July 2019, Volume 8, Issue 3

BARNARD INSURANCE GROUP

The Barnard Bulletin

MARK'S MEMOS

It's Coming, It's Free, and You're Going to Love It!

AFTER MANY years of servicing group accounts I have seen the insurance market evolve on a number of fronts. Some for the better, and others not so much.

As insurance carrier competition and most underwriting processes have all but disappeared in the wake of the Affordable Care Act, I wanted to explore ways of bringing additional services and consultation to my clients. I wanted to find a way to give back to the customers who have been so good to me for going on 24 years now.

Studies suggest that 80-85% of human resources is being bogged down with administrative tasks. We are all too familiar with the difficulties involved in distributing, acquiring and tracking time-sensitive documents.

Let alone all of the compliance-related tasks and processes that often get overlooked right up until the DOL audit.

A solution you'll love

For this reason, I wanted to offer cost-free solutions that could drastically enhance administrative efficiency and promote compliance.

I am pleased to inform you that after many months of consideration and research we are moving forward with the next step in the evolution of our agency.

Very soon I will introduce you all to Zywave. With Zywave as our partner, we will be able to provide you with your very own customized web portal where you will be able to manage and track your employee benefits program and many HR-related tasks all from one place. And the best part is it will cost you nothing.

Once the service is up and running, I will be sending you all the details in the next few weeks, but here is a sneak peek at some of the capabilities you will have the option of utilizing in the coming months.

A Company Online Communication Portal – Information is available to employees and/or Admins around the clock from office to home. This can include policies, HR resources, vacation and PTO tracking.

Employee Onboarding and HR Task Management – Employees complete personal information W4 and I9 forms, as well as medical and dental insurance applications, forms, and more. All of these can be preloaded and auto filled online with digital signature for paperless enrollment.

HR Administrator Alerts, Dashboards – Admins see a real-time view of employee activity and enrollment processes. Upon logging into your company web portal, outstanding tasks will be displayed on a pop-up screen for your convenience.

Agent Texting – Rather than having to stop and make a phone call and possibly have to leave a message, or be at your computer to send an email, you are now able to text us at our same call number, (940) 767-7283, if you prefer. Your text will be seen by our in-house CSR instantly, and they will be able to respond in kind.

These are just a few of the numerous features associated with this new system and I am truly excited to be able to offer it at no cost to you, should you choose to exploit its' capabilities for your company. ❖

Contact Us

BARNARD INSURANCE GROUP

If you have questions regarding any of the articles in this newsletter or have a coverage question, please call us at:

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AFFORDABLE CARE ACT

DOJ Files Brief Asking Court to Throw Out ACA

THE STAKES for the future of the Affordable Care Act just got higher after the U.S. Department of Justice in May filed a brief with a federal appeals court to strike down every facet of the landmark legislation.

The DOJ's filing in the case states that the law is unconstitutional in its entirety and should be struck down. The filing concerns a case that had been brought by Texas and other Republican-led states that challenged the constitutionality of the law.

The trial judge in the case had ruled the entire law had been nullified after Congress in December 2017 passed legislation that jettisoned the individual penalties for not securing health coverage.

A group of 21 Democratic-led states, headed by California, immediately appealed the judge's ruling. The appeal will be heard by the Fifth Circuit Court of Appeals in New Orleans. The DOJ's brief urges the Fifth Circuit to uphold the trial judge's ruling.

U.S. District Judge Reed O'Connor of the Northern District of Texas ruled in December 2018 that a congressional tax law passed in 2017 – which zeroed out the penalty imposed by the ACA's individual mandate – rendered the entire health care law unconstitutional. The ACA remains in effect pending the outcome of the appeal.

Most legal pundits expect that the lower court's ruling will be overturned. The decision not to appeal the ruling by the Trump administration had been foreshadowed, but still had many legal observers surprised that the DOJ would choose not to defend the law of the land.

Others have pointed out that if Congress's intent had been to nullify the ACA when it got rid of the penalties for individuals who don't abide by the individual mandate, it would have written that into the legislation.

But the only part of the ACA that was addressed in the tax bill was the individual mandate penalty.

So what's likely to happen?

It's too early to know how this will all shake out. But even if the Fifth Circuit upholds the lower court verdict, the ruling would be appealed to the Supreme Court.

If the Fifth Circuit overturns the lower court's ruling, the Supreme Court may not even take up the case since it has already ruled twice before in favor of the ACA.

There are also concerns that if the law is overturned, the entire health insurance marketplace would be destabilized.

The effects would be widespread, especially in the individual market, and uncertain for many employees who now get coverage from their jobs thanks to the employer mandate portion of the law. ❖

CMS CHANGES

Proposed Rules Tackle Group Plan Prescription Drug Prices

THE CENTERS for Medicare and Medicaid Services has floated proposed regulations that would affect drug benefits for group plans and association plans and attempt to reduce drug expenses for health plan enrollees and drug plans.

While the rules seem to be focused on individual plans sold on government-run exchanges, three of the changes would also affect small and mid-sized group plans.

