

Employee Benefits Report



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Affordable Care Act/Health Insurance

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House Votes to Clear Way for Repeal of Obamacare

In a 227-198 vote, the U.S. House of Representatives approved a resolution in January that paves the way for the repeal of the Affordable Care Act. President Trump and Republicans, who are working on a replacement plan, say Obamacare was a failure, but House Minority Leader Nancy Pelosi argues it diminished the rate of growth in healthcare costs.

Shortly before President Donald Trump took office, the U.S. House of Representatives voted 227 to 198 to approve a budget resolution that cleared the way for the repeal of the Affordable Care Act.

"This provides Congress with the legislative tools that we need to repeal and replace Obamacare," House Speaker Paul D. Ryan said. "This is a critical first step toward delivering relief to Americans who are struggling under this law. In the weeks ahead, several steps will be taken to provide relief. Some



Small Business Owners Neglecting Their Own Retirement

Most small business owners are not financially prepared for retirement, and 75 percent have less than \$100,000 saved, according to a new report from BMO Wealth Management.

The report notes self-employed individuals, if they withdraw \$50,000 annually, will need \$1.1 million for their savings to last from age 65 to 90. However, the report found only 4 percent of owners of businesses with fewer than 500 employees have saved \$1 million or more. Twelve percent have \$100,000 to \$250,000 in retirement savings, 5 percent saved \$250,000 to \$500,000 and 4 per-

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steps will be taken by this body. Some steps will be taken by the new administration, including after he's confirmed as HHS secretary, our own colleague from Georgia, Mr. Price.

"Our goal is a truly patient-centered system, which means more options to choose from, lower costs, and greater control over your coverage. And as we work to get there, we will make sure that there is a stable transition period so that people don't have the rug pulled out from under them, so that this will be a thoughtful, step-by-step process and we welcome ideas from both sides of the aisle."

Following the vote, Trump tweeted, "The 'Unaffordable' Care Act will soon be history!"

Meanwhile, Trump, Ryan and other Republican leaders faced the task of devising their own health plan to ensure broad health coverage while keeping costs down. After the new plan is developed to replace the ACA, both the House and Senate will need to approve it and a presidential signature will be required.

Obamacare was passed seven years ago to expand coverage and give new protections for people with pre-existing health conditions and other barriers that left them without insurance. It has been widely criticized and plagued by increases in insurance premiums and deductibles. A number of large insurers have left the system.

However, Democratic leaders challenged Ryan's assertion that the ACA was a failure, noting the rate of growth in healthcare costs has been diminished by the law.

"Republicans talk about they're going to 'repeal and replace' — interesting alliteratively, but not realistic in terms of: for six years they have had a chance to propose an alternative," House Minority Leader Nancy Pelosi, D-Calif., said. "We see nothing. But what we have seen

is their 'cut and run.' They want to cut benefits, and run."

A Congressional Budget Office report found repealing Obamacare would cost 18 million people their insurance in the first year, and could increase the number of uninsured Americans by 32 million in a decade.

U.S. Sen. Rand Paul, R-Ky., told Jake Tapper on CNN's "State of the Union" program that the "Obamacare Replacement Act" would get rid of some of the mandates for health insurance coverage with the goal of reducing the cost of insurance. He also said his proposal would overhaul healthcare regulations to permit small businesses to band together to buy insurance.

"The replacement bill that we put together, our goal is to insure the most amount of people, give access to the most amount of people, at least the amount of cost," Paul said. "One of the key reforms that we will do is, we're going to legalize the sale of inexpensive insurance. That means getting rid of the Obamacare mandates on what you can buy. We are going to help people save through health savings accounts, as well as a tax credit."

Under the proposal, the bargaining power created by the state and federal exchanges would be replaced with a provision allowing individuals and small businesses to create their own markets.

"There's no reason why (a business owner) with four employees shouldn't be able to join with hundreds and hundreds of other businesses that are small to become a large entity to get leverage to bring your prices down," Paul said.

