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CLIENT UPDATE 3rd QUARTER 2016

"Believe in yourself! Have faith in your abilities! Without a humble but reasonable confidence in your own powers you cannot be successful or happy." Norman Vincent Peale

News To Note

Still confused about Health Care Reform and how it affects individuals and employers. Please contact us in order to avoid the government penalties.

The **2017 Individual Health Plan Annual Open Enrollment Period** is scheduled to begin on 11/1/2016 and end on 1/31/2017 (but note, the deadline to apply for a 1/1/2017 effective date is 12/15/2016). The **2017 Medicare Annual Open Enrollment Period** is scheduled to begin on 10/15/2016 and end on 12/7/2016. Individuals may also qualify for Special Enrollment Periods outside of Open Enrollment if they experience certain events. Contact us if you have any questions. Don't wait until it's too late.

The IRS issued guidance on the **2017 maximum contribution levels for health savings accounts (HSA)** as well as deductible and out of pocket spending limits for high deductible health plans (HDHP) that must be used in conjunction with HSAs. For calendar year 2017, the maximum annual HSA contribution for an eligible individual will increase to $3,400 for self only coverage and remain at $6,750 for family coverage. The annual catch up contribution (age 55 or older) will remain at $1,000. The minimum deductible for an HDHP will remain at $1,300 for self only coverage and $2,600 for family coverage. And the maximum annual out-of-pocket amount for HDHP will remain at $6,550 for self only coverage and $13,100 for family coverage. Please contact us if you have questions or need additional information.

Employers. Please contact us if you have HR or compliance questions relating to employee benefits. We're here to help and offer several value added services for our clients including information on employer health care reform requirements, how to administer group health plan rebates, COBRA compliance, SPD/Wrap documents, Marketplace notices, and Section 125 Cafeteria Plan administration. Its also very important for employers to determine if they are part of a controlled or affiliated service group.

Turning The Ship On Rising Health Care Costs

Despite countless efforts at reform by businesses, government, and consumer groups, health care costs continue to be very high in the U.S. as compared to other nations. The reasons are too complex to cover in this newsletter, but three health care experts, drawn from the areas of insurance, providers, and research, recently shared some thought on where we stand with health care costs, and what employers and individuals can expect in the near future. The three perspectives offer different but overlapping views on what drives health care costs and what can be done to ease the burdens those costs create.

Regulation and systemic inefficiencies

Marcy Buckner is vice president of government affairs for the National Association of Health Underwriters (NAHU), an association that represents more than 100,000 insurance brokers, agents, and consultants. Buckner said that an aging population, higher pharmaceutical costs and increased utilization as the Affordable Care Act took effect have all contributed to rising health care costs. A NAHU white paper, published in June 2015, found

that those factors, along with new technologies and system inefficiencies, can be major contributors to rising health care costs.

The utilization piece comes as more people are being covered under the Affordable Care Act. With more people using health care services, many are being treated for conditions that they may have not sought treatment for before, Buckner says. “With coverage comes the opportunity to use that coverage,” she says. “There are a lot of folks who are newly-insured under the ACA, a lot who weren't covered because of pre-existing issues. Of course we want them to seek coverage, but it does result in higher costs overall.” With this new cohort of insured people, there is also increased demand for pharmaceuticals, which contributes to rising drug costs.

The NAHU report also found that inefficiencies and duplication of procedures lead to higher health care costs. Among the inefficiencies mentioned by Buckner are companies that don't offer enough options to their workforce. “It's important for employers to work with their broker to look at their workforce and determine what type of plan will be best for them,” she said. For example, coverage terms and copays are likely to be different for a plan that appeals to younger people than older people or workers with families. Those differences can end up costing both the consumer and the health care system more.

Although the NAHU white paper flagged governmental regulations as a cost-driver, Buckner said that the mandatory prevention coverage that is part of the ACA may end up helping hold down costs. “The thought is to spend a little bit of money with wellness and prevention upfront, then those people will be healthier and need less treatment,” she says. “So far, the studies have been very supportive of this.”

However, those changes will take time, she notes. “[The ACA] is only six years old; there's only so much that we could have seen from some of these market regulations,” Buckner said. “It's really like trying to turn the Titanic; you can't turn it on a dime.”

A better approach to obesity

Ted Kyle is former chair of the Obesity Action Coalition (OAC), and founder of ConscienHealth, a company that works with providers on evidence-based approaches to health and obesity. As a board member of OAC, he works with the non-profit to advocate for those affected by obesity and to raise awareness of treatments for obesity and related conditions.

The OAC notes that obesity affects more than 93 million Americans, and more than 33 percent of Americans are affected by excess weight. The group has launched the Your Weight Matters campaign, which provides tools for individuals to work with their doctors in addressing obesity and educating patients on evidence-based strategies.

As a chronic disease linked to many other expensive conditions such as diabetes and heart disease, obesity has been the focus of many efforts — but not all of them have been effective. But Kyle says that over the past few years, more evidence-based approaches have grown in popularity, and more importantly, insurance carriers have begun to cover effective treatments more consistently.

