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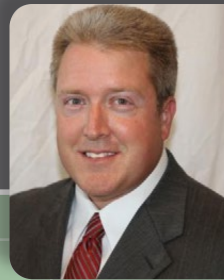
BARNARD INSURANCE GROUP



THE BARNARD BULLETIN

Health Insurance

Preparing for Open Enrollment During the Pandemic

HEALTH INSURANCE has likely been top of mind for your employees during the COVID-19 pandemic. And as open enrollment approaches, you can expect to find a workforce that will be more engaged and interested in their coverage.

You will also have to pull off an open enrollment at a time when many of your staff may be socially isolating and holding large group meetings is out of the question.

As a result, you need to effectively communicate with your staff about plan choices, changes to plans and how COVID-19 treatment and testing would be covered, among other issues. To make sure you can reach them all, use a number of methods:

E-mails and e-mail newsletters

E-mails are an excellent way to communicate important information to employees, and to gather information on what they are opening, reading and forwarding.

This should be your primary source for sending them information about open enrollment, scheduled meetings on open enrollment, deadline reminders and more.

Web meetings

With in-person meetings off the table for most employers, instead hold webinar meetings with videoconferencing. Handle these webinars like you would have your typical open enrollment meeting that you would hold in person, focusing on:

- Changes in health plan premiums,
- Discussion about coverage for COVID-19 testing and treatment.
- Plan changes like deductibles, out-of-pocket maximums, copays, and more,
- Network changes,
- New offerings, and
- Resources to help your workers choose the right plan.

Require all of your staff to participate in the actual meeting or view the meeting afterward online. Set up a virtual sign-up for them to confirm they attended and received all the information.

Offer benefit support

Provide online support to answer questions that your employees may have when they are deciding on plans.

Text messaging

Send text messages about upcoming benefit meetings, contact resources, how to access the enrollment and benefit portal, and who to call for assistance.

See 'Strategies' on page 2

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

Barnard Insurance Group
1100 8th Street
Wichita Falls, TX 76301
Phone: (940) 767-7283

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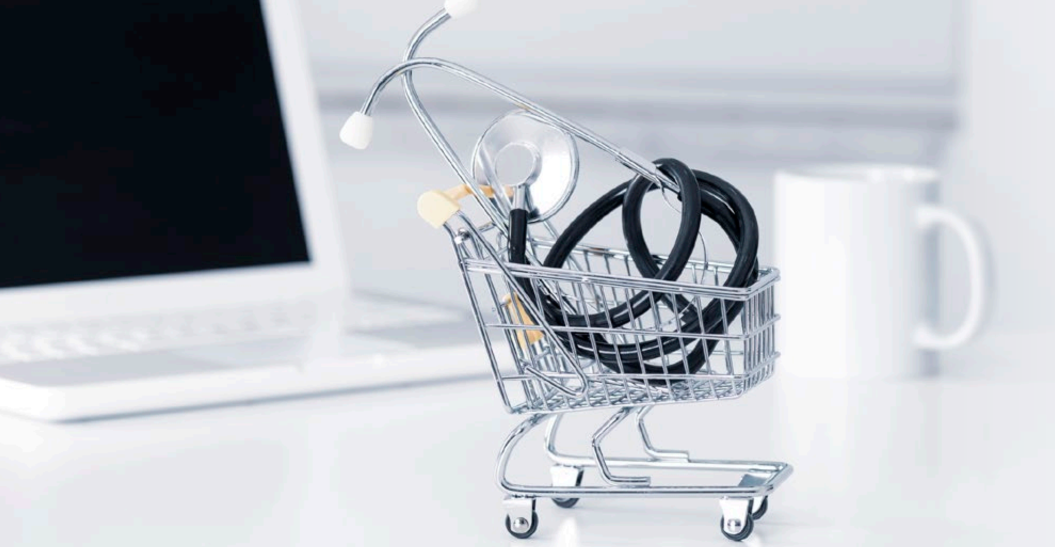

Employee Benefits

Changes on Tap for Group Health Plans in 2021

WHILE MOST business owners and executives have been fretting about the COVID-19 pandemic and the effects on the economy, and the survival of their business, now is a good time to conduct a review of group health plans in light of changes and new rules for 2021.

Here are the main changes that will affect your health plan in the new year:

Out-of-pocket limits

The out-of-pocket limit amounts for 2021 are:

- $8,550 for self-only coverage.
- $17,100 for family coverage.

The out-of-pocket limits for high-deductible health plans with attached health savings accounts for 2021 are:

- $7,000 for self-only coverage.
- $14,000 for family coverage.

New preventative care recommendations

Affordable Care Act–compliant health plans are required to cover preventative care services with no out-of pocket costs and new ones that become effective in 2020 and 2021, including:

- Perinatal depression prevention
- HIV prevention pill for healthy people at risk
- Updated recommendation for prevention of certain cancers
- Updated recommendation for breast cancer medication used to reduce risk
- Updated recommendation for hepatitis screening
- Updated recommendation for screening for drug use.

Flexible spending accounts

This year, the IRS issued a notice that increased the maximum allowable amount of unused funds at year end in FSAs that can be carried over to the next year.

