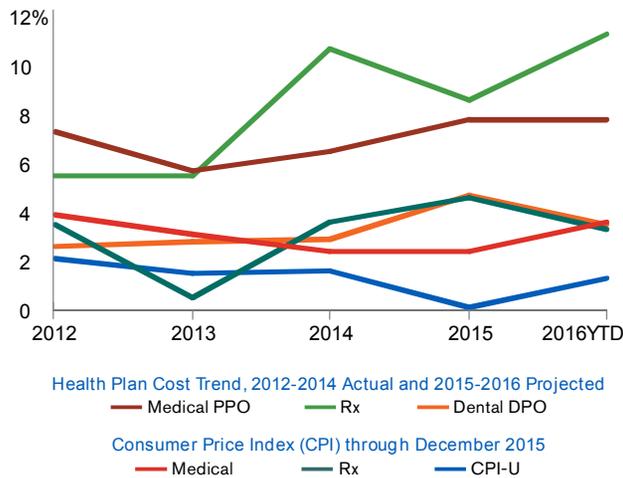


[Learn more by clicking on the blue text.](#)

## Key Statistics

**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.

**Statistics on Stop-Loss Insurance |** Segal's 2016 Medical Stop-Loss Insurance Database shows noteworthy changes in the stop-loss market. Larger specific stop-loss deductibles (\$500,000 and greater) are becoming more common and now account for 18 percent of total stop-loss policies (up from 6 percent in 2013).

**Retail clinics** are increasing healthcare spending, according to a study published in *Health Affairs*. The additional visits for minor medical conditions increases spending by \$14 per person per year. Others have noted that it is not yet known what the ultimate impacts on health and costs will be in the long run.

## The Affordable Care Act (ACA) and Other Compliance News

**Health Reimbursement Arrangements |** Additional guidance clarifying how the ACA affects Health Reimbursement Arrangements (HRAs) was released by the Treasury Department and the Internal Revenue Service (IRS). Among other items, the guidance provides that spouses and dependents may not receive reimbursement for expenses from an HRA that covers active employees unless the family members are enrolled in a group health plan. A transition rule makes this effective for plan years beginning on or after January 1, 2017.

**Tax Credits |** A final rule stating that retirees may decline coverage and still qualify for a health insurance premium tax credit (also known as "subsidies") in the state Exchanges or federal Marketplace was issued by the IRS.

Segal released a [summary](#) of ACA dollar amounts and percentages (that are indexed to various measures of inflation or that change from year to year) as a set of tables, as well as a [timeline](#), which highlights ACA fees and reporting deadlines for 2016 and 2017.

**Segal Health Care Reform Resources |** The Health Care Reform Resources page on Segal's website links to all publications and other resources related to the ACA.

## The Vendor Marketplace

**Walgreens and OptumRx** (owned by UnitedHealth Group, Inc.), formed a partnership to help capture a greater share of the prescription drug market.

Recent pharmacy benefits managers (PBMs) studies on **outpatient pharmacy spending** have reported a decrease in 2015 of per participant cost trends to single digits for highly managed plans.

## What Plan Sponsors Are Doing to Manage Costs: Selected Strategies

Plan sponsors are reviewing **health coverage for retirees** (especially pre-Medicare eligible), who may have lower-cost alternative coverage than the group plan, and are considering:

- Providing advisory services to retirees to help them navigate through their options;
- Exploring options for providing "excepted benefits;"
- Determining if a private Exchange is feasible in conjunction with a defined contribution (DC) approach; and
- Adopting a DC approach to pay for health coverage.

Plan sponsors may want to consider adopting **tighter prior authorization controls for compound prescriptions**. This has been successful in removing 85 to 90 percent of prior spending on compound prescriptions.

Interest in **stop-loss** has grown due to the elimination of annual and lifetime limits on essential health benefits by the ACA and the rise in number and value of high-dollar claims. Plan sponsors are considering:

- Adding prescription drug coverage or purchasing stand-alone stop-loss for prescription drug coverage, with the advent of high cost specialty drugs; and
- Negotiating a shared-savings policy whereby the stop-loss policy will pay an experience-rated dividend for plans with group claims experience below required premiums.

To discuss the implications for your plan, contact your Segal consultant or get in touch via our [website](#).