



Risk & Insurance | Employee Benefits | Retirement & Private Wealth

The Whirlwind of Benefits

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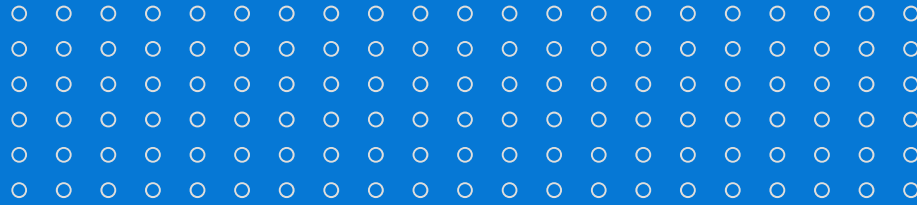
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Agenda

- 1 | HSA Update
- 2 | Rise of ICHRA
- 3 | Return to Personalized Healthcare
- 4 | Pharmacy
- 5 | Final Thoughts

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HSA: 16 Years of Trends & Data



HSA Details



Health savings account (HSA)



Tax-advantaged savings vehicle used to pay for current and future healthcare expenses



Funded by the employer, employee or both



Contributions cannot exceed

\$3,600

for individual coverage and

\$7,200

for all other coverage tiers in 2021

Who is eligible? Any employee who is



Covered by a qualified HDHP



Not claimed as a dependent on another person's tax return

Not covered by other non-qualified HDHP medical insurance, including

- Medicare, general purpose FSA, Tricare, etc.
- May be eligible for VA benefits if certain requirements are met (e.g., date of service, type of services provided, disability connected to military service, etc. See IRS Notice 2004-50 for details)

Overcoming the Fear of HSAs

Expensive, ongoing medical conditions



Prescriptions are subject to deductible

- No copays—you pay the actual cost of the drug (receive insurance company's discounted rate)
- Generic medications are considered preventive

It's your money now



Identify low cost/ no cost resources

Call doctor's office first, nurse line, telehealth, EAP, urgent care, community outreach programs, etc.



Wise consumerism

- Shop around, use carrier cost estimators, smartphone apps, manufacturer coupons, etc.
- Good Rx



HSA Vital Stats



Devenir estimates that the 32 million health savings accounts as of December 31st, 2021 helped cover over **65 million people**



Millennials embrace HSAs. Younger consumers have embraced health savings accounts, with almost **1 in 5 Americans** in their 30s having an HSA



Older Americans accumulate meaningful HSA assets. Account holders older than 50 years old held over **\$44 billion** in their accounts at the end of 2020, with an average balance of \$4,321

Across the country, HSAs are being utilized in every state and territory of the country. In some states, as much as

77%

of the privately insured population is covered by an HSA

HSA Vital Stats



The average participant contribution in 2020 was **\$2,958**, up from \$2,595 in 2019 and 2018. Roughly a quarter of responding employers noted that fewer than 5% of workers maxed out contributions



The average account balance at the end of 2020 was **\$6,318**, up from \$5,627 in 2019



Most employers (**83.2%**) make contributions to the HSA, including three-quarters of smaller organizations and more than 90% of large ones



