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BARNARD INSURANCE GROUP

THE BARNARD BULLETIN

Looking Ahead

Health Insurance Outlook and Changes for 2022

AS WE ENTER 2022, there are a number of changes that plan sponsors need to be aware of as they will affect group health plans as well as employees enrolled in those plans.

Some of the changes concern temporary rules that were implemented during the COVID-19 pandemic. In addition, new rulemaking is likely to be introduced in 2022 that will affect health plans, including non-discrimination rules for wellness plans and new rules governing what must be included on insurance plan ID cards.

Here's a list of what to expect:

HDHP telehealth services – The CARES Act, signed into law in 2020, temporarily allowed high-deductible health plans to pay for telehealth services before an enrollee had met their deductible. That came to an end Dec. 31, 2021, and for plan years that start on or after Jan. 1, 2022, HDHPs must charge enrollees for telehealth services if they have not yet met their deductible.

Mid-year election changes – The Consolidated Appropriations Act of 2021 (CAA) relaxed a number of rules that will come to an end for plans incepting on or after Jan. 1, 2022. None of these rules are mandatory and employers could choose whether to relax them or not.

Here are the rules that sunseted at the end of 2021:

- Allowing employees to sign up after open enrollment ends.
- Allowing employees to switch health plans mid-year.
- Allowing employees to enroll in flexible spending accounts, change FSA contribution amounts or stop contributing mid-year.
- Extending the grace period for spending unused FSA funds to up to 12 months after the prior policy year .

Any plans that allowed these changes will have to be amended to reflect reverting to the old rules that forbid such changes.

Electronic filing threshold drops – Starting in 2022, employers with 100 or more workers will be required to file their prior year's ACA-related tax forms with the IRS electronically, as per changes brought on by the Taxpayer First Act. That's a change from the prior threshold of 250. This applies to forms 1094-C, 1095-C, 1094-B and 1094-B.

While the IRS has yet to release guidance for this change, it's expected it will do so by the end of 2021.

More guidance coming

The CAA created a number of new requirements that affect health insurance and coverage. Look for various government agencies, chiefly the Centers for Medicare and Medicaid Services, to provide new guidance on:

Insurance plan identification cards – Part of the CAA requires health plans and issuers to include information about deductibles, out-of-pocket maximum limitations and contact information for

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Barnard Insurance Group Wishes You a Happy New Year

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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:

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Pandemic Fallout

Firms Boost Mental Health, Substance Abuse Benefits

THE COVID-19 pandemic has had profound effects on health insurance in the U.S., with many employers improving mental health and other benefits to help their workers during this trying period, according to a new report by the Kaiser Family Foundation.

Despite the disruptions caused by the pandemic, the proportion of employers that offer their staff health coverage has remained steady, while health insurance premiums and out-of-pocket expense increases have remained moderate, according to KFF's "2021 Employer Health Benefits Survey."

With the stress of the pandemic weighing on workers in all industries, as well as the effects on their families and society from lockdowns and other changes brought on by COVID-19, many Americans have been struggling with mental health as well as substance abuse.

Provisional data from the Centers for Disease Control's National Center for Health Statistics indicate that there were an estimated 100,306 drug overdose deaths in the United States during the 12-month period ending in April 2021, an increase of 28.5% from the 78,056 deaths during the same period the year before.

Another report by the CDC found that 40% of U.S. adults had reported struggling with mental health or substance abuse.

ISSUES WE'RE DEALING WITH

- 31% reported symptoms of anxiety and/or depression.
- 26% reported symptoms of trauma/stressor-related disorder.
- 13% started or increased substance abuse.
- 11% reported seriously considering suicide.

It's no surprise then that since the pandemic started, 39% of employers surveyed said they'd boosted their benefits covering these issues.

Of those that made changes:

- 31% increased the ways employees can access mental health services, such as telemedicine.
- 16% started offering employee assistance programs or other new resources for mental health.
- 6% expanded access to in-network mental health providers.
- 4% reduced cost-sharing for such visits.
- 3% increased coverage for out-of-network services.

For example, Rhode Island-based Thundermist Health Center's employee health plan reduced the copayments for behavioral health visits to zero from $30.

As to employees, they responded by taking advantage of the new and expanded services:

- 38% of large companies (1,000 or more workers) said their workers had used more mental health services in 2021 than the year before.
- 12% of companies with at least 50 employees said their workers had increased their use of mental health services.

What you can do

With so many people suffering from mental health and substance abuse issues that may have been exacerbated by or are a direct result of the pandemic, it's certain that most employers have staff who are struggling.

Talk to us about what your current plan choices offer in terms of substance abuse and mental health counseling benefits. Many insurers, in response to rising demand, have been increasing access to these treatments.

If you do not have one, you may also consider an employee assistance program, which will provide a set amount of counseling appointments as well as substance abuse treatment to complement your health plan. ❖

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New Rules on Continuity of Care and Health ID Cards Coming

assistance on any ID cards issued to enrollees on or after Jan. 1, 2022.

Continuity of care requirements – New regulations are being written that will ensure that a health plan enrollee who is a continuing care patient can continue to receive care for up to 90 days from their preferred provider or facility, after there's been a change in the provider's contract status with a health plan.

Typically, when those changes occur, the coverage change is immediate, putting the patient in the difficult position of having to find a new provider straight away.

The regulations being written would ensure that care continues while the patient looks for a new provider for their continuing care.

