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THE RISK REPORT

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Health Plans

COVID-19 Treatment Cost Waivers Coming to an End

AS THE pandemic abates in the U.S., more health insurers are ceasing to offer cost-sharing waivers for COVID-19 treatment.

After a law was enacted in 2020 that required health insurers to cover COVID-19 tests and vaccines, many insurers voluntarily waived all deductibles, copayments and other costs for insured patients who contracted COVID-19 and needed hospital care, doctor visits, medications or other treatment.

Not all health insurers extended these waivers to their enrollees, but many did.

Insurers are still required to provide free COVID-19 testing and vaccinations.

Also, guidance issued in February after President Joe Biden assumed office, reinforced the Trump administration rule about waiving cost-sharing for testing. Biden's guidance took an extra step, saying that it applies even in situations in which an asymptomatic person wants a test before traveling or seeing a relative.

A study by the Peterson Center on Healthcare and the Kaiser Family Foundation released in November 2020, found that 88% of Americans who have health coverage – including employer-sponsored heath plans and individual plans purchased on exchanges – had polices that waived cost-sharing for COVID-19 treatment.

What insurers are now doing

However, starting in late 2020, more and more insurers have quietly been dropping those waivers. For example:

- UnitedHealthcare started phasing out its waivers in November.
- Anthem stopped its cost-sharing waivers on Jan. 31.
- Cigna stopped offering cost-sharing waivers for COVID-19 treatment on Feb. 15.
- Aetna ceased offering deductible-free inpatient COVID-19 treatment waivers on Feb. 28.

Not all insurers are doing this though. Blue Cross and Blue Shield of Minnesota extended eligibility for telehealth benefits and COVID-19 treatment waivers through the end of 2021.

Humana, meanwhile, has left the cost-sharing waiver in place for Medicare Advantage members, but dropped it on Jan. 1 for those in employer-sponsored group plans.

Despite the fact that vaccines are rolling out quickly across the country and in light of a significant percentage of people who are hesitant to get vaccinated for

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Total Control Health Plans

Phone: (616)301-6757

E-mail: Info@/totalcontrolhealthplans.com

www.**totalcontrolhealthplans**.com

Pandemic Issues

Few Employers Require COVID-19 Vaccination for Their Workers

AS THE vaccine rollout continues, most employers seem to be avoiding requiring their workers to get the inoculation, especially considering the legal risks and increasing number of bills introduced in state legislatures that would ban such mandates.

Additionally, many people are skeptical of the vaccines and some may have religious objections to getting vaccines. As a result, many employers, even those with staff at the greatest risk of contracting COVID-19 on the job, are not requiring the shots so they can avoid the potential legal and liability minefield.

Because this is uncharted territory, employers are doing what they can to not overstep and expose themselves to possible lawsuits by employees. This is despite the U.S. Equal Employment Opportunity Commission having announced earlier that employers can make vaccinations mandatory.

It should also be noted that all of the COVID-19 vaccines approved for use in the US were authorized by the Food and Drug administration for “emergency use,” which requires disclosures that people getting the vaccines are doing so voluntarily. That too is an important distinction.

On top of that, many state legislatures are moving on legislation that would bar employers from requiring workers to get the vaccine.

Even health care workers, who are arguably one of the highest risk groups for contracting the coronavirus, are not all choosing to be vaccinated. A poll conducted on March 19 by the Kaiser Family Foundation and *The Washington Pos*t found that 18% of health care workers surveyed said they would not get the vaccine. Another 12% said they were undecided.

For a look at the population as a whole, a survey of 802 Americans by Monmouth University on Feb. 25 found that 25% of them said they would not get vaccinated.

The soft approach

Instead, more and more employers have decided to focus on incentives. Some have offered cash to workers who get vaccines, while others are giving them vacation days and gift cards.

Many employers have also decided to give workers paid time off to get a vaccine as well as sick days if they have an adverse reaction following getting the vaccine. Sometimes they will give the time off for a full or half day.

Raytheon Technologies, for example, is offering employees financial bonuses as part of their overall wellness plan if they get a COVID-19 vaccine. Kroger announced in February that it would pay every employee getting vaccinated a $100 bonus.

But even the soft approach may run into hurdles. People who may not be able to get the vaccine due to health or religious reasons could claim discrimination if they cannot participate in the incentive.

Similarly, if an employer provides incentives for employees to get vaccinated as part of an employer’s wellness plan or program, such incentives may run afoul of the Americans with Disabilities Act. ❖

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Inform Your Staff of Any Impending Plan Changes

COVID-19, the coronavirus is expected to be a presence in society for some time to come. And that means people will contract it and get sick.

There are also concerns about mutant strains that have developed in South Africa and Brazil, and possibly in India during the massive outbreak in April.

The takeaway

Check with your group health plans to see if they have waived any cost-sharing for COVID-19 treatment.

You should meet with your employees or send them a memo explaining any impending changes for them if they have a health plan that is ending or has ended waivers. ❖

Health Plan Rebates in 2021 to Be Second Highest on Record

GROUP HEALTH plan insurers are expected to pay out $618 million in rebates to plan sponsors for the 2020 policy year after seeing use of health care services plummet during the COVID-19 pandemic.