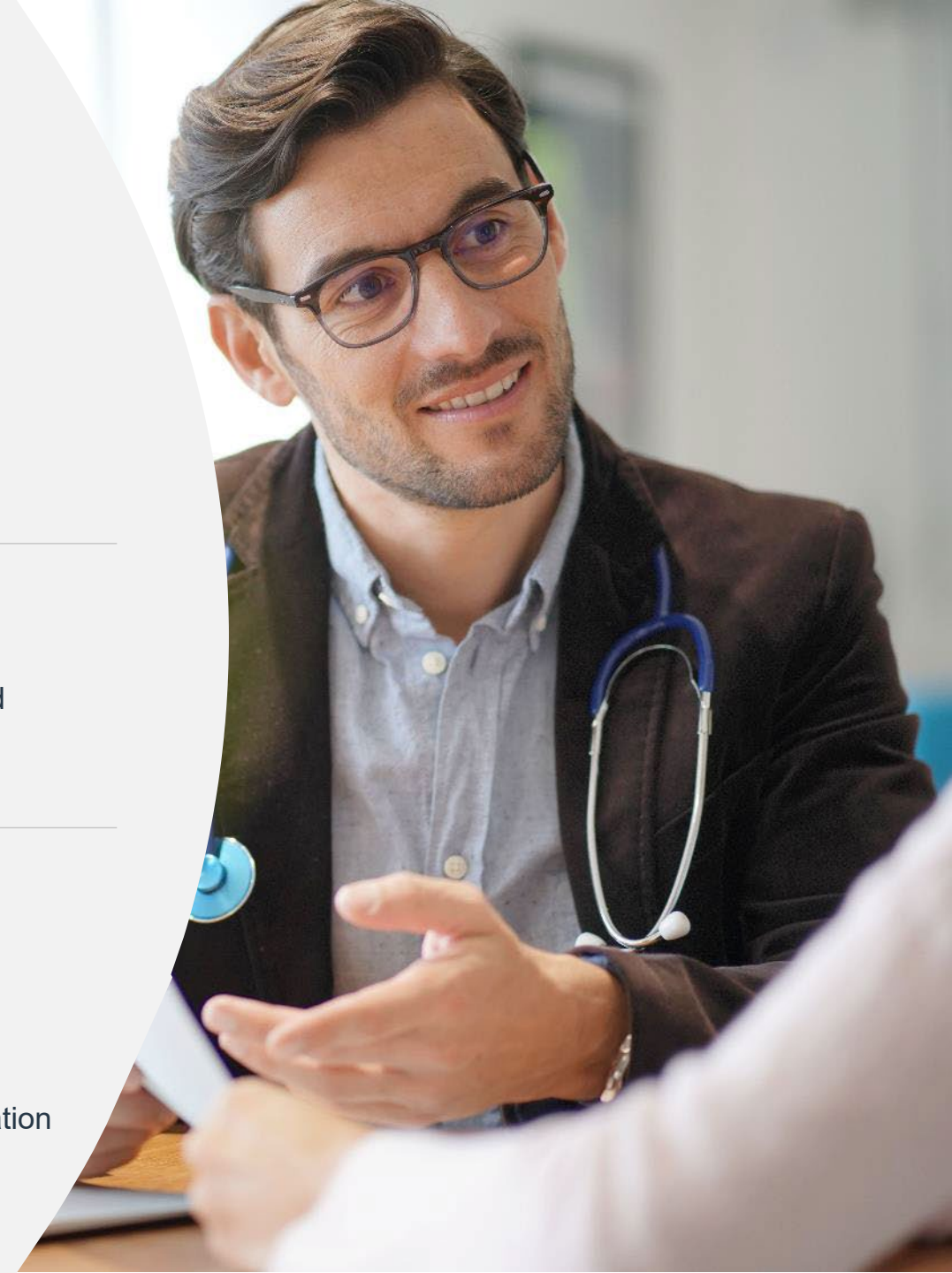
The vast majority of responding organizations (**84.4%**) offer investment options for HSA contributions



Nearly 20% of participants invested assets in 2020, accounting for nearly **30%** of all HSA assets



More than **80%** of employers cited employee education as a top HSA concern, consistent with previous findings. Compliance, Medicare eligibility and difficulty of administration vie for top secondary concerns



HSA Vital Stats



The top education priority for more than **60%** of survey respondents is explaining HSA tax preferences, followed distantly by explaining contribution limits (13.2%)



Fewer than **40%** of employers position the HSA as a retirement savings vehicle



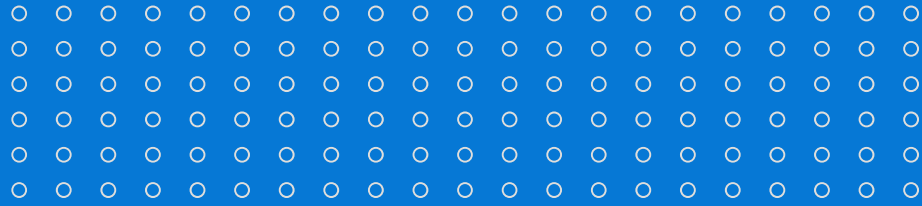
35% of organizations automatically enroll employees in the HSA if they enroll in the HSA-qualifying health option, up from 32.2% in 2019



Two-thirds of organizations cover HSA maintenance fees themselves. The fees are generally assessed monthly (79.4% of plans) and cost less than **\$3/month/participant**, on average



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Rise of ICHRA



What Is ICHRA?

Individual Coverage Health Reimbursement Arrangements (ICHRA) are a new type of health reimbursement arrangement in which employers of any size can reimburse employees for some or all of the premiums that the employees pay for health insurance. Employers can reimburse employees tax free for individual health insurance, including coverage purchased on federal or state-sponsored health insurance exchanges, the individual markets, or Medicare



And under federal rule changes in 2019, ICHRAs can be structured to fulfill the employer mandate under the ACA that requires providing most organizations offer “affordable” coverage for employees



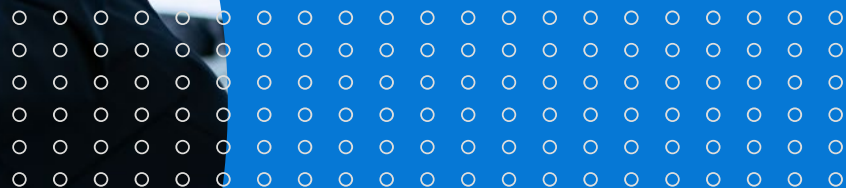
Under the Biden Administration, there’s been stepped-up enforcement of ACA provisions, and employers who weren’t cited for ACA violations in the past are now finding themselves under scrutiny — and will for the foreseeable future