Mid-year formulary changes

Under current regulations, health insurers are barred from making changes to their drug formularies mid-year. They can only introduce changes upon renewal.

The CMS says it wants to boost incentives for drug plans to use generic drugs, so it is proposing a new rule that would allow insurers to:

- Add a generic drug that becomes available mid-year.
- Remove the equivalent brand-name drug from the formulary, or
- Remove the equivalent brand-name drug to a different tier in the formulary.

Under the rules, insurers would have to notify their affected enrollees at least 60 days before the change would take effect. They must also offer a process for an enrollee to appeal the decision. This rule would affect insurers in the individual, small group, and large group markets.

Excluding certain brand-name drugs

Under existing regulations, all prescription medications covered under an insurance contract are considered an essential health benefit, including the requirements that aim to ensure that the drug coverage is comprehensive.

Under the Affordable Care Act, health plans are required to cover 10 essential benefits, and that includes the medications that are required to treat them.

The CMS wants to change this by letting insurers exclude a brand-name pharmaceutical from "essential health benefits", or EHBs, if there is a generic equivalent that is available and medically suitable.

As with the current rule, the proposal would only apply to plans in the individual and small group markets. That's because large group and self-insured plans are not required to cover all 10 categories of EHBs.

The proposal would also permit insurers to count only the cost of the generic equivalent (and not the cost of the brand-name drug) toward the enrollee's out-of-pocket limit.

Also, insurers would be permitted to apply an annual and/or lifetime dollar maximum to the brand-name drug, since the prohibition against annual and lifetime dollar limits only applies to EHBs.

Handling manufacturers' coupons

Currently, some insurers will count manufacturer coupons for brand-name drugs in addition to what the enrollee pays in calculating their out-of-pocket outlays for deductible purposes.

They may do so depending on laws in the various states in which they operate.

For example, take the scenario of a drug that costs $600, and the manufacturer provides a $400 coupon that can be used to reduce the cost of the drug and the enrollee pays $200 out of pocket.

Currently, insurers will count the full $600 towards the deductible and out-of-pocket maximum.

The CMS's proposed rule would allow insurers to only include the actual out-of-pocket expense for the enrollee when calculating how much of an out-of-pocket maximum has been satisfied.

What comes next

The comment period for the proposed regulations ended on Feb. 19, 2019, and the final rules could be out before summer. We will keep you posted once the new regulations are out and what they mean for your plan. ❖

MEDICAL COSTS

New Health Savings Account, HDHP limits for 2020

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THE IRS has announced new health savings account contribution maximums for the 2020 health insurance plan year.

Employees who have an HSA linked to a high-deductible health plan (HDHP) will be able to contribute to their HSA up to a certain level to help pay for health care and pharmaceutical expenses.

Funds going into your employees' HSA accounts are deducted before taxes during each paycheck and the balance can be carried over from year to year.

Many HSAs also allow employees to invest the funds like they would with a 401(k).

Because of this, HSAs have become a savings vehicle of sorts for people who are saving for health care expenses they are expecting in retirement.

HSAs can only be offered with an attached HDHP.

If you as an employer also contribute or partially match your employees' contributions, they benefit even more, especially when compounding investment returns build up in the long term.

The IRS adjusts contribution limits for HSAs yearly based on inflation. For 2020, those limits will be:

- $3,550 for individual coverage under an attached HDHP (up $50 from 2019).
- $7,100 for family coverage (up $100 from 2019).

Also, remember that individuals who are 55 or older can make an additional $1,000 in catch-up contributions.

Besides the contribution maximum increasing, the deductible requirement for an attached HDHP will also climb for 2020:

- For individual HDHPs, the deductible amount must be between $1,400 and $6,900. That's compared with $1,350 and $6,750 in 2019.
- For families, the range is $2,800 to $13,800. That's up from $2,700 and $13,600 in 2019.

Long-term benefits

One of the best benefits from an HSA is the long-term advantage of being able to carry over balances year after year and let it build up for medical expenses in retirement.

But, one of the key points that your employees should know is that if they use the funds in their HSAs for purposes other than qualified medical expenses, they have to pay a 20% penalty.

GETTING THE MOST OUT OF AN HSA

Investopedia recommends that your employees:

- Max out their HSA contribution each year. If they do so, the amount they can save over the long term only grows through compounding.
- Hold off on spending contributions now, and try to not use HSA funds for current medical expenses.
- Make sure they only use the money for qualified medical expenses, so they don't have to pay penalties of 20% plus regular income tax on their withdrawals.
- Invest contributions for the long run. For example, if you're currently invested in a mix of 80% stocks and 20% bonds, you should probably invest your HSA that way, too.
- Use the account once they're 65 or older. An added benefit to waiting until you're at least 65 to spend your HSA balance is that the 20% penalty for withdrawing funds for purposes other than qualified medical expenses doesn't apply. But, you will have to pay income tax if you don't use the funds for qualified medical expenses. ❖