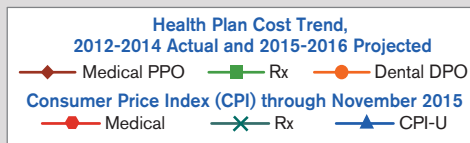
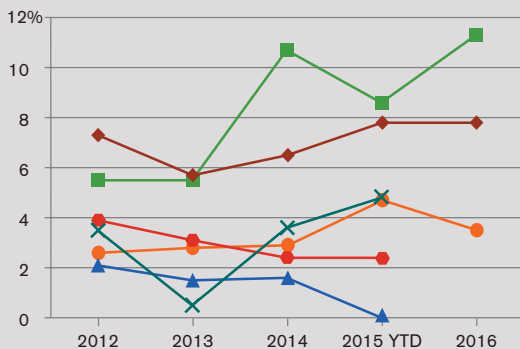


TREND AND CPI

Health benefit plan cost trend rates for 2016 are projected to increase for most medical plan options and increase substantially for prescription drug coverage.



Sources: [2016 Segal Health Plan Cost Trend Survey](#) and [Bureau of Labor Statistics for CPI](#)

Trend is the forecasted change in claims cost determined by insurers, managed care organizations, pharmacy benefits managers (PBMs) and third-party administrators. 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

The Consolidated Appropriations Act of 2016, which extends certain expiring tax provisions, was signed into law. The new law delays three taxes in the ACA including the 40 percent excise tax on high-cost plans (from 2018 to 2020), the health insurance tax and the medical device tax.

The Bipartisan Budget Act of 2015, which adjusts the 2016 Medicare Part B premium and repeals the ACA's auto-enrollment rule, was signed into law. Many Medicare Part B beneficiaries will either have a lower premium increase or the premium will stay the same for 2016.

A proposed rule governing when an employer may ask an employee's spouse about health information as part of a wellness program under the Genetic Information Nondiscrimination Act (GINA) of 2008 was published by The Equal Employment Opportunity Commission. The comment deadline was recently extended to January 28, 2016.

A series of answers to Frequently Asked Questions (FAQs) clarifying the requirements to provide in-network preventive services without charge to participants of non-grandfathered plans were released by the Department of Labor, Treasury and Health and Human Services.

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

THE VENDOR MARKETPLACE

Express Scripts (ESI) has announced that it will cover two cholesterol-lowering drugs (known as PCSK9 inhibitors), Repatha™ and Praluent®, rather than choosing just one. However, ESI is recommending strict prior authorization criteria to ensure appropriate use of these expensive new therapies.

Walgreens has agreed to purchase Rite Aid, which includes 4,600 drugstores in 31 states.

UnitedHealthcare Group Inc. is considering withdrawing from the ACA Exchanges in 2017 because it suffered losses there.

Kaiser Permanente announced it will acquire Group Health Cooperative (based in Seattle), expanding its geographic reach and boosting its health plan membership by 6 percent.

WHAT EMPLOYERS ARE DOING TO MANAGE COSTS: SELECTED STRATEGIES

With the release of the latest answers to FAQs clarifying the requirement to provide in-network preventive services without charge to participants of non-grandfathered plans, employers should consider:

- Reviewing plan documents, such as Summary Plan Descriptions or other notices that include preventive benefit requirements;
- Looking at how insurers, TPAs and PBMs are implementing preventive benefits to ensure consistency with plan terms;
- Developing custom programs around weight-management counseling with a discounted provider network to manage costs; and
- Creating a communications strategy to promote the plan's wellness and preventive services.

Employers may want to evaluate their current wellness program and consider:

- Adding spouses to their program and offering participation incentives;
- Selecting service providers to administer the programs;
- Setting clinical goals to monitor and measure the programs;
- Working with wellness vendors to set performance measures and guarantees; and
- Using the goals and measures to evaluate performance programs over time.

KEY TRENDS, DEVELOPMENTS AND STATISTICS

The Kaiser Family Foundation and the Health Research & Educational Trust announced the results of their 2015 Employer Health Benefits Survey (primarily mid-sized, single-employer plans). Key findings include:

- Average premiums increased 4 percent for both single and family coverage since 2014;
- Average office visit copay is \$24 for primary care and \$37 for specialty care;
- Almost a quarter (24 percent) of covered employees enrolled in a high-deductible health plan with a savings option; and
- Twenty-seven percent of employers offer telemedicine services.