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THE RISK REPORT

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Study FIndings

Firms Expect Higher Premiums, Little to No Cost-Shifting

EMPLOYERS REPORT that group health insurance premiums increased 5.4% this year and they expect them rise by a faster clip in 2024, according to a new report.

Businesses said they are looking to manage growing group benefit costs without shifting costs to employees, as they realize that their staff are also dealing with inflation in all facets of their lives, including medical bills, according to Mercer's "Survey on Health and Benefit Strategies for 2024."

In fact, 64% of large employers (with 500 or more workers) plan to enhance their health insurance and well-being benefits to stay competitive for talent and to keep their staff happy, Mercer found.

With all that in mind, the report advises that employers of all sizes will have to prepare for higher premium outlays and be creative in how they try to control costs.

Different responses higher costs

Businesses are taking different steps to make health insurance more affordable to lower-wage staff:

- 15% of employers offer free employee-only coverage in at least one plan.
- 18% use salary-based contributions to premiums, with lower-wage workers paying less than their better paid colleagues.
- 39% offer a medical plan with no or a low deductible or cost-sharing.
- 6% make larger health savings account contributions to lower-wage staff to make their high-deductible health plan more affordable.

DECIDING WHETHER TO PASS ON HIGHER COSTS

- **45%** said they would not shift any of the higher costs to employees.
- **24%** said they would up employee cost-sharing, but by less than the projected increase.
- **27%** said they would raise cost-sharing enough to keep pace with the projected cost increase.
- **3%** said they would raise cost-sharing enough to reduce the projected cost increase.

OTHER STRATEGIES

Employers are taking other steps to address their and their workers' health outlays:

- Programs aimed at enhancing the management of specific health conditions like diabetes, heart disease and pain management, which can reduce medical costs and improve patient outcomes.
- Managing specialty prescription drug costs by seeking support from drugmakers to reduce out-of-pocket costs and demanding integrated managed care from health plans and their PBMs.
- Increasing virtual care offerings, beyond standard telemedicine.
- Steering enrollees to high-performance networks, centers of excellence, etc. They deliver savings by focusing on quality care and an efficient provider network.
- Limiting plan coverage to in-network care only (in at least one plan).
- Strategies focused on using high-quality primary care (e.g., advanced primary care).

See 'Plans' on page 2

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Compliance Alert

Pregnant Workers' Fairness Act Takes Effect

IF YOU have not yet done so, it's time to update your employee handbooks and the Equal Employment Opportunity Commission "Know Your Rights: Workplace Discrimination is Illegal" poster to account for changes to workplace anti-discrimination laws.

The Pregnant Workers' Fairness Act, signed into law last year, came into effect June 27 and the EEOC announced that it would start accepting complaints on day one.

The Act requires "covered employers" to provide "reasonable accommodations" to a worker's known limitations related to pregnancy, childbirth or related medical conditions, unless the accommodation will cause the employer an "undue hardship."

A covered employer is a private or public sector employer with at least 15 workers.

The Act only covers accommodations, while existing laws make it illegal to fire or otherwise discriminate against workers on the basis of pregnancy, childbirth or related medical conditions.

Due to the new law, employers will also need to swap out their current posters with new versions that include the new protected class.

The poster

Since the law took effect June 27, if you have not already done so, download, print and then post the new poster alongside your other workplace posters. You can download the poster below:

English-language version

Spanish-language version

For additional information about this EEOC update, visit the agency's website.