Ryan, R-Wis., said Republicans would work on a strategy to replace Obamacare at a joint House-Senate GOP retreat the week after President Trump took office.

cent saved \$500,000 to \$1 million.

"Many business owners are banking on selling their businesses to retire, but that is a very risky proposition," Pamela Yellen wrote in an *Entrepreneur* article. Yellen recommends small business owners need a "Plan B" for retirement. The authors of the BMO report wrote, "The importance of owning diversified retirement savings personally and outside of your business cannot be emphasized enough, given the risks and challenges in converting business assets into funds that can be used for your retirement."

Small business owners can choose from several types of retirement plans, including SEP-IRAs, SIMPLE-IRAs, SIMPLE 401(k)s, small-business owner 401(k)s, traditional 401(k)s, and more. Each has advantages and disadvantages—please call us to learn more.

Poll Finds Health Care Among American's Top Issues

Meanwhile, a Kaiser Health Tracking Poll found healthcare is among the top issues that Americans want President Trump and Congress to address. When asked about a series of healthcare priorities, repealing the ACA fell behind other healthcare priorities including lowering the amount individuals pay for medical care, lowering the cost of prescription drugs, and dealing with the prescription painkiller addiction epidemic.

When presented with two general approaches to the future of healthcare, 62 percent of Americans prefer "guaranteeing a certain level of health coverage and financial help for seniors and lower-income Americans, even if it means more federal health spend-

ing and a larger role for the federal government,” while 31 percent prefer the approach of “limiting federal health spending, decreasing the federal government’s role, and giving state governments and individuals more control over health insurance, even if this means some seniors and lower-income Americans would get less financial help than they do today.”

The survey found the public is divided on what they would like lawmakers to do when it comes to Obamacare. Forty-nine percent think Congress should vote to repeal the law, compared to 47 percent who say they should not vote to repeal it. Of those who want to see Congress vote to repeal the law, a larger share say they want lawmakers to wait to vote to repeal the law until the details of a replacement plan have been announced (28 percent) than say Congress should vote to repeal the law immediately and work out the details of a replacement plan later (20 percent). ■

How Wellness Programs Improve the Bottom Line

Workplace wellness programs reduce medical costs, absenteeism and health-related productivity losses, yet many employers find it difficult to measure the success of their programs.

Simply enrolling in a program or engaging in an arbitrary number of actions is not predictive of improved health outcomes, or disease prevention or reversal,” wrote the authors of a wellness program report from Noom, a company that creates mobile apps that provide intelligent nutrition and exercise coaching. “Therefore, programs should exclusively focus on truly meaningful behaviors and actions that are consistent with driving specific outcomes.”

The meaningful behaviors that wellness programs encourage are those involving specific health outcomes. “Attending educational sessions, adhering to a prescribed calorie budget, logging food, and achieving physical activity goals are all examples of meaningful actions that are highly predictive of improved health outcomes,” the Noom authors wrote. “By taking this approach, employers’ benefit is huge in terms of both driving outcomes and saving money.”

In recent decades, an epidemic of “lifestyle diseases” has developed in the United States. These unhealthy lifestyles — inactivity, poor nutrition, tobacco use and frequent alcohol consumption — are driving up the prevalence of chronic diseases such as diabetes, heart disease and chronic pulmonary conditions, leading to decreased



quality of life, premature death and disability and increased healthcare costs.

As part of an effort to improve employee health, many employers have adopted health promotion and disease prevention strategies known as workplace wellness programs. These programs are designed either to prevent the onset of diseases or to diagnose and treat diseases at an early stage before complications occur.

Today, about half of U.S. employers offer wellness programs, a recent Rand Employer Survey found. Most employers (72 percent of those offering wellness programs) characterize their wellness programs as a combination of wellness screening activities to identify health

risks and interventions to reduce risks and promote healthy lifestyles. These programs include onsite Weight Watchers group meetings, weight loss competitions, personalized phone support from health coaches, and smoking cessation activities through educational programs or telephonic counseling.

