



# THE VIEWSLETTER

Volume Twenty-One, Issue Three

August 2018

## THE IMPORTANCE OF TRANSPARENCY

The lack of transparent pricing in the health care system has been a challenge for quite a while. With no clear price signal, misuse and overuse of health care has become common. In fact, overuse was cited as one of the key reasons for the rising cost of health care fifteen years ago.

Back then, employers primarily offered either HMO or PPO plans. The typical PPO plan had a relatively low deductible with copays for office visits and emergency rooms. The typical HMO had 100 percent coverage with copays for office visits and emergency room use. Because of the relatively low copays, patients tended to seek services more readily. At this point, consumer driven health plans emerged as a promising way to control costs. The reasoning was if patients had to pay the full cost of services, they would be more judicious in seeking care and would seek less expensive providers.

Consumer driven health plans became a viable plan option when the Medicare Modernization Act introduced Health Savings Accounts (HSAs). These

tax-favored savings accounts made consumer driven plans enormously popular. Now, 64 percent of large employers offer consumer driven health plans according to Mercer's *2017 National Survey of Employer-Sponsored Health Plans*. According to Mercer, 34 percent of employees now choose a consumer driven health plan option for coverage.

The challenge of consumer driven health plans has always been getting access to price information. To make informed decisions, patients need to compare costs and quality. However, fifteen years ago, this information was not available. Most early participants in these plans were frustrated by this lack of price transparency in health care.

Over the last fifteen years, however, insurance carriers and startups have developed transparency tools for health plan members. The two primary price transparency resources employers offer are the health plan vendor tools or standalone transparency vendor tools. Most employers tend



*We welcome your comments and suggestions regarding this issue of our Viewsletter. For more information, please contact your Account Manager or visit our website at [www.mma-mi.com](http://www.mma-mi.com).*

*Continued on Page 2*

to use their health plan vendor because the standalone vendors can be expensive. However, these vendors do have more extensive capabilities.

Most vendor transparency systems allow participants to compare prices for a wide range of services – both inpatient and outpatient. For some services, patients can consider different venues. They can often compare various providers' prices and quality ratings. This information allows members to make informed decisions.

There are two problems involved in engaging members, however. The first is most vendor systems require employees to search the transparency system. They can access it on their smart phones. Often, however, employees don't take the time to look for this information. To solve this problem, many employers are now explaining the benefits of using these tools. The tools hook directly to the employee's benefit plan. They can show prices for health care providers in-network or out of network. Some tools will even calculate the member's share of the cost. Employers are finding that information provided throughout the year is helping more employees take advantage of these systems. The second problem is that the physician is not involved. For example, a physician may order an MRI at a specific place. Employees may use the system to find a less expensive MRI facility, but the physician has to be willing to approve it. With these tools, members can pull up competitive cost information in their physician's office and perhaps encourage the physician to use a less costly vendor. Again, employees need to be willing to engage their provider during an office visit to

## DID YOU KNOW

- In 2017, 76% of workers in the private sector were offered paid vacation days.
- On average, after a year of service, these workers were given 10 paid vacation days a year.
- On average, workers were given 15 days paid vacation after 5 years of service.
- On average, after 20 years of service, workers were given 20 paid vacation days.
- According to the U.S. Travel Association's Project Time Off, 52% of Americans did not use all of their vacation days in 2017.

*Source: 2018 U.S. Bureau of Labor Statistics and U.S. Travel Association*

perhaps be referred to a less costly venue.

Standalone transparency vendors started out as a jumbo employer solution. They compile data from all the medical, dental, pharmacy, and even wellbeing vendors an employer uses. They may also offer data analytic functions and independent quality assessments of providers. Perhaps the best reason to use standalone vendors is that they can analyze data to identify patients considering elective surgery. For example, let's say an employee is being treated for back pain. The claim files show the employee visited a physician and received an increase in a Percocet prescription for pain. In addition, the employee searched for information on back surgery through the vendor tool. All these data points lead the system to conclude the employee is indeed considering back surgery.

At this point, the system can intervene to provide useful help to that employee. The system can send information on alternatives for treating back pain. If the employer uses an expert opinion vendor,

the system can recommend the employee seek a voluntary expert opinion. These interventions at the point an employee is making care decisions can provide meaningful support. The employee may choose a treatment other than possibly ineffective, costly surgery.