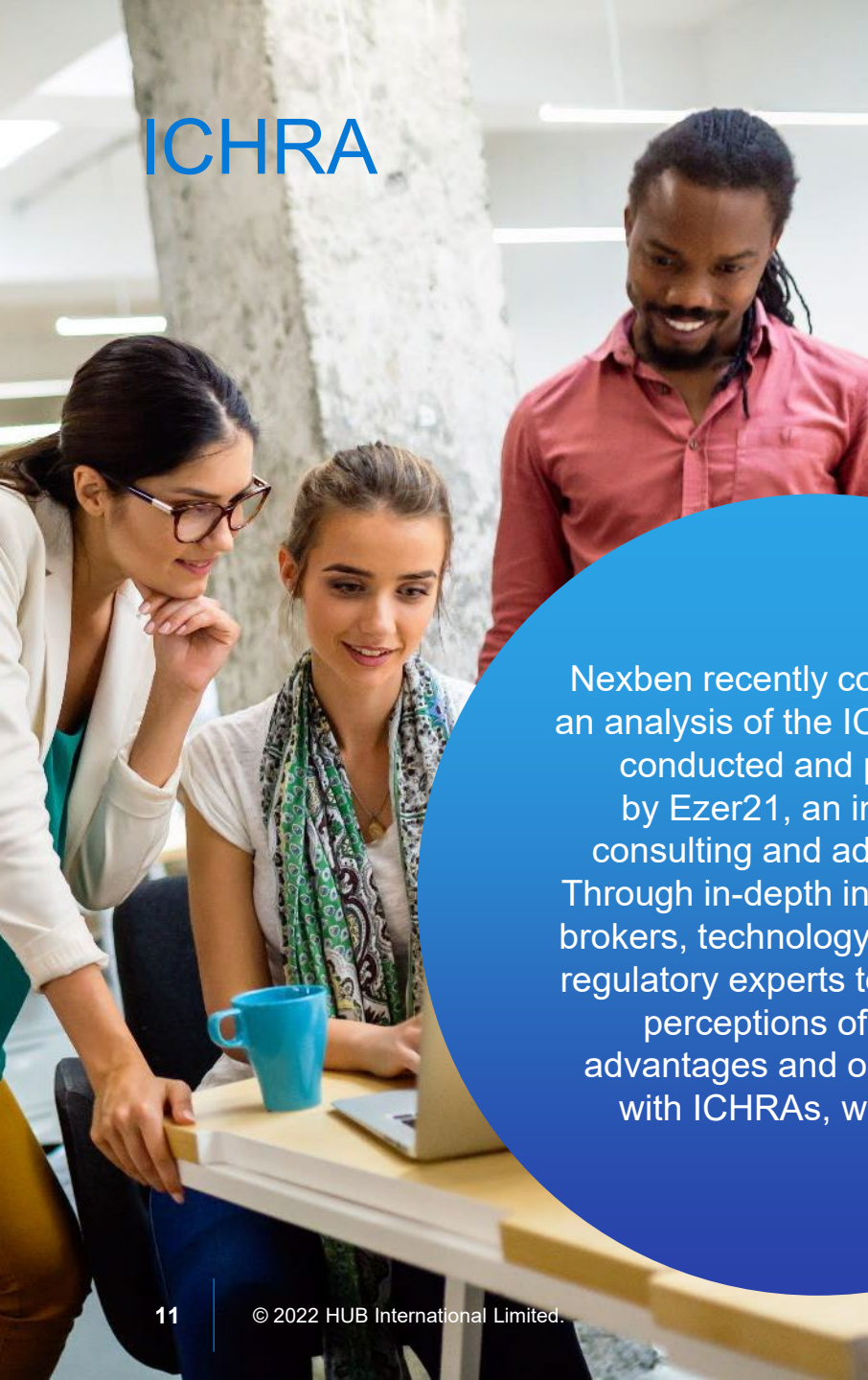


Meanwhile, healthcare costs continue to rise and many employees, particularly the younger and lower-paid, have opted out of employer sponsored plans because of the expense



As a result, ICHRAs are seen as an alternative to traditional, employer-sponsored health insurance. Approximately some **800,000 employers** and **11 million employees** and their families were expected to gain coverage with ICHRAs





Nexben recently commissioned an analysis of the ICHRA market, conducted and published by Ezer21, an innovation consulting and advisory firm. Through in-depth interviews with brokers, technology leaders, and regulatory experts to gather their perceptions of the key advantages and opportunities with ICHRAs, we learned

82%

Believe ICHRAs provide better benefit options than traditional group plans

73%

Believe ICHRAs can reduce cost uncertainty for employers

45%

Feel a comprehensive, full-service technology platform is required to drive growth of ICHRAs

ICHRA & Medicare Population – Can ICHRA Save the Day?