The Rand study found that participation in a wellness program over five years is associated with a trend toward lower health-care costs and decreasing use of healthcare services, saving employers about \$157 per employee.

“The programs that deliver the highest (return on investment) are those that allow the consumer to have the best personalized experience,” Laurie Gondek, vice president at Welltok Inc., told *Employee Benefit News*. This could mean providing rewards to healthy employees for biometric screenings, stress management programs and long-term engagement through team challenges.

“The well-being program can be working in tangible and intangible ways,” Gondek said. “Tangible being a direct dollar amount I can take to my CFO, and intangible meaning that the program can be used as a retention as well as an employee attraction tool as a way to unify employees to give greater job satisfaction.”

Employers have found the best wellness programs focus on changing underlying behaviors that predict health outcomes over time. Research shows reducing calorie intake and increasing physical activity, self-monitoring (specifically tracking food, activity, and weight), and utilizing a support system are critical to transformative weight loss and chronic condition prevention.

More employers are also turning to mobile health solutions because they best meet their employees’ needs. Such mobile solutions are effective because they offer the meaningful, real-time feedback that is necessary to drive long-term behavior change and improve health outcomes.

“Mobile technology also offers a unique opportunity to provide a personalized and scalable experience,” the Noom authors wrote. “For example, Noom’s mobile coaching platform offers a variety of structured programs that target pre-chronic and chronic conditions including the CDC’s diabetes prevention program, as well as proprietary diabetes and hypertension management programs.”

Noom’s mobile technology promotes meaningful engagement through an easy-to-use food database with over 3.7 million food-portion pairings. It also allows users to track their calorie intake and adhere to a personalized calorie budget.

“Our technology prescribes weekly step and activity goals to help users increase their activity gradually, and prompts users to weigh themselves weekly,” the Noom authors wrote. “Users are also offered support and guidance from a dedicated health coach and group of peers sharing in the same experience. We’ve combined this mobile technology and human coaching with proprietary, condition-specific programs to prevent and reverse the most costly and preventable chronic conditions.”

For more information on wellness programs and assistance in incorporating them into your company’s employee benefit strategy, please contact us. ■

Trends in Workplace Benefits in 2017

As more employers face increasing health insurance costs, many are looking at their total benefit package to find the best benefits to invest their dollars in.

Recent years have brought an arms race to employee perks such as free meals and vacation benefits,” wrote Jena McGregor in her Los Angeles Times article, What to expect in the workplace in 2017. “One start-up’s CEO even offered employees Tesla leases to recruit top talent.

“But Andrew Chamberlain, chief economist at the careers site Glassdoor, believes the expansion will quiet down in 2017 as more companies take stock of how much employees really appreciate the perks. He says Glassdoor’s research compared 54 benefits with employee satisfaction and found that items such as on-site yoga classes or office video games held little value to workers.”

As an alternative, some companies are considering what consultants call “life planning accounts.” These taxable accounts are funded by employers with \$500 to \$2,500 that workers can use for approved expenses, including closing costs for buying a home and paying for gym memberships.

Glassdoor Identifies Benefits that Employees Like

In its recent survey, Glassdoor found a rising trend of employers investing more in benefits. The survey found that salaries are no longer the focus of

the total compensation package.

The survey found four in five workers today would prefer new benefits or perks rather than a pay raise. They are interested in workplace health and wellness programs, retirement plans, free meals, paternity, maternity leave and other benefits.

But the question is what benefits matter most to employees. One way to answer this is look at what benefits offer the biggest “bang for the buck” in terms of boosting employee satisfaction.

To answer this question, Glassdoor examined five key benefits: health insurance, vacation and paid time off, 401(k) plans, employee discounts and maternity and paternity leave. The survey found that three core employer-provided benefits increase employee satisfaction the most. These include health insurance, vacation and paid time off, and 401(k) plans.