Finding transparency options for prescription drugs prices is more difficult. GoodRx is an app that allows members to compare prices at different pharmacies, but these prices typically apply only if the member is paying cash. Some vendors allow members to compare prices among pharmacies in their networks. This capability is very helpful when a member is in the doctor's office. Physicians are often not aware of how expensive some medications can be. Checking prices of new medications while in the office allows patients to discuss alternatives if the medication is too expensive and perhaps choose a more affordable equivalent.

*Continued on Page 3*

## YOUR QUESTIONS

**Q:** Our organization just received a Letter 226J from the IRS for the 2015 tax year. I have only been at this organization for the last two years. I am not sure how to respond to this Letter since the 1094C and 1095C submissions happened before I started here. Can you offer some advice on how to handle this situation?

**A:** You have 30 days to respond to a Letter 226J. The first thing you need to do is understand which penalty is being applied:

- “A” penalty - \$173.33/month for all full-time employees less the first 30. (Transitional guidance allows the first 80, but most letters are showing 30.)
- “B” penalty - \$260/month for each full-time employee that was not offered minimum value/affordable coverage and received a subsidy through the Marketplace.

A review of the chart, some math, and copies of the forms from 2015 will help you determine whether the A or B penalty is being assessed. If your organization used an outside vendor, that vendor may have copies of the forms. If the A penalty is being assessed, you need to look at the 1094 C Form, page 2, column B. Typically, the issue is the NO box is checked for one or more months. If the B penalty is being assessed, you need to look at the forms for each employee that received a subsidy from the Marketplace (on Form 14765, included with the letter). Then you need to check to see whether the proposed penalty is correct. If it is, use Form 14764 to agree. If the penalty does not apply, use the same form to appeal the penalty. If an outside vendor was used, ask for help with the appeal. If not, consider using a tax advisor or attorney to draft your appeal.

Transparency capabilities have improved dramatically over the last fifteen years. No doubt as technology changes, they will continue to improve. However, the best tool is not effective if it is never used. Employers, therefore, need to pull employees into taking advantage of these tools. For some major health care items, cost may not sway an employee’s decision (especially if the out-of-pocket maximum will be hit). The quality rating tools are important for someone facing a complicated medical procedure. They can often be a first step to helping employees become more involved in their own health and health care needs. [MMA](#)

## MENTAL HEALTH: A WELLBEING FOCUS

As more employers expand wellbeing efforts, mental health has come into focus. A number of Americans dealing with this issue are not sure how to get help. Mental health is one of the typical pillars of a wellbeing business strategy. Some employers, however, are uncomfortable emphasizing it because of the stigma attached. In these cases, employers perhaps should think of it as employee resilience, rather than mental health support.

A recent study done by CIGNA revealed an alarming level of loneliness in the United States. It measured loneliness using the UCLA Loneliness Scale. The

study surveyed over 20,000 Americans over 18. The findings are surprising:

- 46% report sometimes or always feeling alone
- 47% report sometimes or always feeling left out
- 27% report rarely or never feeling as though there are people that understand them
- 43% report they feel their relationships are not meaningful or they feel isolated from others

The annual *National Survey on Drug Abuse and Health* from the Substance Abuse and Mental Health Services Administration estimates the number of people depression affects. It measured “major depressive episodes” only

## TREND TIDBITS

For large employers (500+ employees):

- \$ Average cost per employee for a PPO plan was \$12,811 in 2017, an increase of approximately 5% from 2016.
- \$ Average cost per employee for an HMO plan was \$12,513 in 2017, an increase of approximately 5% from 2016.
- \$ Average cost per employee for a CDHP with an HSA plan was \$10,019 in 2017, an increase of approximately 1% from 2016.

*Source: 2017 National Survey of Employer-Sponsored Health Plans, Mercer*

and they found in 2016 around 9 million people who were employed full-time or part-time had a major depressive episode. That amounts to about 7 percent of employees at work.

Depression in varying degrees can affect an employee's ability to function at work between 20 percent and 40 percent of the time. Mental health issues can also affect productivity, according to Tufts Medical Center.

Suicide has been on the increase as well, including a number of well-publicized celebrity suicides. The Centers for Disease Control and Prevention (CDC) data shows suicide rates have risen 25 percent in the last 17 years in the United States. In a handful of states, the suicide rate has increased over 40 percent in the same time period.