The notice increases the maximum $500 carryover amount for 2020 or later years to an amount equal to 20% of the maximum health FSA salary reduction contribution for that plan year. That means the health FSA maximum carryover from a plan year starting in calendar year 2020 to a new plan year starting in calendar year 2021 is $550.

Additionally, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) allows employers to remove restrictions that funds in FSAs, health reimbursement accounts and HSAs cannot be used for over-the-counter medications.

This is not a requirement that employers relax this rule for their FSA plans, but it allows them to choose to do so.

Summary of benefits and coverage

There are new Summary of Benefits and Coverage (SBC) materials and supporting documents that must be used for all plans that incept on or after Jan. 1, 2021.

Please remember that any changes to benefits in your group plan must be reflected in the SBC plan document and summary plan description.

The takeaway

2021 is fast approaching and with all the chaos of 2020, it would be wise to get a head start on understanding changes in store for the plans you offer. This would benefit both you and your employees. ❖

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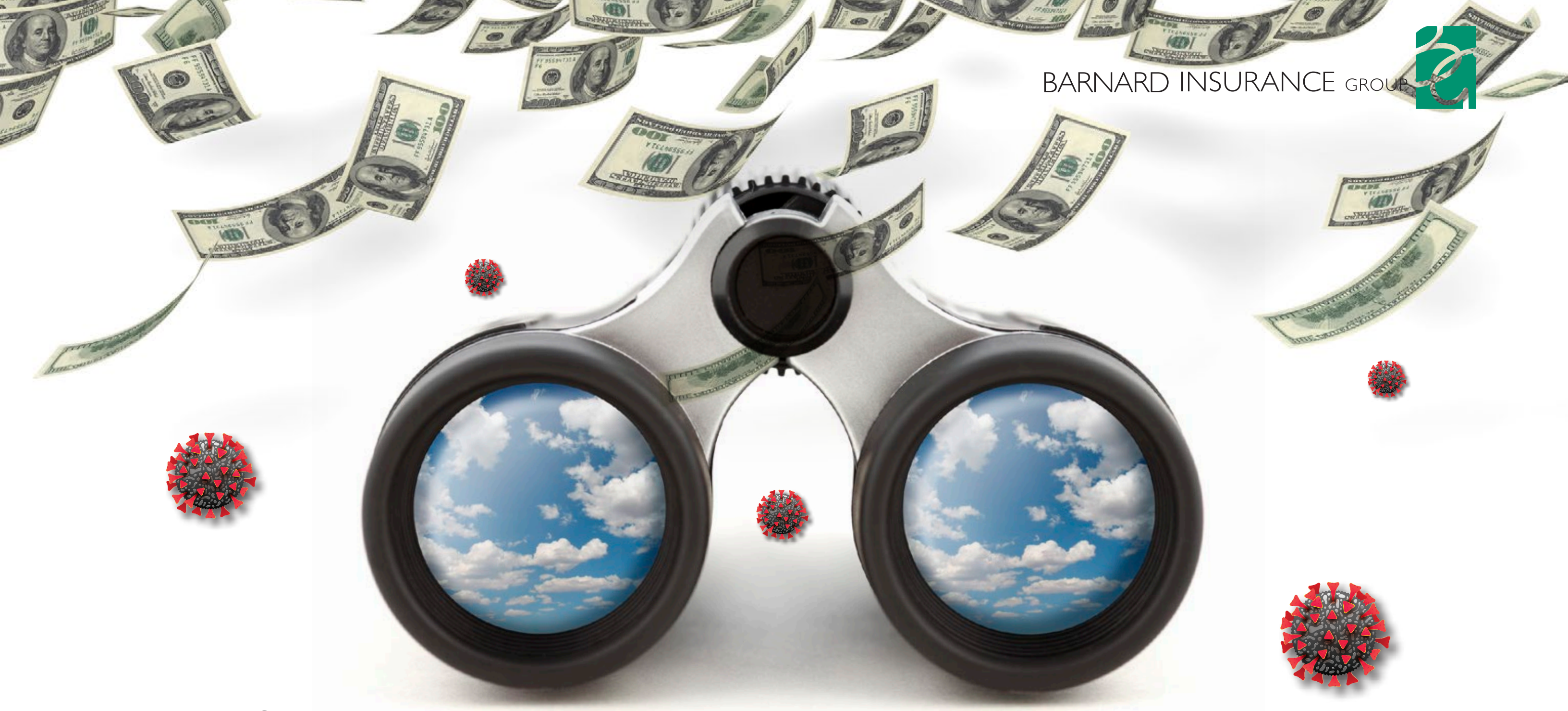
Use a Mix of Strategies for Communicating with Staff

Intranet, enrollment portal

Post open enrollment information on your firm's intranet. Include links to the enrollment portal, start and end dates, all plan benefit guides and plan summaries, benefit counselor contact information and other resources they may need.

The takeaway

Some of your staff may be anxious about the coronavirus, so make time to answer all their questions. Also, by employing a mixture of all of the above strategies, you can conduct a safe open enrollment that can help them choose wisely. ❖



Group Benefits

COVID-19 Clouds Health Insurance Cost Expectations

WITH LARGE employers expecting health insurance rates to climb 5.3% in 2021, they are concerned about how the COVID-19 pandemic will affect overall health care costs in the coming years, a new survey has found.

