

## Trends In Today's World

### Door to Door Care

A neighborhood pilot program at Baltimore-based Johns Hopkins School of Nursing consists of nurses and community health workers making weekly visits to adults living in the Johnson Square apartments, a predominantly Black disadvantaged neighborhood. The no-cost visits take place in any number of locations, without regard for health status, income or insurance. While the John Hopkins nursing program is based on funding, the school hopes to expand its services to cover four neighborhoods by 2025.

### Transparency in Advertising

In contrast to drug commercials that list possible side effects at rocket speed, new rules from the U.S. Food and Drug Administration require that side effects be listed in language that is clear and easier to understand. The new rules, which only apply to prescription drugs, replace those established by the FDA in 2007. Manufacturers have up to six months to fully comply.

### Tuition-Free Med School

As a result of a \$1 billion contribution by Bloomberg Philanthropies, the

## Self-Funding: Still Effective After All These Years



According to the 2023 KFF Employer Health Benefits Survey, two thirds of U.S. workers are covered by self-funded or partially self-funded health plans – evidence that self-funding still works. When designed to address employer and employee needs and administered efficiently, self-funding provides greater flexibility, increased transparency and the opportunity to better manage the future risks and costs of employee healthcare.

In contrast to traditional fully insured plans where clients pay fixed, non-refundable premiums largely based on the number of covered individuals, employers who self-fund pay for claims as they are incurred. Fixed costs include administrative expenses and premiums for stop loss insurance (reinsurance) needed to protect the plan against large catastrophic individual claims or an aggregate of smaller claims exceeding a predetermined level.

**Design flexibility** – By complying with federal ERISA regulations, self-funded health plans avoid state laws, premium taxes and mandates that govern

fully insured plans. Employers can customize their self-funded plan to address company objectives and specific employee needs. When changes are needed to enhance employee satisfaction, a self-funded health plan can adapt.

**Cost transparency** – While claims information can sometimes be difficult to obtain in a fully insured environment, timely claim reports enable employers to identify chronic conditions or high-cost healthcare facilities that may be driving cost increases. As a leading TPA, 90 Degree Benefits uses relevant data to help clients manage rising healthcare costs. Disease Management, Pharmacy Oversight and Care Navigation are just a few of the programs proven to achieve quality outcomes at lower cost.

As shown in the study, virtually all employers of 5,000 or more and 61% of companies employing 200 and up self-fund their health benefits. Even very small employers have adopted a form of self-funding for its cost saving potential. These level funded plans enable employers to pay a fixed monthly amount consisting of projected claim costs, stop loss premiums and an administrative fee, retaining the savings when claims are below anticipated levels.

Combine design flexibility and cost transparency with expert administration and you have a high quality, self-funded health plan – still effective after all these years.



## Avoiding ERISA Lawsuits



Attorneys often remind employers that as sponsors of group health plans under ERISA, employers are viewed as fiduciaries charged with the responsibility of guarding plan resources for the benefit of plan beneficiaries. Recent litigation alleging violations of fiduciary duties by plan sponsors have involved fees paid to advisors and prices negotiated for specialty drugs.

In reviewing these complaints, attorneys recommend adopting policies and procedures for interpreting plan documents and documenting your interpretations. Should beneficiaries challenge actions taken by plan sponsors, documenting how you have interpreted your plan documents will demonstrate that rational actions were taken and that actions were consistent with your interpretation of the plan document.

When it comes to vendor relationships, establishing a process for regular review of fees paid to vendors is recommended along with a review of contracts and vendor agreements. Again, documenting meetings with vendors and any actions taken following these discussions will provide a basis for decisions made on behalf of the plan and its beneficiaries.

## Capping the Tax Exclusion

Some health policy researchers have suggested that capping the currently unlimited federal income tax exclusion for employer-sponsored health benefits could improve the U.S. healthcare system by lowering the cost of coverage. Estimates show that the exclusion deprives the federal government of \$350 billion in annual tax revenue and some thought leaders believe it drives healthcare costs higher while contributing to a lack of interest in costs by healthcare consumers. Federal legislators and many union leaders have spoken out, arguing that the exclusion must remain untouched and that preserving the tax exclusion is good for employers and covered employees alike.