Wellness program incentives – The Equal Employment Opportunity Commission is expected to issue new rules on what kind of incentives are permissible for employer-sponsored wellness programs. The main focus is on incentives and if they are discriminatory to some workers.❖

Forms 1094-C and 1095-C

IRS to Get Tough on ACA Reporting Form Mistakes

THE TIME when the IRS offers relief from financial penalties to employers that make errors on their group health insurance reporting forms has come to an end.

Starting this year, the IRS will no longer offer protection against reporting error penalties when "applicable large employers" (ALEs) file their Forms 1094-C and 1095-C and the employer has made a good-faith effort to comply.

The change starting with the 2021 tax reporting year means that employers can face steep penalties for mistakes on their forms.

IRS Code requires employers who are obligated under the Affordable Care Act to offer their employees health insurance benefits to also file these forms annually.

But since employers were required to first start filing these forms in 2018, the IRS has been lenient against those that make good-faith errors on the forms.

Typically, when the IRS identifies instances when an employer may be liable for employer shared-responsibility penalties based on information provided on the forms, the agency will send them a Letter 226J.

These letters will identify an employee who may have received health insurance from their employer but is also receiving premium tax credits from a policy on an exchange.

To date, the IRS has allowed ALEs to ask for corrections on their filed forms, or to reduce the penalty without imposing reporting error penalties as well. That comes to an end this year when employers file their 2021 forms.

A few heads-up

- Starting this year, the IRS will no longer offer good-faith relief from penalties for incomplete or incorrect forms.
- For the 2021 reporting year, these penalties are $280 per form that must be furnished to employees and $280 per form filed with the IRS.
- According to reports, the IRS is especially focused on employers who may not be satisfying ACA requirements that all health plans they offer their staff must be "affordable," which means costing no more than 9.83% of the employee's household income for the 2021 tax year
- Thanks to the American Rescue Plan Act, more Americans qualified for premium tax credits on ACA exchanges and the act drastically increased those tax credits to the point where some people were paying $1 a month for coverage. Employers could face reporting problems if any of their staff dropped their employer coverage and got coverage on an exchange. ❖

IMPORTANT DATES

Jan. 31: Deadline for furnishing 1095 forms to employees.
Feb. 28: Deadline for filing paper 1094 and 1095 forms with the IRS (only for employers with fewer than 250 employees).
March 31: Deadline to file forms electronically with the IRS.

Coverage Options

Generating Employee Interest in High-Deductible Plans

EMPLOYERS OVER the past decade have been turning to high-deductible health plans as they offer lower up-front premiums and a smart option for many employees.

But successfully coaxing your employees to choose an HDHP is not always easy. It means getting the deductible amounts right and educating them on how to best use these plans.

Also, while the plans are not for everyone, they can be a good fit for those who do not use their health plans much, are young and/or in good health. These employees may be overpaying for their premiums if they are not in an HDHP with an attached health savings account (HSA).

The following are the main reasons HDHP adoption may be lagging among covered workers and what you can do.

Lack of education

One of the biggest hurdles to overcome is that many people are shocked to see the amount of the deductible, even as they save money on their premium. And on top of that sky-high deductible, they still have copays.

If you want employees that would be better suited for an HDHP to actually sign up for a plan, take time to explain them in detail.

COVER THE MAIN POINTS

- Explain how HDHPs work and that there is a trade-off for high deductibles in exchange for lower up-front premiums.
- Provide custom, side-by-side medical plan comparison tables and different medical usage scenarios to illustrate which types of individuals are best suited for an HDHP and which ones are not. (This would include scenarios of individuals who may be high health care users who may not be well suited for an HDHP.)
- Explain how they can funnel what they save in premiums into an HSA so they can save their money for future medical expenses (more on HSAs later).

After covering all of the above, encourage your staff to pencil out the math to figure out which plan is right for themselves and their families. They can do this with the usage scenarios you provide.

They may need assistance in doing this and you can encourage them to ask questions so they can make the best decision.

Too-high deductibles

For 2022, the maximum out-of-pocket deductible for an HSA-linked single HDHP is $7,050 and for a family plan the total deductible is $14,100. The minimum deductible for these plans is $1,400 for a single plan and $2,800 for a family plan.

While employees expect an HDHP to have a higher-deductible than a traditional plan, they can be shocked by a multi-thousand-dollar deductible. And many employers offer plans that are at the maximum end of the deductible spectrum.

You can work with us to model out multiple plan design scenarios that will help you save money on your group benefits bill while maximizing plan adoption. These models do a good job of explaining possible annual outlays and savings at different premium and deductible levels.

You're not contributing to their HSAs

Employers will sometimes fund HSAs with a matching contribution up to a certain dollar amount, but that's not required under law. As a result, many employers do not contribute to these accounts. But HSAs are critical to the success of HDHPs.

It's hard to impart the importance of an HSA and how it can benefit a worker years in the future. To generate interest, the employer can offer to contribute if the employee sets up an account. Once an employer starts contributing, the likelihood of the employee starting to do so increases exponentially.

When selling them on the benefits, explain that an HSA never expires. Your employees can keep them for life and let the funds grow in value through investments, and then put them to use when they are older of if they have health problems years later.

Additionally, they are funded with pre-tax earnings, and withdrawals are not taxed either.

Tell them this is essentially free money and that at some point this year or far in the future, they may need the money in the account to pay for medical services.

The takeaway

Helping your workforce understand how HDHPs (coupled with an HSA) can benefit them is the best way to encourage them to enroll.

You may not convince everyone that an HDHP is right for them, but if you get through to some of the ones who can benefit from an HDHP, they may share their experience with colleagues later. ❖