Segal Consulting

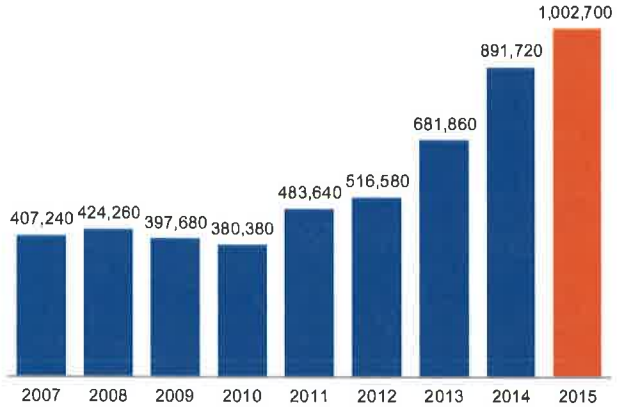
Trends News for Multiemployer Health Plans

First Quarter 2018

Learn more by clicking on the blue text below.

Key Statistics

The number of **Medicare Part D** enrollees who are not receiving low-income subsidies and have high out-of-pocket drug costs (above the catastrophic coverage threshold) more than doubled from 2007 to 2015. The average out-of-pocket cost for the more than 1 million Part D enrollees with out-of-pocket costs above the catastrophic threshold in 2015 was more than $3,000.



Source: Recreated graph. "No Limit: Medicare Part D Enrollees Exposed to High Out-of-Pocket Drug Costs Without a Hard Cap on Spending." (The Henry J. Kaiser Family Foundation, November 7, 2017)

According to the Bureau of Labor Statistics, 94 percent of union workers had ***access*** to employer-provided health benefits, compared to 67 percent of nonunion workers. Also, 76 percent of union workers ***participated*** in employer-provided health benefits, compared to 48 percent of nonunion workers.

The Centers for Medicare and Medicaid Services estimates that the **Medicare Advantage** average monthly premium in 2018 will decrease 6 percent, from $31.91 in 2017 to $30 in 2018. Approximately 77 percent of Medicare Advantage enrollees (who remain in their current plan) will have the same or lower premium for 2018.

Compliance News

Deadline Extension for Forms 1095-B and 1095-C | An automatic 30-day extension for providing 2017 health coverage information Forms 1095-B (sent by the health plan) or 1095-C (sent by the employer) to individuals was announced by the Internal Revenue Service. The new deadline is March 2, 2018.

Executive Actions on Health Care | The Trump Administration has taken a series of executive actions on health care including the halt of cost-sharing reduction payments to insurance companies. Although these actions do not directly affect plan sponsors, they will set the stage for future developments that could affect employment-based health benefits. In the New Tax Law, Congress effectively repealed the individual shared responsibility penalty effective for months beginning in January 2019. The repeal could result in higher numbers of uninsured Americans and higher uncompensated care costs.

Medicare Part A and Part B | Medicare Part A and Part B premiums, deductibles and coinsurance for 2018 were announced by the CMS. The amounts took effect January 1, 2018.

Segal's 2018 *Reporting & Disclosure Calendar for Multiemployer Plans* | Segal has published its 2018 *Reporting & Disclosure Calendar for Multiemployer Plans*, which summarizes compliance requirements for health and welfare (and retirement) plans.

Segal Health Care Reform Resources | This webpage contains all publications and resources related to health care reform.

The Vendor Marketplace

CVS Health has submitted a bid to purchase **Aetna** for more than $66 billion. CVS Health will also begin offering next-day or same-day delivery of prescription drugs in select cities.

Anthem announced it is launching a new pharmacy benefits manager (PBM), **IngenioRx**. IngenioRx will be offering PBM solutions starting in 2020 and will partner with **CVS Health** to provide prescription fulfillment and claim processing services.

Amgen has revised its commercial copayment-assistance program and will no longer cover out-of-pocket costs for patients whose plan has an accumulator adjustor in place for Enbrel®, a specialty drug for treating inflammatory conditions.

What Plan Sponsors Are Doing to Manage Plans: Selected Strategies

The American College of Cardiology and the American Heart Association released new guidelines lowering the threshold for defining high blood pressure to 130/80 mmHg (previously 140/90 mmHg). As a result, 4 to 5 million **additional patients may be candidates for hypertension drug therapy**. While this may lead to a moderate cost increase for health plans, it is expected that the cost increase will be mitigated by longer-term benefits, such as the prevention of strokes, heart attacks and kidney failure. Low-cost generics are also available for anti-hypertensive drugs, which have a 98 percent (or higher) generic dispensing rate. Plan sponsors should continue using generic dispensing rates and reevaluate vendor-performance guarantees with clinical measures tied to the improvement of blood pressure results.

With the significant increase of **out-of-network utilization for mental health/substance use disorders**, plan sponsors should consider cost-saving strategies as permitted by the Mental Health Parity and Addiction Equity Act. These strategies, which must be applied to both the medical and behavioral health benefits, include reviewing plan design and facility accreditation rules, reviewing out-of-network reimbursement rates and developing evidence-based medical-management protocols.

According to Segal's health-cost data-mining solution, SHAPE, one large plan identified the utilization of **drug testing** for substance use disorder at an out-of-network provider to be five times higher than that of an in-network provider. In response, the plan implemented strategic medical necessity reviews for all out-of-network benefits.

To discuss the implications for your plan, contact your Segal consultant or get in touch via our website.