Internal steps

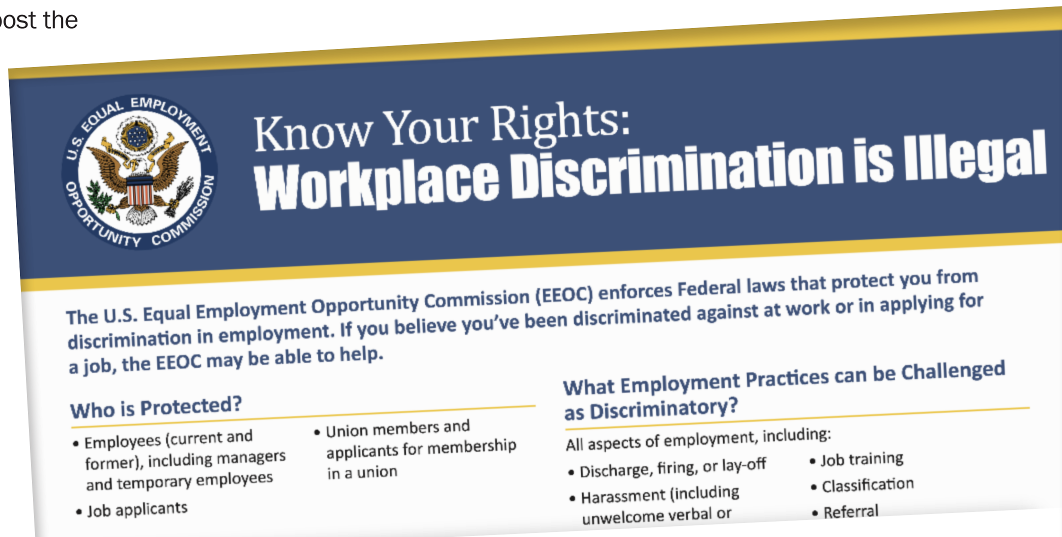
The new law requires that leave be considered as a reasonable accommodation. However, if you have in place an existing pregnancy/maternity leave policy that applies to all workers, the policy may violate this law if that is all you are offering pregnant employees per your handbook, according to an analysis of the law by *JDSupra.com,* a legal website.

Additionally, *JDSupra.com* recommends that you train supervisors and managers on the new law and that they will need to offer accommodations to pregnant employees, such as light duty, which previously may have only been offered to those injured on the job and/or who had serious, long-term medical conditions such as cancer, PTSD or diabetes.

It also recommends updating your employee handbook to list pregnancy as its own protected class in both your "Equal Employment Opportunity" and "Accommodation Request" sections.

Finally, the website warns: "In both your policies and in practice, putting a pregnant employee 'out on leave' should not be your initial, only, or otherwise 'go to' move when it comes to 'accommodation.'"

If you have questions, feel free to contact us. ❖



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Find Benefits That Will Add Value for Your Employees

Thinking ahead to 2024

As we enter a period of higher premium increases along with a competitive job market for employers, businesses will need to be creative when addressing costs and offering the benefits that their employees desire.

Be mindful that inflation is affecting your employees and the effect increases in their cost-sharing may have on them. ❖

MAIN REPORT TAKEAWAYS

- Be prepared for faster premium increases in the coming years.
- Find benefits that will add value for your employees, and not bells and whistles they don't care about.
- Consider network and telehealth strategies to help reduce overall costs.

Evolving Coverage

More Insurers Pushing Virtual Care for Cost Savings

MORE AND more insurers are expanding the use of telemedicine, just as a new study shows promising cost savings of up to 25% from virtual care when implemented properly.

The latest insurer to announce an expansion of its telemedicine offerings is UnitedHealthcare, which recently said it would eliminate out-of-pocket costs for its 24/7 Virtual Visits program for eligible members enrolled in fully insured employer-sponsored plans, starting July 1.

Besides making care more convenient and reducing costs for its enrollees, the insurer is hoping more access to virtual care will encourage earlier visits, which can reduce the risk of complications or need for emergency care later on.

Other insurers have also been working with their network providers to increase the use of telemedicine in the hopes of making care more accessible for patients and reducing overall costs.

And as more providers, patients and carriers gain an understanding of the breadth of services that can be handled via telemedicine, and the limits, patients will likely make more use of telemedicine.

As well, a growing number of established carriers are starting to sell "virtual-first" plans, often with $0 deductible and $0 copays for all visits with virtual-only providers.

This is good news for patients and employers, who may end up benefiting from lower plan costs, as well as lower out-of-pocket expenses for employees.

Potential savings and other benefits

A study by researchers at the Perelman School of Medicine at the University of Pennsylvania found that average per-visit costs for hospital Penn Medicine's "OnDemand" telemedicine program were 23% less than for in-person visits ($380 vs. $439). Visits included primary care, emergency and non-urgent care.

"The conditions most often handled by OnDemand are low acuity — non-urgent or semi-urgent issues like respiratory infections, sinus infections, and allergies — but incredibly common, so any kind of cost reduction can make a huge difference for controlling employee benefit costs," the study's lead researcher, Krisda Chaiyachati, MD, said in a press release.

