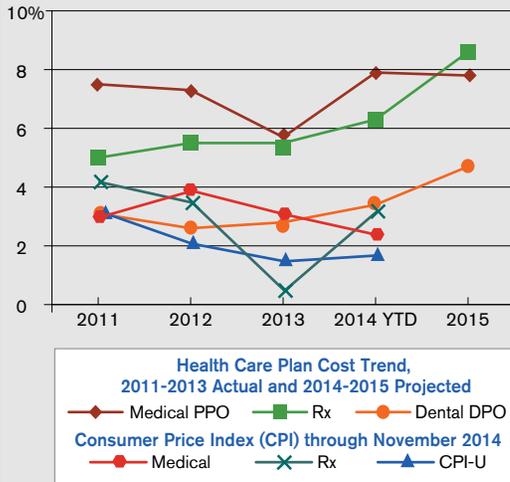


TREND AND CPI

Health benefit plan cost trend rates projected for 2015 show a slight drop for some coverages but a substantial increase for prescription drug coverage.



Sources: 2015 Segal Health Plan Cost Trend Survey (<http://www.segalco.com/publications/surveysand-studies/2015trendsreport.pdf>) and Bureau of Labor Statistics for CPI (<http://www.bls.gov/cpi/>)

Trend is the forecasted change in claims cost determined by insurance carriers, managed care organizations (MCOs), pharmacy benefits managers (PBMs) and third party administrators (TPAs). Trend can be influenced by a variety of factors including price inflation, the leveraging effect of copayments, cost shifting and utilization. The **Consumer Price Index (CPI)** is a measure of the average change in prices over time of goods and services purchased by households. The CPI for All Urban Consumers (CPI-U) is often used as an economic indicator.

THE AFFORDABLE CARE ACT (ACA) AND OTHER COMPLIANCE NEWS

[A final rule addressing when dental and vision benefits and employee assistance programs are not subject to the group health plans mandates of the ACA](#) was published by the Departments of Treasury, Labor (DOL) and Health and Human Services (HHS). ([Click on the underlined text throughout this report for more information on the topics discussed.](#))

[Guidance clarifying that group health plans that do not provide substantial coverage for inpatient hospitalization services, physician services or both, do not provide minimum value under the ACA](#), was released by the Departments of Treasury and HHS.

[New Medicare Part A and Part B premiums, deductibles and coinsurance for 2015](#) were announced by the Centers for Medicare & Medicaid Services (CMS).

[Enforcement of the regulations requiring health plans to obtain a Health Plan Identifier \(HPID\)](#) and for HIPAA covered entities (including health plans and health care providers) to use HPIDs, have been delayed by CMS.

[Draft instructions for two sets of informational returns that will be required](#) under the ACA beginning in 2016, were released by the Internal Revenue Service.

[The Health Care Reform Guide on Segal Consulting's website](#) links to all publications and other resources related to the ACA.

KEY TRENDS, DEVELOPMENTS AND STATISTICS

[One-third of large employers have either introduced or plan to introduce spousal surcharges](#), according to data from the Employee Benefit Research Institute. 7 percent of large employers exclude coverage for spouses when other coverage is available and another 8 percent are planning to exclude coverage. Further, more than 60 percent are planning to increase employee contributions for dependent coverage.

[Some providers are paid thousands of dollars more than others for the same service in the same geographic area](#), regardless of the quality of services according to a United States Government Accountability Office (GAO) study on transparency tools.

[The percentage of adults who smoke is steadily declining: 17.8 percent of U.S. adults smoked cigarettes in 2013, down from 20.9 percent in 2005 and 30.1 percent in 1985](#), according to a report by the Centers for Disease Control and Prevention.

WHAT EMPLOYERS ARE DOING TO MANAGE COSTS: SELECTED STRATEGIES

Some employers are including incentives to influence enrollment decisions regarding spousal coverage, such as:

- Eliminating coverage for spouses when other coverage is available,
- Setting higher contribution rates for spousal coverage when other coverage is available, and
- Exploring options and approaches for encouraging spouses to not enroll in the plan, such as HRAs, enhanced ancillary benefits and lower deductibles.

Employers are taking steps to control costs for specialty pharmaceuticals. Cost-management options include:

- Requiring prior authorization,
- Including quantity limits,
- Mandating the use of specialty pharmacies, and
- Identifying preferred agents within disease categories.

Employers may want to evaluate a reference-based allowance approach to manage cost increases. Best practices include:

- Developing a robust employee communications effort,
- Ensuring the plan's network is designed to offer benefits for services from high-quality providers at reduced costs,
- Meeting certain network adequacy standards,
- Establishing reasonable quality standards,
- Creating an easily accessible exceptions process, and
- Disclosing clear and thorough information about the pricing structure.

THE VENDOR MARKETPLACE

[Aetna, Assurant Health, Humana, and UnitedHealthcare have partnered with Health Care Cost Institute \(HCCI\)](#) to provide information about the price and quality of health care services. The new online tools are expected to be available in early 2015.

[To combat fraud, Medicare has tightened standards for non-emergency use of ambulances](#) in New Jersey, Pennsylvania and South Carolina.

[The effects of reference pricing were studied by HealthCore](#), a subsidiary of Wellpoint. Average costs savings per total hip replacement was 25 percent per inpatient stay with significantly lower complication rates.