The increase in depression and loneliness affects the workplace. Mental health or resilience should be a pillar of all employers' wellbeing plans. The CIGNA reports show that employers can help alleviate loneliness and depression by helping workers have a good work/life balance. Employers are probably already offering some of

these wellbeing programs to help support employee resilience:

- Employee Assistance Programs (EAPs) offer a confidential 24-hour resource for employees who are struggling.
- Health coaching programs help employees handle the aspects of their lives that they want to improve. This coaching can result in a more positive outlook and overall resilience.
- Health advocate programs often offer wellbeing educational videos. These videos can help employees improve aspects of life such as improving eating habits or increasing physical activity. Again these improvements help encourage a positive outlook.
- Mindfulness training can help employees build mental strength.
- Disease management programs can help employees manage chronic conditions. Many people with chronic conditions are depressed because of their health challenges. Managing these conditions can head off potential issues with depression.

- Community and social programs can help. Offering community service days, where a group of employees takes a day to work for a non-profit organization such as Habitat for Humanity or local food banks can help make employees feel they are part of the community. Also your organization can build social programs to help employees feel a sense of belonging.

Organizations should focus on mental health in their wellbeing efforts. Depression and loneliness are far more common than most employers realize. They can drain positive energy from your workforce. What's more, they affect health plan cost and productivity. Even though your organization offers programs today to help support mental health, there are probably areas you can expand. It is also important to remind employees that these programs are available. [MMA](#)

## Technical Corner

### LEVERAGING TECHNOLOGY TO AUDIT

In this age, technology has made our lives so much easier. We can grocery shop online and have our groceries delivered to our door. We don't even need to turn on a light switch anymore; Alexa can do that for us. Too bad Alexa is not part of the office...yet. But don't let that keep you from using technology to help with tedious tasks.

One tedious task that falls by the wayside when workloads increase is auditing your monthly bills or enrollment. It is critical that you don't let this task slide. Almost all vendors will allow retro-terminations for only 30 days. If you cannot audit bills monthly and decide to do it quarterly instead, you will lose money. You have paid to cover someone who is no longer eligible and you are not going to get a full refund in these instances.

You are wasting money if you don't audit eligibility monthly. This is especially important if you have a decentralized administration and you are not personally aware of the changes happening throughout your workforce. The key to ensuring an audit is done monthly is to create a process that is not too cumbersome. It also helps to schedule monthly auditing meetings. These meetings ensure you set aside time each

month to perform this important administrative task.

Next, use technology to create a process that makes it easier to compare records. You may need to work with an employee who is skilled in Excel or Database programs and can compare records electronically. You should identify the internal systems to be used in your auditing process. The internal system you want to use will be the one with the most up-to-date information. For example, are terminations entered immediately in the payroll system? The payroll system may update the HRIS once a week, but the system with the most current data would still be payroll. Then identify which elements in the payroll system would show whether an employee is active and whether or not there has been a change in coverage. Can you export this data in a format that Excel or your database vendor recognizes?

This current data shows who is covered under your various benefit plans. You then need to determine how your carrier will indicate who is covered under your health plan for the month. This report should be easy to pull from the carrier system or perhaps as a fully insured plan, the carrier can provide a list.

Once you determine which electronic files will audit your records against your carrier's records, try to deliver these reports monthly. If your system can't do this, make sure you set a reminder to request these reports monthly.

Create a spreadsheet or database program that will allow you to compare your eligibility report to the carrier's eligibility report or bill. The program should make clear any discrepancies between the employer records and the carrier records. You can then investigate this limited list of discrepancies to see if any employees terminated or perhaps changed their election.

Automating the process by comparing electronic files can make auditing and identifying discrepancies easier. You will need to investigate the discrepancies but that process is far more efficient than comparing hard copy list bills with a hard copy payroll report.

Creating an efficient, less time consuming process means you will audit eligibility monthly to make sure your bills accurately reflect the employees your benefit plans cover. [MMA](#)

# LIABILITY LESSONS

## THE MULTICULTURAL WORKPLACE: HOW DO YOU MAKE IT WORK?

Hiring and training new employees is very costly no matter what position an employee holds. In the pallet industry, for example, it's tough to find people willing to commit for the long term, while performing quality, labor-intensive jobs. So now, more than ever, retaining good employees is essential for most employers.

One of the first steps to improve retention is to take a look at the scope and the core issues that drive employee turnover. Certainly, a competitive salary and benefits package are top priorities in the "keep workers happy" department, but creating a safe, engaging, and rewarding work environment can also greatly improve retention rates and boost overall employee morale.

In searching for dependable labor, many organizations have turned to immigrants. Although they are a good source of hard workers, immigrants present additional concerns. Just as in many corporations, global connections have expanded and found their way into every area and company in the country. As our needs have expanded within as well as outside of the United States, corporations big and small have made a discovery. Aside from running an organization, leading teams and staying on top of product expertise, owners and managers suddenly need an additional, fairly new business skill: Cultural Competence!