That's according to a Kaiser Family Foundation estimate in April, which also projects that insurers will pay out $1.5 billion in rebates to enrollees in the individual market.

The $2.1 billion estimated payout this year is second only to the $2.5 billion insurers paid out in 2020 since the Affordable Care Act took effect and started requiring these rebates. Group health plans received $689 million in rebates in 2020.

The ACA requires insurers that cover individuals and small businesses to spend at least 80% of their premium income on health care claims and quality improvement. If they spend less, the shortfall has to be returned to policyholders.

The threshold for large group health plans is 85%. This threshold is called the medical loss ratio (MLR).

The rebates that will be paid in 2021 are based on a three-year MLR average (2020, 2019 and 2018). Rebates this year will be paid to sponsors who had group health policies in effect in 2020, and only to those who were in plans that failed to spend enough on medical services. Many plans spend more than the MLR cap on medical services and do not have to pay.

There are two main drivers of larger rebates this year:

There was a drop in health care utilization in 2020 – The pandemic depressed the use of medical services as many people cancelled both important and elective treatments and hospitals cancelled non-emergency visits.

Insurers in the individual market had record profits in 2018 and 2019 – The Kaiser Family Foundation reported that individual market insurers were about 3 to 5% shy of meeting their MLR benchmarks..

How to handle rebates

Health insurers may pay MLR rebates either in the form of a premium credit (for employers that are still using the insurer) or as a lump-sum payment. More than 90% of group plan rebates come as a lump sum.

Once an employer receives this money, it is their responsibility to distribute the rebate to plan beneficiaries appropriately within 90 days, or risk triggering ERISA trust issues.

How the employer distributes the check will depend on how much their employees contribute to the plan, if at all.

Here are the basic rules for employers handling their MLR rebate checks:

- If you paid 100% of the premiums, the rebate is not a plan asset and you can retain the entire rebate amount and use it as you wish.
- If the premiums were paid partly by you and partly by the participants, the percentage of the rebate equal to the percentage of the cost paid by participants must be distributed to the employees. ❖

HOW TO DISTRIBUTE REBATES

- The funds can be used to reduce your portion of the annual premium for the subsequent policy year for all staff who were covered by all of your group health plans.
- The funds can be used to reduce your portion of the annual premium for the subsequent policy year for only those workers covered by the group health policy on which the rebate was based.
- You can provide a cash refund to subscribers who were covered by the group health policy on which the rebate is based.

Employee Benefits

Vision Coverage Can Reduce Overall Health Care Costs

RESEARCH HAS found that employers who offered their workers stand-alone vision benefits experienced $5.8 billion in cost savings in the aggregate over four years due to reduced health care costs, avoided productivity losses, and lower turnover rates.

That's because individuals who receive an annual comprehensive eye exam are more likely to enter the health care system earlier for treatment of serious health conditions, thereby significantly reducing their long-term cost of care.

Additionally, people are more likely to get an annual comprehensive eye test than a routine physical, according to the study by HCMS Group, a human capital risk management firm that analyzes data to help employers reduce waste in health benefits.

While not mandatory under the Affordable Care Act for adults, you may consider vision coverage for your employees as it may help decrease your overall health insurance outlays in the future.

The ACA requires that pediatric vision care coverage be embedded in medical benefits for children up to age 19 in group health plans purchased by employers with 100 or fewer employees.

The ACA's vision care requirement for kids has exposed a gap in coverage for adults that is prompting an uptick in interest in voluntary vision benefits.

According to the "2020-2021 WorkForces Report" by the life insurer Aflac, 67% of U.S. employers surveyed offered voluntary vision benefits in 2020.

And nearly eight out of 10 employees said they would enroll in vision benefits if they were offered by their employer.

Early detection

The main reason vision benefits can help with early detection of illnesses is that comprehensive eye exams provide the only possible non-invasive view of blood vessels and the optic nerve.

As a result, eye doctors can detect early signs of chronic diseases before any other health care provider.

EARLY DETECTION OF SERIOUS DISEASES

Eye doctors were the first to identify in patients signs of:

Diabetes (34% of the time) – The HCMS study estimates savings of $3,120 per employee due to early identification of diabetes.

High blood pressure (39% of the time) – The study estimates savings of $2,223 per employee due to early identification of high blood pressure.

High cholesterol (62% of the time) – The study estimates savings of $1,360 per employee due to early identification of high cholesterol.

Vision insurance policies typically cover routine eye tests and other procedures, and provide specified dollar amounts or discounts for the purchase of eyeglasses and contact lenses. Some vision insurance policies also offer discounts on refractive surgery, such as LASIK and PRK.

Vision insurance only supplements regular health insurance. Regular health insurance plans pay for eye injuries or ocular disease.

Vision insurance, on the other hand, is a wellness benefit designed to reduce your costs for routine, preventative eye care such as eye exams, eyewear and other services.

With the prospect of reduced health care costs among your employees, which in turn would reflect well in your health insurance premiums, if you have not considered vision benefits before, it may be time to take a second look.

Contact us for more information on how a vision plan can be incorporated into your employee benefits offerings. ❖