“Amid an explosion in the types of benefits available, employers face a daunting challenge deciding which to invest in. “Although exotic benefits such as tuition reimbursements and in-office gyms have grown in popularity in recent years, our analysis of the data suggest three core benefits matter most to today’s workers: health insurance; vacation and paid time off; and 401(k) retirement plans,” Chamberlain and Tian wrote. “These more traditional benefits have a large and statistically significant impact on employee satisfaction, and should not be neglected by employers as they consider less traditional benefits.”

The factor with the single biggest impact on employee satisfaction was the quality of employer-provided health insurance plans,” Dr. Andrew Chamberlain and Gloria Tian wrote in the report.

The benefit with the second biggest impact on worker satisfaction was 401(k) retirement plans. “The impact of 401(k) retirement plans) is much

smaller than the impact of health insurance — the impact of 401(k) plans on employee satisfaction with benefits is just over one-fifth of the size of the impact of health insurance,” Chamberlain and Tian wrote.

The last benefit with a statistically significant impact is vacation and paid time off. The survey found the impact of vacation and paid time off is just 15 percent of the size of the impact of health insurance on worker satisfaction.

By contrast, employee discounts and maternity and paternity leave did not have a statistically significant effect on employee satisfaction with benefits packages. “Although maternity and paternity leave benefits have been growing in popularity in recent years, they may not register as a meaningful driver of employee satisfaction simply because they are not utilized by a large enough share of the workforce in most companies to

affect average satisfaction in our data,” Chamberlain and Tian wrote.

As an additional step in its research, Glassdoor investigated whether the presence of certain keywords in the text of employee benefits reviews had any correlation with satisfaction with overall benefits packages. “Of the five keywords we examined, only one phrase had a statistically significant impact on employee satisfaction with benefits: ‘Great benefits’ or ‘good

benefits;” Chamberlain and Tian wrote.

The takeaway? Compare your health, retirement and vacation policies to your competitors’ first. If these aren’t competitive, your recruiting and retention efforts could fall behind. Then, if you are still not meeting your benefit plans’ goals, consider adding other programs. For assistance in analyzing and benchmarking your employees benefits, please contact us. ■



Congress Reexamines Repeal of Cadillac Tax

Four members of Congress have reintroduced bipartisan legislation that would amend the Internal Revenue Code of 1986 to repeal the excise tax on high-cost employer-sponsored health coverage.

U.S. Sens. Dean Heller, R-Nev., and Martin Heinrich, D-N.M., and Reps. Mike Kelly, R-Pa., and Joe Courtney, D-Ct., sponsored the “Middle Class Health Benefits Tax Repeal Act” (S. 58 and H.R. 173) that would repeal the “Cadillac Tax.” This tax would impose a 40 percent excise tax on health plans that exceed certain cost thresholds (\$10,200 for employee-only and \$27,500 for family coverage) beginning in 2018.

“When the law was created, it was marketed as a tax on the richest benefit plans, but that is not the case,” the National Association of Health Underwriters CEO Janet Trautwein said in a statement. “Not only does it not actually identify plans with ‘Cadillac’-type benefits, but it’s structured in such a way that many employers, from the smallest employer to the largest corporation, may have to reconsider their ability to offer coverage to employees at all.”

The tax will weigh heavily on most American businesses that can’t afford it and must make severe cuts to stay above water, Trautwein said. Many of these employers, even after reducing benefits and premiums, will still not be able to lower their annual costs under the Cadillac-tax thresholds.

“The Cadillac tax hits especially hard those employers with an aging workforce, those with high claims and those in areas with high medical care costs,” she said. “We look forward to working with mem-



bers of Congress on this important bipartisan effort to repeal this inequitable tax and protect employer-sponsored health coverage.”

The National Association of Health Underwriters, headquartered in Washington, D.C., represents 100,000 professional health insurance agents and brokers who provide insurance for millions of Americans.

For more information about the Cadillac Tax, please contact us. ■

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