### WHAT IS CULTURAL COMPETENCE?

Cultural competency requires much more than just practicing how to exchange business cards with both hands, knowing what kinds of gifts to give, or avoiding non-verbal gestures which might be acceptable in one country and highly offensive in another! Cultural Competence can generally be defined as the ability to understand, communicate and effectively interact with people across cultures, while being aware of one's own preferences and world view.

For example:

- What is communication like between you and your multi-cultural personnel, or for that matter your clients or suppliers from other cultures? Is there a language barrier and more?
- What challenges emerge surrounding agendas, deadlines and urgency, or delegating and accepting tasks?
- What stereotypes surface and possibly impede success when staff members are faced with such challenges?

Insight into answers to these questions can be extremely helpful in managing and retaining employees from other countries.

Your company's cultural intelligence, that is your awareness of your own as well as the values, attitudes and beliefs of

your "non-native" workers, are all critical to increasing cultural competence. "It's all about cultural conditioning," says Mary Beauregard, cultural trainer and consultant. "We have all been conditioned to react, respond and behave in ways acceptable in our own cultures. Raising awareness of the expectations, assumptions and attitudes of our own, as well as the 'other's' native culture, can make a big difference in generating loyalty and commitment to an organization."

### CONNECTING WITH YOUR EMPLOYEES: US VS. THEM?

What are your personal and corporate values and standards? What is the culture of your company? Certainly you're in business to provide goods, services, and expertise to your customers and you can't do it without workers. But what role do those workers have in making sure you retain those customers? What do they need to understand about your national, regional, or corporate culture? How can you share it? In general, the United States is a very individualistic country, where action and looking out for "number one" built the country, and these qualities are paramount. But, consider more group-oriented cultures in the world, where belonging to and thriving in a group generates respect, commitment, loyalty and pride. How do you acknowledge both orientations and still create a cohesive "group" for those new employees?

In 2002, business schools at the University of Michigan and Florida A&M University conducted a joint study that found when organizations do not understand what minorities value in the workplace, they may find it difficult to retain diverse employees.

*“Historically, African-American, Hispanic and Asian-American workers place the most value on familial relationships. Providing for, being involved with and supporting immediate and extended family is important to these diverse employees. Establishing family-friendly workplace policies is critical to retaining diverse employees.”*

This is only one example of a difference that can impact your employee satisfaction. Employers need to understand what motivates and rewards members of a multi-cultural workforce. Respect and responsibility for “family” can be positive values when translated to the work-place environment. In addition it’s a great way to attract more dependable employees, as word of mouth and satisfaction within the target-culture community can help populate your workforce with employees who find shared pride and identity within.

Clear communication is, of course, a major concern. English is most likely the language spoken in your company, but is speaking the same language enough to ensure understanding? What about nuances and dialects or

preference for avoiding negative response? Yes, there are cultures that, in order to show respect, have a dozen ways to avoid saying “no”! How does that “translate” to success in giving direction and checking for understanding? What can you do to maintain standards, encourage efficiency and yet show openness to the process of learning the language?

Understanding a culture’s work ethic, traditional response to authority, motivational triggers, values surrounding teamwork and more can all add to smoother and more productive work relations. Tapping the positive aspects of the multi-cultural workforce can often add value to your staff, your company and your industry. [MMA](#)

Copyright Marsh & McLennan Agency LLC company. This document is not intended to be taken as advice regarding any individual situation and should not be relied upon as such. Marsh & McLennan Agency LLC shall have no obligation to update this publication and shall have no liability to you or any other party arising out of this publication or any matter contained herein. Any statements concerning actuarial, tax, accounting or legal matters are based solely on our experience as consultants and are not to be relied upon as actuarial, accounting, tax or legal advice, for which you should consult your own professional advisors. Any modeling analytics or projections are subject to inherent uncertainty and the analysis could be materially affective if any underlying assumptions, conditions, information or factors are inaccurate or incomplete or should change.

Marsh & McLennan Agency LLC

#### Health & Benefits

3331 West Big Beaver Road, Suite 200  
Troy, MI 48084  
Telephone: 248-822-8000 Fax: 248-822-4131  
[www.mma-mi.com](http://www.mma-mi.com)

#### Property & Casualty

15415 Middlebelt Road  
Livonia, MI 48154  
Telephone: 734-525-0927 Fax: 734-525-0612  
[www.mma-mi.com](http://www.mma-mi.com)