The study's authors noted that there are other benefits besides just cost savings.

The program made care easier, which the study's senior author, David Asch, professor of Medicine, said promotes more care. Since telemedicine is so convenient, people "who might otherwise have let that sore throat go without a check-up may seek one when it's just a phone call away," he explained.

As this technology matures, the number of services that can be handled via video or phone will continue to increase.

TELEMEDICINE SERVICES EXPANDING

This rapidly evolving technology now includes::

- Primary care
- Urgent care
- Non-urgent care
- Therapy for behavioral health care visits
- Specialty care, like dermatology
- Chronic conditions management
- Wellness screenings

Virtual-only legislation

Waivers created by the March 2020 CARES Act, an economic rescue package in response to the pandemic, have allowed individuals to choose and buy the use of telehealth services outside of their high-deductible health plan without affecting their health savings account eligibility. Last year, the wavier was extended by legislation through Dec. 31, 2024.

Bipartisan legislation in Congress, the Telehealth Benefit Expansion for Workers Act, would make these waivers permanent and allow employers to offer stand-alone plans to their workers.

It's envisioned that these stand-alone telehealth benefits would operate similarly to dental and vision benefits, remaining separate from health care plans. They would be another tool for reducing overall medical costs.

According to the bill's authors, allowing employers to offer stand-alone telehealth coverage would:

- Help alleviate provider shortages,
- Increase access to mental health services,
- Reduce the cost of care for patients by widening provider networks, and
- Provide timely access to medical care to individuals in rural areas.

The bill also would include telehealth access for part-time, seasonal, and contracted workers. ❖

Medical Costs

Hospital Indemnity Insurance a Key Voluntary Benefit

MOST EMPLOYERS offer major medical coverage to their full-time employees. But that still leaves workers and their families with significant exposure to financial hardship in the event of a serious medical emergency.

For example, even with insurance, treating a broken leg or undergoing emergency appendicitis surgery can mean thousands of dollars in out-of-pocket medical costs.

Meanwhile, most households can't afford to cover a $1,000 emergency. Fortunately, employers can help by offering their workers voluntary hospital indemnity insurance that can provide peace of mind in case they have a serious medical episode.

Hospital indemnity insurance

This coverage offers a pre-determined cash payment directly to the insured worker in the event of the hospitalization of themselves or a covered family member.

WHAT BENEFIT CAN BE USED FOR

- Deductibles
- Copays
- Coinsurance
- Drugs
- Medical equipment, such as wheelchairs or walkers
- Transportation to visits
- Offset lost wages
- Hiring home care assistance.
- Other medical outlays

How coverage works

One of your employees, Sue, is diagnosed withh appendicitis, and is scheduled for immediate surgery.

The average cost of appendix-removal surgery is over $30,000. Your group medical plan will pay for most of it, but while Sue has medical insurance, she still needs to pay $4,300 of out-of-pocket expenses due to her deductible ($2,300), coinsurance and other expenses not covered by her plan..

If she takes a few days off work to care for her daughter at home while she recovers, the net cost is even greater.

If she has a hospital indemnity plan with a $3,500 limit, instead of being out of pcoket $4,300, the plan would cover all but $800 of that.

Little or no cost to the employer

Hospital indemnity coverage is generally offered as part of a voluntary benefits package, and often at little or no cost to the employer.

Employees pay part or all of the premiums via payroll deduction. Coverage specifics vary, but plans are designed to be affordable for all kinds of workers.

Coordination with group health insurance

Many employers use hospital indemnity coverage to help close the gap between the worker's needs and what an existing group medical plan will cover.

In many cases, the availability of a direct cash benefit in the event of a qualifying hospitalization or emergency room visit can coax employees to opt for a lower-cost high-deductible health plan reducing overall costs for the business, while giving the worker peace of mind that they can foot the bill in case of emergency.

We can help you customize your voluntary benefits package and coordinate it with your existing group medical offering.

Note: Hospital indemnity insurance is a supplemental insurance product. It does not constitute comprehensive health insurance and is not intended to replace a qualifying major medical insurance plan. ❖