Those expectations gleaned from the survey by the National Business Group on Health would mean average premiums and out-of-pocket spending could reach $15,500 per worker. The expected increase is on par with the average 5% annual increase that large employers have projected in the last five years.

Employers have been using different strategies to tame those costs, most notably pushing more telemedicine for their workers, a trend that has increased during the pandemic.

Additionally, employers have increased their investments in employee health and well-being programs, a trend that was largely spurred by the pandemic and employers understanding that their business performance is linked to the health of their workers.

The numbers going into 2021 are squishy because there has been a significant drop-off in the use of medical services in 2020 due to the pandemic. Many people have delayed non-urgent care to avoid the risk of being infected with COVID-19 if they go to the hospital.

Other people with serious conditions have also unwisely decided to forgo care out of fear of getting sick from the coronavirus.

Health care experts are not sure if that means there will be an uptick in utilization in 2021 and think the 5.3% estimated increase in costs will pan out if people continue to put off care, Conversely, if care resumes in 2021, the projected trend may prove to be too low.

Here's what large employers are expecting:

- Average total health care spending on premiums and out-of-pocket costs will reach $15,500 per worker in 2021, up from $14,769 this year.
- Large employers will cover nearly 70% of costs (premiums) while employees bear the rest. That would mean the average outlay per employee would be $10,850 for the employer and $4,650 for the employee.

Trends

Employers are continuing to address health care costs by focusing on new areas that can improve health outcomes for their workers. The trends that large employers predict will continue in 2021 are:

Continued move towards telehealth services – The use of telemedicine has exploded during the COVID-19 pandemic. Among respondents:

- 76% made changes to improve access to telehealth services.
- 71% boosted the types of telehealth services they offer, such as adding health coaching and emotional well-being support.
- 80% expect virtual health will play a significant role in how care is delivered in the future. That's compared with just 64% in 2019 and 52% in 2018.
- 52% will offer more virtual care options next year.
- Nearly all will offer telehealth services for minor, acute services.
- 91% will offer online counseling or therapy.
- 29% may start offering virtual care for musculoskeletal issues, like physical therapy for back and joint pain.

Boosting wellness and mental health services – As many as 88% of respondents said they would provide access to online mental health support resources, such as apps, videos and articles. Here's what the survey found that:

- 54% are lowering or waiving costs for virtual mental health services in 2021.
- 27% will reduce the cost of counseling services at the worksite.

Focusing on primary care – Half of employers are looking at advanced primary care strategies to reduce costs, such as contracting directly with primary care providers to deliver preventive services, chronic disease management, mental health and whole-person care.

Addressing high-cost drug therapies – Two-thirds of respondents said they were very concerned with the cost of new million-dollar treatments, just one of which can blow up their health cost budget. ❖

Pandemic Fallout

Handling Group Health Coverage for Laid-off, Furloughed Staff

AS THE COVID-19 pandemic wears on, many employers have had to lay off or furlough staff due to a tremendous drop-off in business. Besides the loss of income they face, these workers will often also lose their employer-sponsored health insurance.

With this in mind, many employers have been wondering if they can permit coverage to continue during the time the staff is temporarily laid off or furloughed due to the COVID-19 outbreak. If you are looking at options for keeping these employees on your group plan, you'll need to read your policy to see if it's possible and explore all of your options.

The options

Most group health plans will define what constitutes an eligible employee. Typical requirements include working at least 30 hours a week. The policy may also address how long an employee can be absent from work before they lose eligibility for the plan. Some policies allow coverage to continue for a furloughed employee, but not for someone who is laid off.

Another option is to approach your group health plan provider and ask them to amend policy language to allow for laid-off or furloughed staff to continue coverage. If your policy doesn't address these workers or prohibits keeping them on the plan, you will need to approach the insurance company about this.

Due to the COVID-19 pandemic, several states have issued orders requiring or encouraging insurers to let employers make changes to their eligibility requirements.

Some states have extended grace periods to give employers and workers more time to make their premium payments if they are under financial duress. You can check with your state's insurance department to see what accommodations are available.

If you maintain health insurance for furloughed employees, you need to decide if you will require them to continue paying for their share of the premium. Some employers allow employees to defer their contribution until they are working again.

Whatever you decide, you will need to have the appropriate documentation and administrative procedures in place.

COBRA and exchanges

Most employers who have staff they cannot keep on the group health plan, will be required to offer them and their covered beneficiaries continuation coverage through COBRA.

But COBRA can be expensive, and most workers are better off purchasing coverage on an Affordable Care Act insurance exchange.

They can qualify for a premium tax credit if they have seen their income fall or disappear, and shop for a plan that will likely cost them less than COBRA continuation coverage. If any employee is laid off, they qualify for a special enrollment period to sign up on the exchanges.

Additionally, about a dozen states have also opened up special enrollment periods during the coronavirus crisis for people who are suddenly uninsured to sign up for coverage. ❖