## Trends continued

Johns Hopkins University School of Medicine will cover tuition costs for medical students from families earning less than \$300,000 annually. The policy changes, effective this Fall, will also enable students from families earning \$175,000 or less to attend medical school at no cost by waiving all tuition, living expenses and fees. While two-thirds of medical students previously attending Johns Hopkins received financial aid, the average medical school graduate incurred a debt of \$104,000.

### Goodbye Retailers

From primary care clinics to virtual care services, it appears that large retail store operators are pulling out

of healthcare. Market observers say the cost of employing family physicians and nurse practitioners makes it impossible to achieve the economies of scale needed to earn a profit and grow market share. Others describe the situation as somewhat of a poorly timed, perfect storm consisting of a medical professional shortage and lower Medicare reimbursements.

### Gourmet Vending Machines

If fast food isn't to your liking, you may want to look for a Farmer's Fridge machine next time you're in the airport. They're just one of several companies now offering a variety of fresh fruits, vegetables, salads and snacks in refrigerated vending

machines. Very popular in Europe and Japan, these machines are quickly appearing in America's airports, schools and other popular gathering spots at a rapid pace. While the trend can't compete with fast food establishments on price, it seems to be delivering on its promise of quality and variety.

### Fewer Americans Uninsured

Citing a preliminary survey, the National Center for Health Statistics reported that 25 million people, or 7.6 percent of the U.S. population, were uninsured in 2023. This compares to 33.2 million (10.3%) uninsured in 2019. The data was gathered from January to December of 2023.

## Are Members Making the Most of HSAs?

Health savings accounts (HSAs) are a very powerful financial tool, offering not only a way to save on today's health-related needs but also during retirement. Sadly, even though the benefits of these tax-advantaged accounts are many, nearly one fourth of all HSA accounts are either unfunded or closed annually.

### 3-Way Tax Benefit

First and foremost, contributions to HSA accounts reduce taxable income. Second, earnings on funds deposited into HSAs grow tax-free and when used to cover eligible expenses, funds withdrawn are not taxed. That's a 3-way tax advantage that can easily translate to several hundred in savings each year.

### Value at Every Stage of Life

What too few employees understand is that HSAs can enhance their financial well-being today and tomorrow. By funding an account at a minimal level, young employees often benefit from annual employer matches of \$500 or more. As medical expenses increase, growing families can contribute more and cover rising healthcare costs with before-tax dollars. And employees 55 and older can boost retirement savings by fully funding their accounts and taking advantage of catch-up contributions of \$1,000 per year. For employers dedicated to improving the health and financial well-being of plan members, Health Savings Accounts check all the boxes, regardless of age, working tenure or contribution level.

## Curbing Private Equity

Congress has introduced legislation containing tough restrictions on private equity firms that own healthcare facilities. The main goal of one bill is to prevent private equity firms from closing a hospital after acquiring it by requiring that five years of operating expenses be placed in an escrow account.

While current bills are said to have little chance of advancing to either the House or Senate floor, some believe the climate may be right for more narrowly focused federal or state legislation that would slow or more closely monitor the involvement of private equity ownership in healthcare.

## Burnout and the Right to Disconnect



Even though right-to-disconnect legislation proposed by the State of California has stalled, the movement continues to shed light on concerns over burnout by employees working in hybrid or remote environments. The root of the problem

lies in the stress caused when workers are expected to be online without interruption throughout the entire day or required to remain accessible beyond normal business hours.

The bill received plenty of criticism from employers, and while employee burnout may not be as widespread as it was during the Covid-19 pandemic, HR consultants still emphasize the need for organizations to foster and promote work-life balance, regardless of work schedule or environment.



## For Some, the Pandemic Continues

It's been more than four years since the Covid-19 pandemic took hold in hospitals from coast to coast, starting a public health emergency that lasted for more than 3 years. While some large healthcare systems are adjusting well to a new normal, other hospitals doubt they'll ever be the same.