These new plans allow employers to pay for individual insurance premiums, which include Medicare Part A, B and C premiums, for a class of employee who is not eligible for the group medical plan, provided one exists

The regulations permit several employee classifications

- Full-time employees (if no group medical plan is offered)
- Part-time employees
- Employees who are paid on a salaried basis
- Hourly employees
- Employees whose primary site of employment is in the same rating area (as defined under health care reform's rules for establishing individual market premiums)
- Seasonal employees (as defined under IRS Code §4980H or the Code §105 regulations, as elected by the ICHRA sponsor)
- Employees included in a unit covered by a collective bargaining agreement (or an appropriate related participation agreement)
- Employees who have not satisfied a waiting period for coverage (e.g. the new hire probationary period)
- Nonresident aliens with no U.S.-based income
- Employees hired for temporary placement at an unrelated entity
- Employees who are in a combination of two or more of the classes (e.g., full-time employees covered by a particular collective bargaining agreement).

ICHRA & Medicare Population – Can ICHRA Save the Day?



As an example,

If a company has a full roster of full-time, aging workers, it might be more cost-effective for the company if those employees moved to a Medicare plan instead of staying on the company's group coverage. In this scenario, the company can't reimburse for Medicare because the employees are full-time, and there is an affordable group plan available. If those aging workers were to go part-time, it would be a different story. But separating the ICHRA reimbursement platform can't just apply to Medicare employees but must be offered to all available employees



Why Consider an ICHRA?



Eliminate claim risk and cost unpredictability. Fixed employee contributions allow employers to budget and manage costs more effectively



Reduced administrative burden of designing and managing a group health plan. Employees select the carrier and plan that best meets their needs

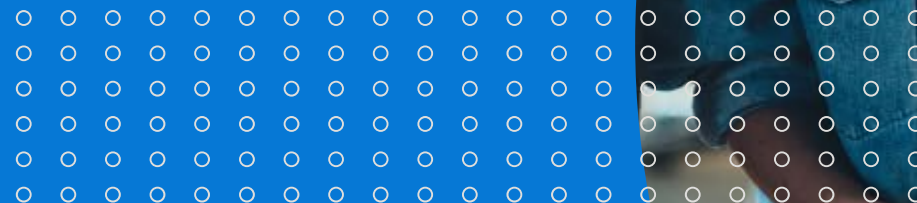


Offer health benefits to part-time and hourly employees. Attract and retain part-time and hourly employees by offering them ICHRA with flexible employer contributions



Meet ACA employer mandate requirements and avoid ACA penalties -

What about the New “Family Glitch” Fix?



What to Consider

There are no absolute guidelines determining if an organization should offer ICHRAs as an option or in lieu of traditional insurance. In many cases, an ICHRA may not be the best fit for an organization and its employees or may actually be more expensive than traditional health insurance

Here are key points to consider



What are your objectives? Lowering spending on health benefits is one objective but shouldn't be the only one: it's also important to consider reducing claims trends and increasing participation rates.



Can an ICHRA meet compliance requirements?

The issue is whether an employer can meet compliance requirements in offering an ICHRA option, such as meeting the affordability requirement under the ACA. Expert insight is usually essential in determining compliance.

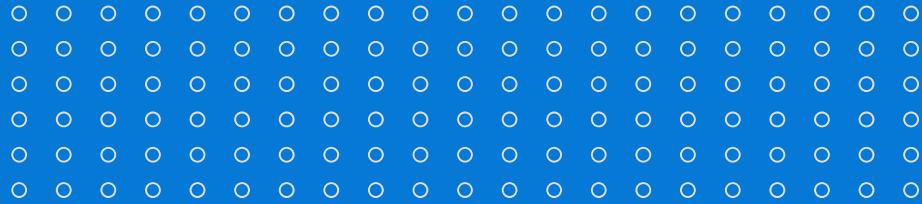


How do I administer an ICHRA? You will need a solid technology platform solution to facilitate the administration. Compliance, employer and employee tools are key components of a solid solution.



Are employees on board? An ICHRA may increase participation and lower costs for the organization, but the transition from group to individual insurance is a big change for everyone. Communication and employee education are essential to ensure a smooth experience.

3



Return to Personalized Healthcare



Direct Primary Care (DPC)



About 1,200 DPC practices in 48 states provide peerless access to great primary care to over 300,000 American patients.



The DPC model is offered directly to individual patients and families, through employers, who often self-insure for their employee health benefits, through union plans, and working in conjunction with Medicare Advantage (MA).



The DPCC believes that Americans of all ages and incomes should have access to high functioning, affordable, comprehensive, accessible, personal primary care.



DPC Society of Actuaries Report



Charge patients a recurring—typically monthly—membership fee to cover most or all primary care-related services.



Do not charge patients per-visit out-of-pocket amounts greater than the monthly equivalent of the retainer fee.



Do not bill third parties on a fee-for-service (FFS) basis for services provided.

**DPC
physician
practices are
those that**



DPC Society of Actuaries Report



Contracting

DPC practices typically do not contract with insurers, government payers, or third-party administrators (TPAs). DPC practices typically only contract directly with patients or with self-insured employers.



Recurring fee

The majority of DPC practice revenues typically come from monthly or annual DPC membership fees, generally ranging from \$40 to \$85 per person per month.



Smaller patient panels

DPC practices usually have fewer patients than traditional primary care practices, typically fewer than 1,000 and most often around 200 to 600.