“Treatment of obesity is routinely not covered by health plans,” he says. “The future is where we get away from the bad old habits, where obesity care is viewed as a lifestyle rider in a benefit package.” Kyle notes that obesity is more linked to genetics than lifestyle choices. “Research has proven that yes, people have choices to make, but no one chooses to have a chronic disease. You make a choice in how to respond,” he says. “The scientists and clinicians know that [obesity] only gets worse when you blame the patients.”

Kyle notes that one popular solution among employers, wellness programs, has had mixed results. “There are companies that have implemented wellness programs and promotion of wellness within their company culture,” he said. “And that can be helpful.”

On the other hand, he says, programs that give rewards for employees who hit biometric targets are both unpopular with employees and of questionable value in addressing obesity.

“I'd rather attempt to do something great and fail than to attempt to do nothing and succeed.”
Robert H. Schuller

“It can be a bit of a shell game; it's done in the name of wellness, but the goals are set up in a way that people who have been living with this all their lives are never going to achieve them,” he says.

However, Kyle says Medicare and the American Medical Association have helped lead the way in acceptance of evidence-based solutions. “We’re coming from a place where health plans really didn't do a good job of dealing with obesity, and that's why health costs have built up,” he says. “But today, there's more recognition of cost-benefit of therapies like intensive behavioral care and bariatric surgery. Things are improving, but for folks who are living with obesity, it is frustratingly slow.”

Making better choices
The Health Care Cost Institute (HCCI) is an independent nonprofit that is funded by both insurers and private foundations. The group provides insurance claims data to researchers and policymakers.

David Newman, the group's executive director, said his group believes the biggest cost driver for health care is technology. But he adds that changes in attitudes towards medicine and patients’ expectations have also evolved and made a difference. “In the old TV show, Dr. Kildare used to walk into a ward with eight patients,” he says. “Today, everyone is in a private room. What we demand and what is delivered has changed dramatically over time.” He notes that at one lecture, a slide went up that asked people to pick which was the lobby of a five-star hotel, and which was the lobby of a hospital. “They couldn't,” Newman says. “Hospitals are competing on amenities.”

In some ways, Newman says, this is just a result of living in a relatively wealthy society. “At the end of the day, if people's lives can be extended by spending more money and people are healthier—those are good things.”

“We’re not all wealthy,” Newman says. “But this is probably the best time to live, from an income and health perspective.”

Newman said it's become popular to talk of giving consumers more financial incentives, or “skin in the game,” to shop around for health care and thus drive down prices. But he says research has shown this approach has limits. “Clearly, when I’m on the way to the ER, I’m not shopping,” he said. “Some things are worth shopping for, but many things are not shop-able.”

Newman said that instead, the focus should be on helping institutional health care purchasers, such as employers, make good choices in health plan design and networks. “If an employer or insurance carrier negotiates a better price with a provider,” Newman says, “every consumer gets that benefit, whether they shop or not.”

Now is the time to take action. Don't wait until the end of the year. Let's get together and review your situation. **Contact us for a free review, RIGHT NOW, while this is fresh on your mind.** We'll take care of the rest!

Quiz Questions

(True/False, Answers On Last Page)

1. If your health plan refuses to pay for a service that you think is covered and your doctor says you need, you can appeal the denial and possibly get the plan to pay the claim.

2. An out of pocket maximum is the most your health plan will pay.

Free Information

The need for long-term care is one of the biggest financial threats you could potentially face in life and the time to prepare is now. Request a copy of *"A 3-Step Guide to Smarter Long-Term Care Planning"*. This free guide provides information and tips regarding long-term care planning and insurance protection, including understanding risks, avoiding mistakes, and reducing costs.

Do your parents have an adequate retirement income? Will that income continue to be paid if one of them dies? Do they have a living will? Would they be able to pay for medical expenses related to a long-term illness? Do they have a will? Have they done any estate planning? Call us for a copy of our **FREE REPORT**, "*Some Questions Are Too Important Not To Ask*".

How about a **FREE REPORT** from our "*Insurance and Investment Comparison Service*"? Stop confusion once and for all. We track rates, coverages and financial stability ratings for over 400 leading insurers in a huge, continually updated database. We also track over 4,000 investments.

If something happened to you today, would your family know where to begin looking for important information? Call us for a **FREE** copy of our "*Financial Inventory Review Sheet*". It lists names, locations, phone numbers, account number, etc. of important documents.

If you're going on a trip you plan ahead, but do you know how much you need to save for a comfortable retirement? Request a **FREE** copy of our "*Retirement Plan Estimator*".

Quiz Answers

(Call Us For More Complete Answers)

1. True. Consumers have the right to formally appeal if they get into a dispute with the health plan about whether services are medically necessary and appropriate and should be covered.

2. False. Your out of pocket maximum is the most you have to pay each year toward your medical services or prescription drugs before your health plan pays for all your care. This amount does not include what you pay in premiums or services that are not covered. The Affordable Care Act limits the out-of-pocket maximums. In 2016, for one adult, it can be no more than $6,850, and for a family, it can be no more than $13,700.

This information is solely advisory, and should not be substituted for professional advice. Any and all decisions and actions must be done through the advice and counsel of a qualified professional. We cannot be held responsible for actions you may take without proper financial, legal, or tax advice!

For questions or a free report, please contact us!

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