Financial pressures are easing for many large healthcare systems, but hospitals based in rural areas are facing the same difficulties that have plagued their operations for many years. Industry observers estimate that 40 percent of U.S. hospitals are still operating at a loss, with a widening disparity between the best and worst performing institutions. The biggest problem continues to be finding and affording skilled medical staff, especially nurses. Hospitals that were forced to depend on travel nursing agencies during the pandemic are finding it very difficult to rebuild their professional staff. Competition for experienced nurses continues to be very fierce as costs keep rising and qualified candidates continue to seek more flexible work schedules.

There is no doubt that the Covid-19 pandemic woke a sleeping giant in the form of work-life balance. While employers in every industry continue to search for creative ways to balance flexibility and productivity, few fields have been impacted more than the healthcare profession.

## Expect a Human + Digital Future

After talking with young Americans about how AI might impact their future decision making, business leaders, including financial advisors, expect Gen Z and millennials to count on a combination of AI and human expertise to guide them through the digital transformation. A survey by Northwestern Mutual Life Insurance showed that young people are very comfortable using Artificial Intelligence to help identify financial trends and create financial projections. When it comes to developing a retirement plan or finding answers to important financial questions, they would prefer to place their trust in a human being.

When asked about AI and healthcare, survey participants responded in a similar way. More than a third of young people said they would trust AI to collect data on current symptoms or medical history during a physician visit but would prefer to receive a diagnosis or medical treatment from a physician. Baby boomers and members of Gen X were even more skeptical about the potential of AI as a replacement for a human connection.



# Did You Know? New Ideas for Healthy Consumers

## Detecting Heart Disease

More physicians are ordering a test measuring a protein called apolipoprotein B that contributes to artery-blocking plaque. Primary care physicians and specialists are saying these tests, known as apoB for short, may predict the risk of heart disease faster than standard tests, such as a LIPID. In some cases, these tests are identifying at-risk individuals whose standard lipid tests look normal.

While many are impressed with the effectiveness of these lesser-known tests, The American College of Cardiology and the American Heart Association are only recommending these tests for adults with a family history of premature heart disease. The groups say measuring apoB offers advantages to people with high levels of triglycerides or fat in the blood.

Testing companies have begun offering at-home tests for patients who don't want to ask their doctor to order them. Lp(a) and apoB tests are generally not covered by insurance and out-of-pocket costs range from \$25 to \$150.

## Breakfast of Champions

The American Academy of Pediatrics reports that 27 percent of children ages 12 to 19 no longer eat breakfast, which many believe is critical to a child's overall health and wellbeing by kickstarting their metabolism and discouraging overeating later in the day.

In addition, many breakfast foods contain nutrients our body needs to function properly such as fiber from fruits and vegetables and vitamin D, calcium and protein found in milk, yogurt and eggs. Physicians say that if time doesn't allow for a sit-down breakfast, pack a hard-boiled egg, fruit with granola or fresh fruit that can be eaten on the way to school. Even protein-rich dinner leftovers are better than starting the day without nourishment.

## Healthy Cruising

Even though Covid-19 is no longer a public health emergency, it's always important to take precautions when traveling. For those planning to enjoy a cruise in the coming months, medical experts at the Mayo Clinic provide the following tips:

- *Make sure you're up to date on all vaccines*
- *Cancel your trip if you're feeling sick*
- *Consider wearing an N95 or KN95 mask*
- *Wash your hands or use hand sanitizer often, especially before eating*
- *When eating at buffets, choose hot (+140 F) food over cold or lukewarm*
- *Order food from room service or the spa if you're on a special diet*



Finally, because infections can spread quickly on crowded cruise ships, take a few moments to search for "cruise outbreaks" on the Centers for Disease Control and Prevention (CDC) website before booking.

**Note:** This newsletter is not intended as a substitute for personal medical or employee benefits advice. Please consult your physician before making decisions that may impact your personal health. Talk to your benefits administrator before implementing strategies that may impact your organization's employee benefit objectives.



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Let's Talk