Expanded patient access

Due primarily to smaller patient panels, members of a DPC practice have better access to their PCP. This improved access manifests itself in longer-duration office visits, same-day or next-day appointments, text or phone-based provider contact, and occasionally PCP home visits.



Contracting

The typical length of an office visit for a traditional primary care practice is around 13 to 16 minutes. A significant portion of this time is typically not face time, because coding and documenting electronic health records (EHRs) pressures keep physicians behind the computer screen. By contrast, for DPC practices, office visits average around 40 minutes but can vary based on the patient's need.

Other key features characterizing much of the DPC delivery model include

Virtual Care and Telehealth are at the core of DPC service offerings

99%

of all DPC practices surveyed were doing virtual consults via text/phone as a part of the membership fee (two years prior to COVID-19)

88%

said they provided “telemedicine” benefits (meaning expanded video or additional digital communications assets)



Enrollment in DPC is associated with a reduction in overall member demand for health care services outside primary care

- DPC members had 19.90% lower claim costs for employers on an unadjusted basis and 12.64% lower claim costs on a risk-adjusted basis during the two-year period
- DPC members experienced approximately 40% fewer ER visits that those in traditional plans.
- DPC members experienced a 53.6% reduction in ER claims cost
- DPC members experienced 25.54% lower hospital admissions on an unadjusted basis. While this figure may have statistically variance, it validates previous research trends showing a reduction in the use of hospitalization and more complex specialty care by DPC members

Report Stats



The average adult monthly DPC Fee is \$73.92. (DPC fees are paid on a monthly subscription basis).



Concierge patients enrolled in an MDVIP membership pay an annual membership fee ranging from \$1,650 to \$2,200; MDVIP also bills third-party payers for all services provided to members.



The median age for DPC patient was 31.8 years old, v. 36.1 for traditional insured (PPO). The survey finds the member mix did not vary materially between the DPC option and traditional option.

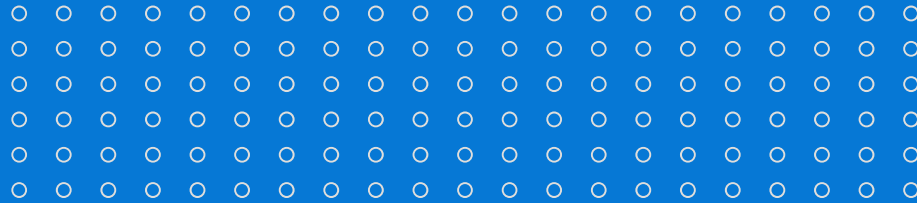


**DPC is
Affordable
Primary Care**



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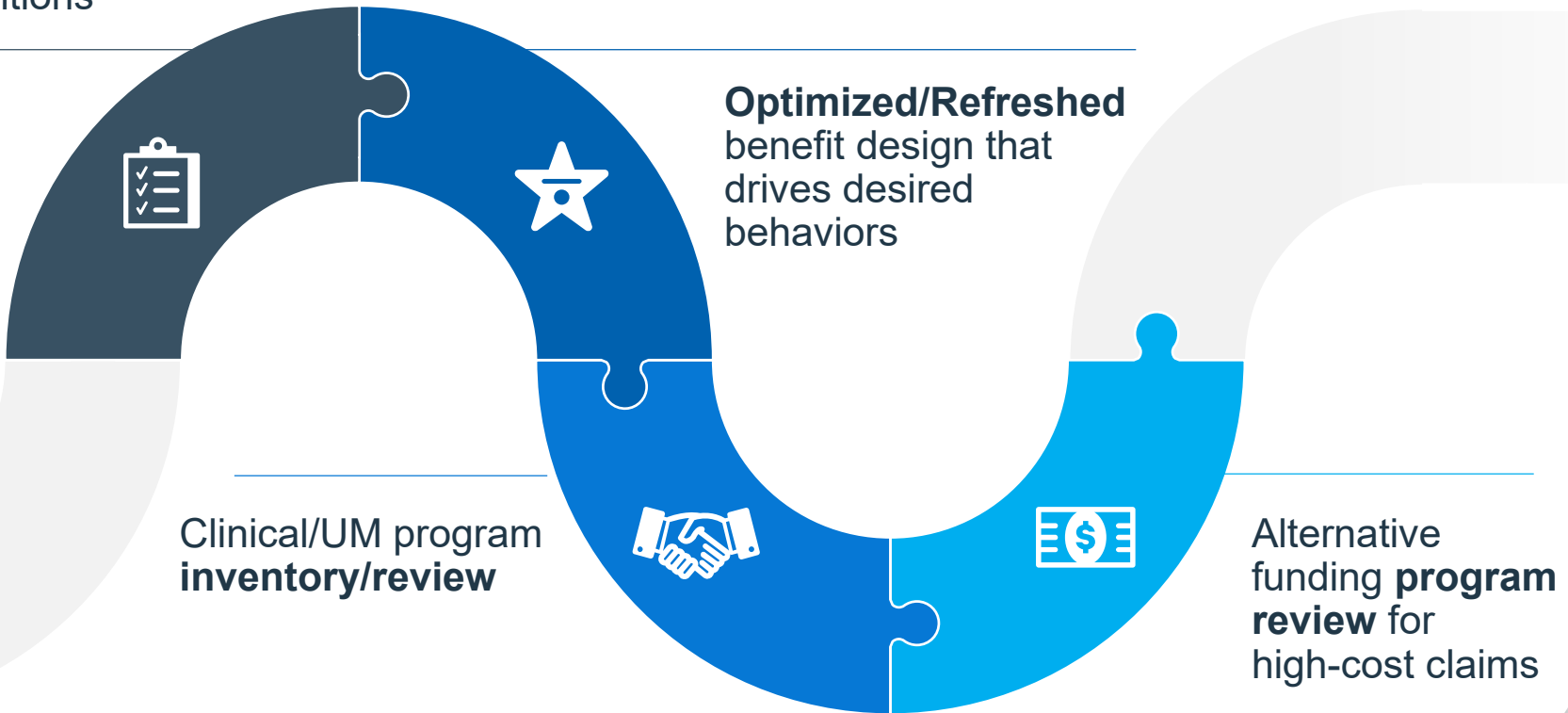
Pharmacy



