Employee Benefits Report

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Could Direct Primary Care Control Your Health Care Benefit Costs?

Affordable Care Act marketplaces are closing at an alarming rate. Health care benefit costs are soaring. Some Republicans are trying to to repeal and replace the current Affordable Care Act and others in Congress just want to make changes before it implodes. Meanwhile, coverage isn't getting any cheaper, and many Americans are left wondering what options they have for affordable health care coverage.

A new health care model called direct primary care is being touted as an alternative to traditional health insurance. Combined with supplemental insurance, it's proving to be an appealing alternative for employers who are looking for reasonably priced benefit plans and great benefits for their employees.

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Voluntary Benefits Might Be More Popular than You Thought

A recent survey by Benefits Pro shows that 83 percent of employees want a choice of voluntary benefits and they don't expect employers to pay for them.

Voluntary benefits are insurance products offered by employers to help employees with financial responsibilities, including some of the costs not covered by high-deductible health plans. Voluntary benefits can cover vision, dental, short- and long-term disability, critical illness, cancer, supplemental hospitalization and supplemental life.

Employees are also showing increased interest in lifestyle benefits that go beyond insurance, such as financial planning, online

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Current Insurance Situation

Automobile, home and life insurance policies typically cover the costs of catastrophic events like accidents. Health insurance is different. Although it was originally designed to cover expensive health issues, such as heart attacks or cancer, it's now used to help with the cost of routine doctor visits. Primary care has become so expensive, few people can afford it without financial assistance.

What DPC Is and How it Works

Direct Primary Care practitioners don't accept insurance for routine care. Instead, members of a DPC pay the practice a monthly fee. In return for that fee, they have access to routine physicals, acute care, chronic condition management, prescription refills and basic lab work. The cost is usually less than $90 per month for an individual.

To cover the catastrophic expenses, like a broken leg or a stroke, DPC arrangements often are paired with health insurance. While some insurers might provide a plan that duplicates the primary care coverage, other insurers are now providing coverage that strips out the primary care coverage and just focuses on catastrophic services.

Remember that the Affordable Care Act still requires individuals to have health insurance. If the plan that's paired with the DPC doesn't provide the minimum essential benefits, the DPC member might have to pay a penalty to the government.

Experts say that a DPC arrangement can save employers up to 40 percent on health care costs because the practitioner's practice has less overhead — fewer staff members need to be hired to file insurance claims. Therefore, DPC can save employers double-digits over traditional group plans. Employees save on their out-of-pocket expenses.

More importantly, most DPCs are known for prompt appointments, exceptional care and direct phone and email access because they see fewer patients.

Types of DPC-Based Solutions

If you talk to a broker about setting up a DPC arrangement for your company, they will want to know how much of the cost you plan to cover for your employees. The basic DPC-based solutions include:

- **Stand-Alone Employer-Paid –** Employer pays for employees' health care fully or partially.
- **Stand-Alone Voluntary –** Employees pay 100 percent of their costs.
- **Health Allowance –** Employers offer a DPC membership, but do not sponsor a group plan. Instead, they provide a health allowance for employees to use to purchase their own health insurance. Employees can choose less expensive health plans because they know that DPC membership will take care of a majority of their health care needs.

Who Is a Good Candidate?

A key issue in determining whether you and your employees would be a good fit for a DPC is whether everyone in the company lives within driving distance of a DPC practitioner. You also must have no plans to move the company in the near future.

Remember that this is a nontraditional type of coverage, and many of your employees might be concerned whether this type of plan is as good as what they are used to.

If you think your company might be a good candidate for direct primary care, please contact us.

education, identity theft protection or on-site massages.

By offering a wide variety of voluntary benefits, employers can lessen the burden of health care costs and give employees enough choices to tailor a coverage package that fits their needs.

Employers can pay some of the costs, but most benefits are paid 100 percent by employees through payroll deferral.

Best of all, by offering a variety of voluntary benefits, employers can help employees tailor a plan that best fits their needs. Benefits Pro's survey indicates that 62 percent of employees wouldn't consider taking a job that doesn't offer voluntary benefits.

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Opioid Addiction in the Workplace: How to Help Employees

Opioid addiction is on the rise and is affecting the workplace. The National Safety Council reported that nearly 70 percent of the employers they surveyed said prescription drug abuse has negatively impacted their companies.

Businesses affected run the gamut. A national survey by the U.S. Substance Abuse and Mental Health Services Administration reports that the top five business categories most affected by substance abuse are accommodations and food service; arts, entertainment and recreation; management; information services; and construction.

Despite the prevalence of abuse in the workplace, the opioid problem is still new enough that many companies are struggling to find ways to deal with the situation. Only 19 percent of human resource personnel surveyed by the National Safety Council said they feel prepared to deal with the problem.

The Culprit

An opioid is a synthetic narcotic derived from compounds in opium. The drug blocks pain and was originally given to cancer patients. In the 1980s, doctors started prescribing opioids to deal with other types of chronic pain — so much that retail sales of opioids in the U.S. quadrupled between 1999 and 2010, according to studies.

Generally, it's safe to use an opioid pain reliever prescribed by a doctor and taken for a short time as directed. Opioids often are abused, though, because they can produce euphoria while relieving pain. When that happens, it can cause absenteeism, a lack of productivity and more frequent incidences of workplace accidents. Opioid abuse also can cause loss of consciousness, brain damage or cardiac arrhythmias. Regular use — even as prescribed by a doctor — can lead to dependence and, when misused, to overdose and death.

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Employer's Role

On the plus side, employers can play a positive role in employees' treatment and recovery from drug addiction. A study published in 2009 in the journal *Psychiatric Services* found that employer involvement is effective in convincing employees to seek treatment.

