

Apology regarding error in 4th Quarter Newsletter in the President's Letter

FOREFRONT is a publication produced by Innovative Benefit Solutions, Inc.