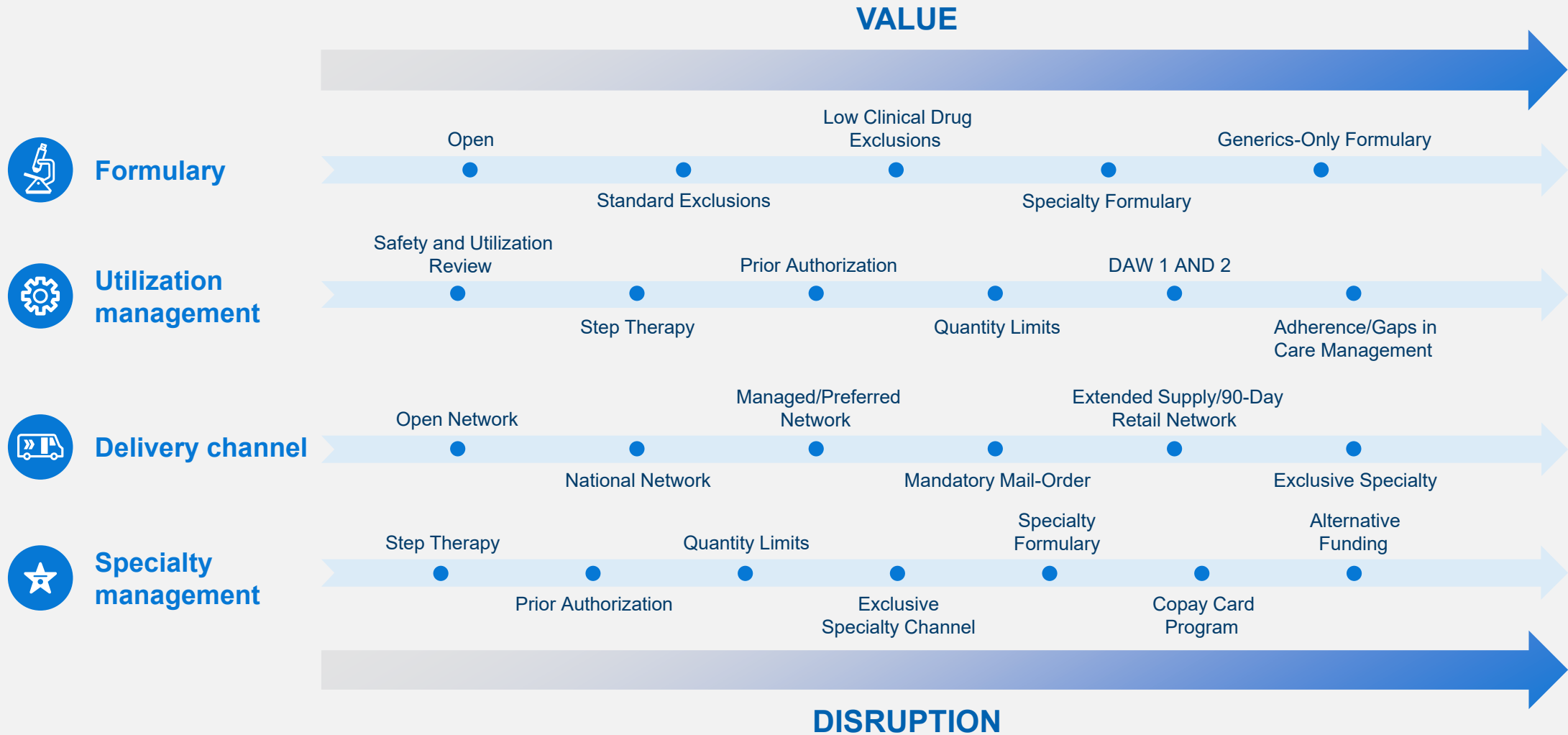
Four Pillars of a Successful Pharmacy Strategy