Working Partners, which helps employers create a drug-free workplace, says that not only is helping employees overcome drug abuse beneficial for them and their families, but it helps employers:

- Protect themselves from liability.
- Receive insurance discounts.
- Decrease accidents and workers' compensation claims.
- Protect other workers.
- Save up to $2,607 per worker annually based on missed work days and health care costs racked up by employees who are addicted to drugs.
- Receive a discount in some states on workers' compensation insurance premiums.

Tips for Employers

A good drug recovery program should be proactive and comprehensive. The National Safety Council recommends that companies include:

- Legal documents outlining detailed procedures for staff members to follow and implement.
- Drug-free work environment (employers must conduct random drug testing).
- Drug safety education and wellness programs to discuss the risks associated with opioid use.
- Training for supervisors to ensure everyone understands the company's drug policies and is able to detect signs of addiction.
- An employee assistance program that offers confidential treatment and advice about an employee's rights and treatment options.
- Short-term and long-term disability plans that allow employees to continue collecting an income if they have to enter rehabilitation and must take time off from work. ■

Switching to a High-Deductible Health Plan? Here's How to Explain the Change

High-deductible health plans (HDHPs) are gaining in popularity as a way for employers to save money and to give employees more say on how their health care dollars are spent.

Many employees, though, are apprehensive about switching from a traditional insurance plan to an HDHP because it's going to cost them more in out-of-pocket expenses. If you decide to go this route, here are a few points you can share with your employees to alleviate their concerns.

HDHPs Are Similar to Traditional Insurance

An HDHP is a traditional health insurance plan that has higher annual deductibles and out-of-pocket maximums. This type of plan helps keep your monthly premiums down.

The purpose of an HDHP is to protect insureds from catastrophic expenses, not to pay day-to-day medical expenses. You will be paying the out-of-pocket expenses — including deductibles, copayments and coinsurance — billed by in-network providers until you meet your annual deductible. The insurance company will then pay 100 percent of the allowable amount of covered expenses for the remainder of the calendar year. This reduces overhead costs because the insurance company does not need to be involved in these smaller transactions.

All preventive care services, though, are covered 100 percent.

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An HDHP Will Save You Money

An HDHP premium is significantly less expensive than traditional insurance. Premiums generally increase each year, but they tend to have lower annual cost increases than traditional insurance.

To help you better handle the out-of-pocket costs you might face, we've paired the HDHP with an account to help you save money for this purpose. You will be eligible for a Health Savings Account (HSA) or a Health Reimbursement Arrangement (HRA), depending on the information you provide.

An HSA Gives You a Tax Advantage

If you qualify for this account, you can pay for health care expenses for you, your spouse and your dependents with pre-tax money — even if they are not covered by the HDHP. We will deduct the amount you request from your paycheck and put it in the HSA. You can increase or decrease the amount any time you like. The funds in this account will grow tax-free and will be available to you on a tax-free basis to pay your medical costs.

You'll also be able to get a tax deduction for contributions you make directly to this account (although not as part of payroll deferral). For instance, if you wanted to maximize your prior year HSA contributions in April, you could make an HSA contribution directly through an HSA custodian to get the tax benefit.

If you do withdraw money from your HSA for reasons other than medical expenses, you will have to pay income tax on the amount.

And if you are under 65 years old and withdraw money for non-medical expenses, you will be charged an additional 20 percent penalty.

Who Is Eligible for an HSA

To be an eligible for an HSA, you must be covered under an HDHP. In addition, you:

- Can't have another type of health coverage
- Can't be or enrolled in Medicare.
- Can't be claimed as a dependent on someone else's tax return.

An HRA Is Also a Great Savings Tool

If you do not qualify for an HSA, you can still put money into an HRA. An HRA is an employer-funded tax-sheltered account that you can use to reimburse yourself for allowable medical expenses. You don't have to use all of the money in your account before the end of the year, but an HRA account doesn't earn interest and you'll have to forfeit the money if you switch health plans.

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Great Reasons to Offer a 529 Savings Plan

A 529 college savings plan is considered one of the best ways for parents to save for their children's' higher education. Similar to a 401(k) savings plan or an Individual Retirement Account, contributions to the state-run plan grow tax free. In many states, participants get a tax deduction or credit for their contributions.

Employers — many of whom already offer 401(k) plans — allow employees to make contributions to 529 plans through payroll deduction. And some states, such as Arkansas, Illinois and Nevada, offer employers a tax credit on matched contributions up to $500 per employee. In Nevada and Illinois, for instance, the tax credit is 25 percent.

How it Works

College Board, a nonprofit agency created to expand access to higher education, estimates that a parent contributing just $100 a month beginning when their child is a newborn will have more than $38,000 by the time that child goes to college — enough to cover more than one year at an in-state college.

Contributions made to the plan are invested in mutual funds, exchange-traded funds or similar investments. Interest compounds and the value of the funds will grow or decrease based on the investment's performance.

Each state sets a limit on how much parents and family members can contribute in total to a 529 plan, but most limits are high. An individual can save as much as $400,000 in some states. And, if a child doesn't use all or any of the funds, the account can be put in the name of a sibling or another family member.

Families withdraw the funds tax free for qualified higher education expenses, such as tuition, fees, books, computers, and room and board. What qualifies as higher education? The list is extensive

and includes undergraduate and graduate school, technical or trade schools, cooking or golf schools and some accredited schools abroad.

Keep in mind that your employees will have to pay taxes on your contribution match as if it was income. For instance, an employee in the 25 percent federal tax bracket would pay $125 in taxes on your $500 employer match. However, you can pay the tax for them.

For more information on 529 plans and other family-friendly benefits, please contact us.