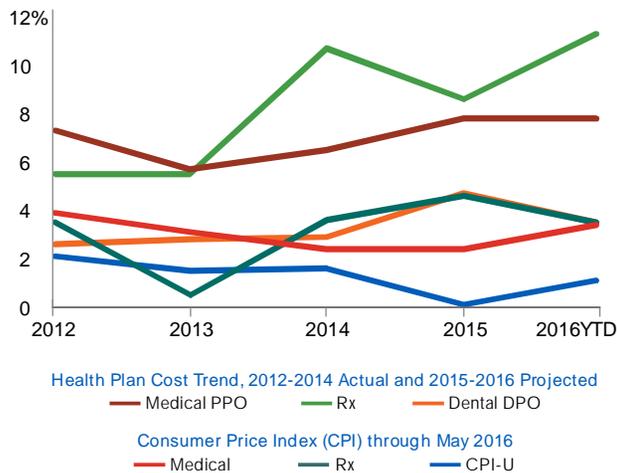


Learn more by clicking on the blue text below.

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.

Medicare Advantage (MA) | The Kaiser Foundation recently released a *Data Spotlight* on MA enrollment trends. Key findings include:

- Thirty-one percent of the Medicare population (17.6 million beneficiaries) are enrolled in a MA plan;
- More than three million MA enrollees are in a group plan;
- MA enrollment grew by approximately 5 percent between 2015 and 2016; and
- UnitedHealthcare and Humana account for 39 percent of the enrollment.

The Affordable Care Act (ACA) and Other Compliance News

Health Insurance Portability and Accountability Act (HIPAA) Audits | Phase 2 of the HIPAA Audit Program of covered entities and their business associates was announced by the Department of Health and Human Services Office for Civil Rights. These audits will assess compliance by health plans and their business associates with the HIPAA Privacy and Security Rules and the breach notification rules under the Health Information Technology for Economic and Clinical Health (HITECH) Act.

Medicare Part D | An increase in Medicare Part D standard defined benefit and Retiree Drug Subsidy (RDS) amounts in 2017 was announced by the Centers for Medicare & Medicaid Services (CMS). The Medicare Part D benefit will cover 60/49 percent of the cost of brand-name/generic drugs in the “donut hole.” CMS also modified the policy about how Employer Group Waiver Plans (EGWP) (that contract with plan sponsors) are paid and the amount MA plans will be paid for 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

Cigna announced that it had signed value-based reimbursement contracts with the manufacturers of PCSK-9 inhibitors (cholesterol-lowering drug). If patients reduce low-density lipoprotein cholesterol (LDL-C) as shown in clinical trials, manufacturers will further discount the cost of the drug.

The largest pharmacy benefit manager (PBM) in the U.S., **Express Scripts** and health insurer **Anthem**, are engaged in a lawsuit to determine if Express Scripts is overcharging Anthem for prescription drugs.

American Well, which offers telemedicine to more than 100 million people, has announced an online marketplace where health plan participants will be able to choose from a menu of providers.

What Plan Sponsors Are Doing to Manage Plans: Selected Strategies

Segal Data Mining | Analysis of select clients that use our data-mining services indicates that 40 percent of emergency room visits are non-urgent. Better copayment design and participant communications about access and availability of urgent-care centers can substantially reduce these non-urgent visits.

Plan sponsors that offer **prescription drug coverage for retirees** should consider the following before determining those benefits for 2017:

- Reviewing the advantages and disadvantages of continuing to apply for RDS rather than contracting with an EGWP;
- Assessing the actual savings or subsidy with the current plan option and then projecting the subsidy amounts for 2017; and
- Determining if a MA plan for retirees is the right solution.

In anticipation of the Phase 2 HIPAA Audit Program, plan sponsors should **ensure the plan’s HIPAA and HITECH policies and procedures are up to date**. Plan sponsors should also ensure that a current security-risk assessment is available, the plan has a list of signed Business Associates agreements and all participants that use or disclose plan information have been trained. Also, careful review of how mobile technology is used or data is exchanged with services providers, is important.

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