Results will vary by client – partner with pharmacy SME for in-depth review

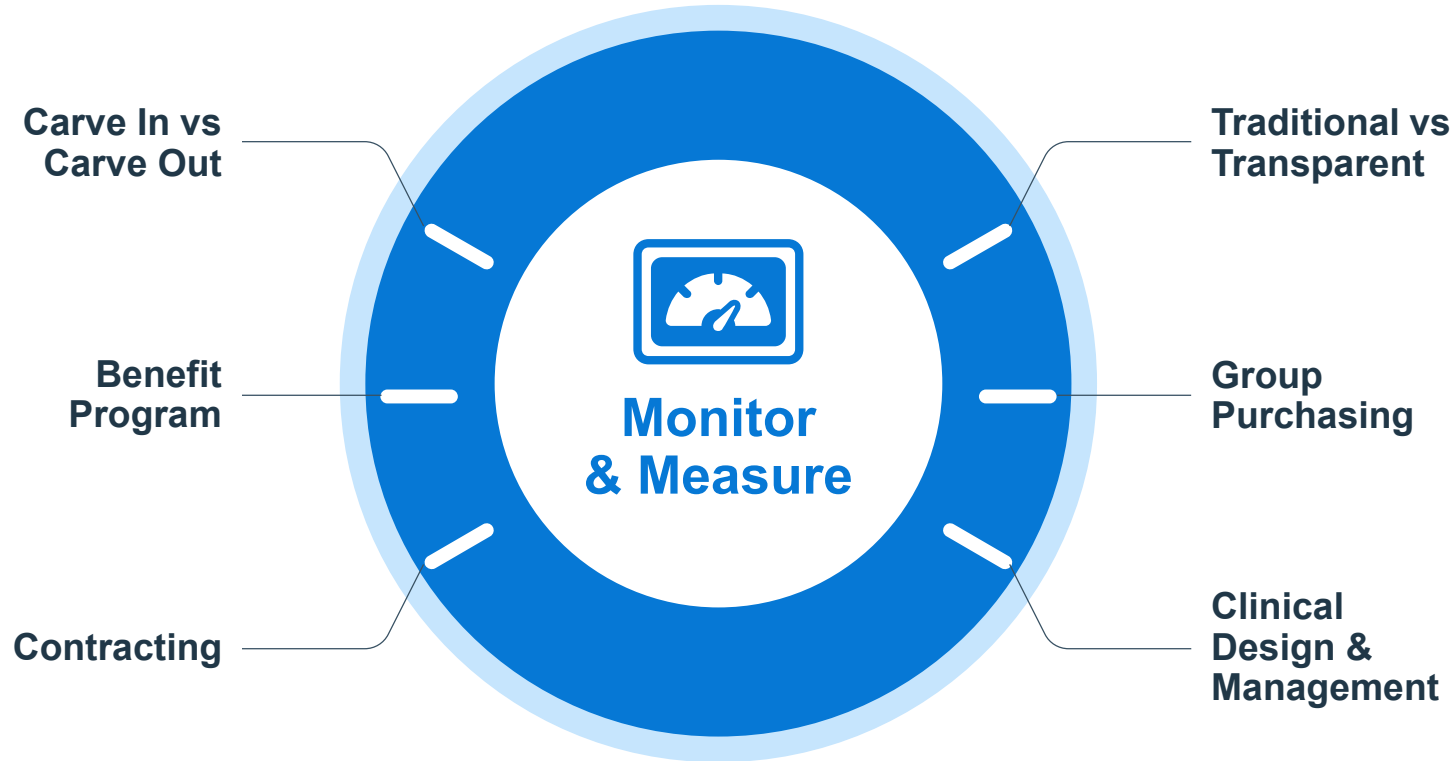
Updated/Competitive
contract terms
and conditions



Evaluate Pros/Cons of Potential Solutions



Implement, Measure, and Re-Evaluate on a Regular Basis



01

Partner with Pharmacy SME, Benefits Advisor, Data Warehouse and PBM provider to measure and monitor pharmacy program results on a regular basis

02

Compare results to program goals, industry benchmarks and best practices

03

Verify achieved discount versus guarantees quarterly or annually; collect "true-up" payments when applicable

04

Track rebate yield and payment timing

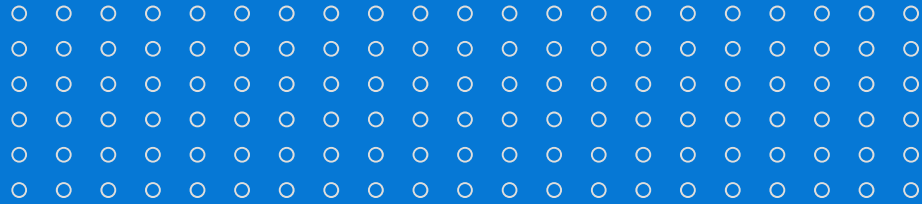
05

Monitor utilization data for high-cost claimants and develop a plan to manage

06

Monitor utilization data for high-cost claimants and develop a plan to manage

5



Final Thoughts



A Few More Innovators in the Benefits Whirlwind to Know



Bright HealthCare uses smart tools and technology to simplify health insurance for all of us. Their goal is to take the confusion and chaos out of the process and build benefit-packed plans that still deliver surprisingly low rates, so you can focus on staying happy and healthy...and paying less for your healthcare



Social Determinants of Health

The pandemic has shown a pretty big spotlight on some of the nation's health inequalities related to healthy food, affordable housing & adequate medicine.

