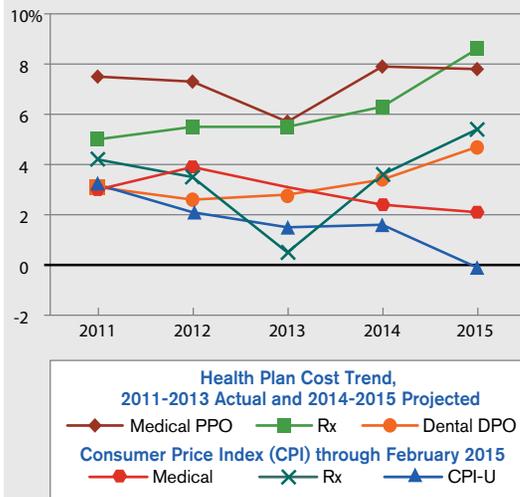


## TREND AND CPI

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



Sources: 2015 Segal Health Plan Cost Trend Survey (<http://www.sibson.com/publications/surveysandstudies/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

**Final forms and instructions for reporting full-time employment status and health care coverage** in 2016 under Internal Revenue Code Sections 6056 and 6055 were posted by the Internal Revenue Service (IRS). Employers will need to provide 2015 statements to employees by January 31, 2016. **(Click on the red text throughout this report for more information on the topics discussed.)**

**A rule that would permit plan sponsors to provide limited benefits through certain individual health insurance policies** was finalized by the Departments of Treasury (Treasury), Labor and Health and Human Services (collectively, the "Departments") on March 18, 2015.

**A response to a frequently asked question (FAQ) addressing how plan sponsors of non-grandfathered group health plans need to design reference-based pricing programs** in order to comply with the ACA's rules on out-of-pocket limits was published by the Departments.

**A recent answer to a FAQ on premium-reimbursement arrangements** reinforces that stand-alone health reimbursement accounts, without an underlying group health plan, violates certain ACA provisions.

**Two announcements affecting cafeteria plans** were made by the IRS and the Treasury. The maximum salary reduction under a health Flexible Spending Arrangement will increase to \$2,550 for 2015, and two new mid-year elections will be made available to employers.

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

**Sibson Consulting's 2015 Reporting & Disclosure Calendar for Benefit Plans** summarizes compliance requirements for employers.

## THE VENDOR MARKETPLACE

**Rite Aid acquires EnvisionRx**, a national, full-service pharmacy benefit management (PBM) company.

**Several of the largest health systems and insurers have created a Health Care Transformation Task Force** with the goal to shift 75 percent of their business to contracts with incentives for higher-quality and lower-cost health care.

**CVS/Caremark is suggesting an exclusion approach for "pain patches" as part of its compound-drug strategy**, as these patches may result in large claims from compounding pharmacies.

## WHAT EMPLOYERS ARE DOING TO MANAGE COSTS: SELECTED STRATEGIES

**Employers are looking for ways to decrease health care spending before the ACA excise tax goes into effect in 2018.** Strategies include:

- Investing in wellness programs,
- Moving to a consumer driven health plan,
- Offering health care cost transparency tools,
- Contracting directly with providers,
- Introducing spousal surcharges, and
- Monitoring the success of private exchanges.

**High-deductible health plans significantly cut health spending.** Employers can motivate participants to participate by:

- Implementing a robust communications program to communicate the tax advantages, lower premiums and long-term cost savings,
- Offering transparency tools, and
- Providing a financial incentive.

**Employers are considering taking steps to manage utilization of high-cost compound drugs.** Cost management options include:

- Requiring a prior authorization,
- Including a maximum dollar limit,
- Reviewing approved and clinically effective lower-cost treatment options, and
- Excluding specific compound drugs, such as pain patches and those that use crushed tablets.

## KEY TRENDS, DEVELOPMENTS AND STATISTICS

**Sibson's Actuarial Model for Wellness** was recently published by the Society of Actuaries. The study focuses on a conceptual model for wellness and the actuary's potential role in wellness.

**In 2014, there were \$22.1 billion in health savings accounts (HSAs) and health reimbursement accounts (HRAs) across 10.6 million accounts**, according to a survey conducted by the Employee Benefit Research Institute. In 2008, there were only \$5.7 billion across 4.2 million accounts.

**The introduction of biosimilar drugs** is expected to increase competition and lower prices. The first approved biosimilar in the United States is Zarxio™, which used to help prevent infections in cancer patients receiving chemotherapy.