



Health Insurance

Get an Early Start on Open Enrollment



AS OPEN ENROLLMENT looms, it is time to make a plan to maximize employee enrollment and help your staff select the plans that best suit them.

Here are some pointers to make open enrollment fruitful for your staff and your organization.

Review what you did last year

Review the results of last year's enrollment efforts to make sure the process and the perks remain relevant.

Were the various approaches and communication channels you used effective, and did you receive any feedback about the process, either good or bad?

Start early with notifications

Give your employees notice at least a month before open enrollment and provide them with the materials they will need to make an informed decision. This includes the plans that you are offering.

Look at what you did last year in terms

of communications to see how effective it was in maximizing enrollment. You can poll your staff to ask them what concerns they have about this year's open enrollment and what information they'd like to make it easier for them to make a decision.

Highlight changes to plans

Talk to us about any major changes to the plans you have been offering.

Whenever you adjust your insurance benefits, you need a plan for explaining the changes to your employees.

If you have to make some difficult health plan changes, employees should know what drove your decision.

Were claims higher than expected last year? Did your business have a tough year and now has a more limited budget for benefits?

While employees may still be disappointed by these changes, when they understand why, they'll be more understanding.

As you lead up to switching plans, provide your employees with plenty of information about what will change.

Will premiums go up? Will there be new out-of-pocket expenses? Is there a new type of provider network?

Present this information in a variety of formats, such as:

- Brochures,
- Benefits packets,
- E-mails,
- Seminars,
- One-on-one discussions with the HR decision-maker, and
- Online videos if provided by the insurance company.

Get spouses involved

Benefits enrollment is a family affair, so getting spouses involved is critical.

Encourage your employees to share the health plan information with their spouses so they can make informed decisions on their health insurance together. ❖



Medical Costs

Small Firms Can Reimburse for Medicare Part B, D Premiums

AS THE workforce ages and many employers want to keep on baby-boomer staff who have the experience and institutional knowledge that is irreplaceable, one issue that always comes up is how to handle health insurance.

Once your older workers reach the age of eligibility for Medicare, under current law you can help them pay for Part B and D premiums with a Medicare Premium Reimbursement Arrangement (MPRA). These types of arrangements became legal after legislation was signed into law in 2013 to help employers provide benefits to their Medicare-eligible staff.



But the issue surfaced again recently when the Trump administration came out with new guidance for health reimbursement arrangements that paves the way for employers to set up HRAs to reimburse staff for health premiums in their personal (not company group) health plans.

Anybody who is about to turn 65 has a six-month period to sign up for basic Medicare, but if they want additional coverage they can pay for Medicare supplemental coverage such as Parts B and D.

Part B – Part B covers two types of services:

Medically necessary services: Services or supplies that are needed to diagnose or treat your medical condition and that meet accepted standards of medical practice.

Preventative services: Health care to prevent illness (like the flu) or detect it at an early stage, when treatment is most likely to work best.

Part D – Part D covers prescription drug costs.

The dilemma for employers has often been whether to keep the Medicare-eligible employee on the company health plan or cut them free on Medicare.

Smaller employers – those with 20 full-time-equivalent employees – have the option to open an MPRA for those employees if they are coming off a group health plan and into Medicare.

For small employers, it's legal to set up an arrangement like that, as long as doing so is at the employee's discretion. Employers are not allowed to push an employee into an MPRA in order to get them off the company's health plan.

The good news for employers is that they often can reimburse their employees in full for Part B and D, as well as Medicare Supplement, and still pay less than they would pay in group employee premiums alone.

On top of that, the employee gets a lower deductible and overall out-of-pocket experience with less, if any, premium contribution.

What you need to know

An MPRA is an arrangement where the employer reimburses some or all of Medicare Part B or D premiums for employees. The employer's payment plan must be integrated with the group's health plan.

To be integrated with the group health plan:

- The employer must offer a minimum-value group health plan,
- The employee must be enrolled in Medicare Parts A and B,
- The plan must only be available to employees enrolled in Medicare Parts A and B, or D, and
- The reimbursement is limited to Medicare Parts B or D, including Medigap premiums.

Note: Certain employers are subject to Medicare Secondary Payer rules that prohibit incentives to the Medicare-eligible population. ❖



Health Coverage

Access to Chronic Disease Treatment Eased

NEW GUIDANCE from the IRS will help people enrolled in high-deductible health plans get coverage for pharmaceuticals to treat a number of chronic conditions.

Under the guidance, medicinal coverage for patients with HDHPs that have certain chronic conditions – like asthma, heart disease, diabetes, hypertension and more – will be classified as preventative health services, which must be covered free with no cost-sharing under the Affordable Care Act.

The background

The guidance, which took effect immediately, is the result of a June 24 executive order issued by President Trump directing the IRS to find ways to expand the use of health savings accounts and their attached HDHPs to pay for medical care that helps maintain health status for individuals with chronic conditions.

The executive order was in response to a number of reports

that have shown that people with HDHPs will often skip getting the medications they need or take less than they should because they cannot afford to foot the full cost of the medication even before they meet their deductible.

This can lead to worse issues like heart attacks and strokes, which then require more and even costlier care, according to the guidance.

The latest move is a significant step that should greatly reduce the cost burden on individuals with chronic conditions, as many of the medications they need to treat their diseases can be extremely expensive.

The IRS, the Treasury Department and the Department of Health and Human Services have designated 14 services (see box below) that must be covered without a deductible. The agencies will review, add or subtract services from the list on a periodic basis. ❖



NO COST-SHARING TREATMENTS

Angiotensin-converting enzyme (ACE) inhibitors – Congestive heart failure, diabetes, and/or coronary artery disease.

Anti-resorptive therapy – Osteoporosis.

Beta-blockers – Congestive heart failure and/or coronary artery disease.

Blood pressure monitor – Hypertension.

Inhaled corticosteroids – Asthma.

Insulin and other glucose-lowering agents – Diabetes.

Retinopathy screening – Diabetes.

Peak-flow meter – Asthma.

Glucometer – Diabetes.

Hemoglobin A1c testing – Diabetes.

International Normalized Ratio testing – Liver disease and/or bleeding disorders.

Low-density lipoprotein testing – Heart disease.

Selective serotonin reuptake inhibitors – Depression.

Statins – Heart disease and/or diabetes.





Medical Costs

New Health Savings Account, HDHP limits for 2020

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 regularly setting money aside 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



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1100 8th Street
Wichita Falls, TX 76301

\$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 to \$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. ❖