Employers



Understanding this conversation is important



Helping to educate has moved from conversation to formal initiatives



Issues of particular focus are social determinants of health in poverty and social determinants of obesity

Mental Health



Silver lining of the pandemic



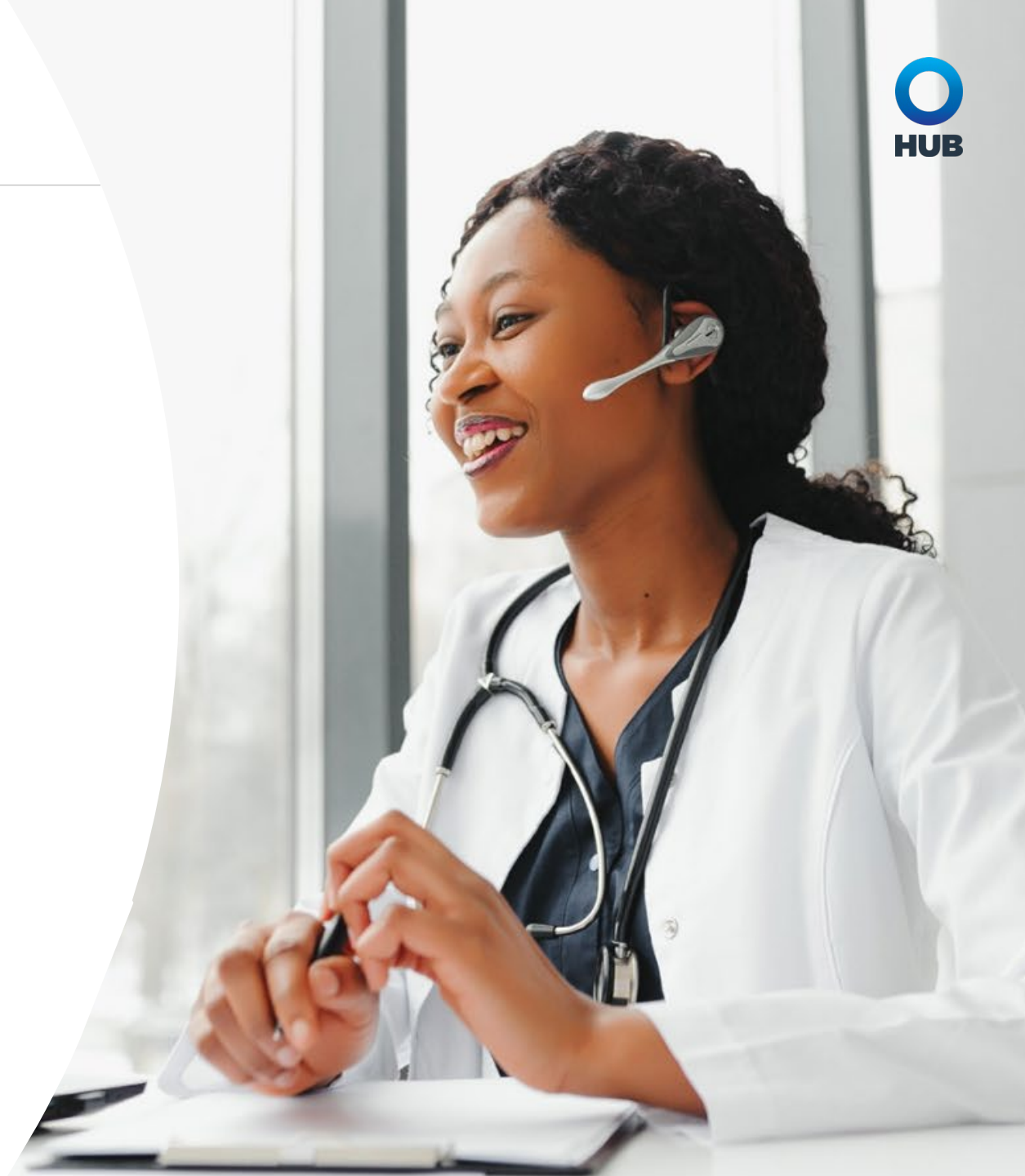
Finally normalizing the conversation (newest in our workforce leading the charge)



Telehealth may be the best place to start



Removes barriers to access, stigma & cost





Thank you.

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**Slide deck available electronically upon request.
Email Dan LaRock.**