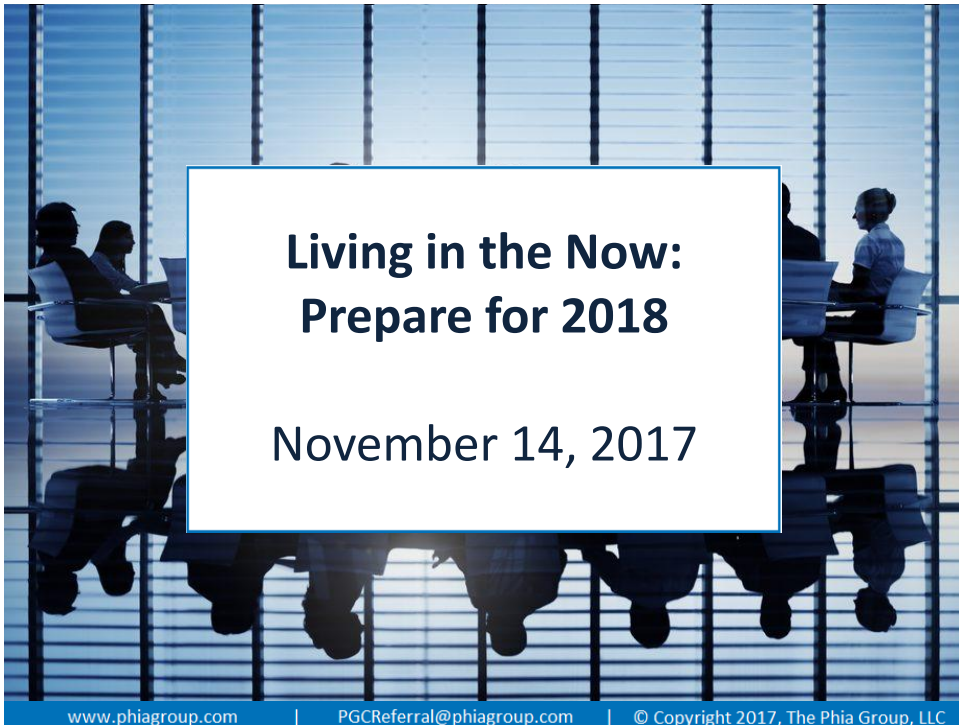




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EMPOWERING PLANS

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**Living in the Now:
Prepare for 2018**

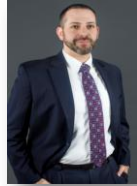
November 14, 2017

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Today's Speakers



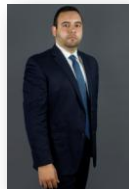
Adam V. Russo, Esq.
Chief Executive Officer & Principal



Ron E. Peck, Esq.
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Today's Agenda



- Political Update
- Phia Group Consulting FAQ
- Hey, Employers: Get Involved!
- SPD Considerations & Reviews
- Service / Vendor Considerations
 - Subro, neutral third parties, TPA operations, stop-loss, drugs, networks

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Political Update: Taxes, Mandates, and Big Pharma



President Trump admires a tax return postcard after Republicans unveil a new tax reform plan.
The Washington Post, November 2, 2017.

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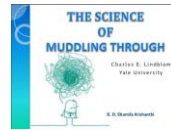
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The ACA “Muddles Through”



- Tax Reform Could Have Significant Impact on the ACA
 - Individual Mandate Is on the Chopping Block
 - CBO: 13 Million Could Lose Coverage; Feds Save \$338 Billion (10 yrs.)
- Surprisingly, Obamacare Enrollment Is Up
 - Despite Rising Premiums, Fewer Insurers, No CSRs, and Shortened Open Enrollment
 - Medicaid Expanded in Maine
- CMS Proposes New Rules on Essential Health Benefits
 - Would Permit States to Modify Benefits Starting in 2019 or 2020
- 5 States Ask Federal Judge to Halt Trump Admin. Rollback of ACA’s Birth-Control Mandate
 - CA, NY, MD, DE, and VA

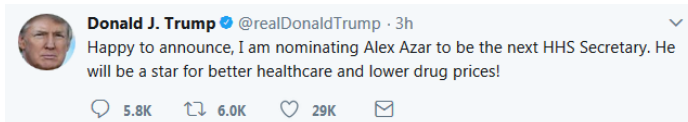


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In the Political Spotlight: New HHS Sec’y Nominee



- New HHS Nominee: [Alex Azar](#)
 - Fmr. Top Big Pharma Executive at Eli Lilly and Bush Admin. Official
- Eli Lilly Routinely Accused of Increasing Drug Prices
- Politico: White House Working on Executive Order Targeting Drug Prices



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Mass. Looks to Lead with New Containment Bill



- Focused on Two Major Areas:
 - Hospital Costs & Rx Costs
- Increase Use of Alternative Payment Methodologies
- Encouraging Value-Based Choice
- Increasing Consumer Awareness
- Mitigating Provider Price Variation & Readmissions
 - Crackdown on balance billing



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PGC: October's Most FAQ



- What does the *Macy's* case mean for self-funding?
- Will a plan lose grandfathered status if it imposes an eligibility carve-out (such as spouses)?
- Have the agencies published rules on how Employer Mandate penalties will be assessed or paid?

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Getting Involved



- The SPD is more than just the promise of benefits
 - Use it to build a family, and recruit new members
- Teaching employees to take an active role will benefit everyone involved and teach lasting skills

SPD Considerations



- First question: Is there an SPD ready for 2018?
 - Is it finished?
 - Does it say what it means? (*Macy's case*)
- Trouble deciding between options? Try the **Flagship**.

SPD Considerations



- Is the SPD's cost-containment up to snuff?
 - Reference-based pricing
 - Negotiating claims
 - Out-of-network claims
 - Carve-outs
- Are employees incentivized?
 - Phia "story time" with Adam Russo

SPD Reviews



- When was the SPD last reviewed?
- Full SPD review, or limited-scope review?
 - Level I: Health Care Reform compliance
 - Level II: Health Care Reform and ERISA compliance
 - Level III: Full assessment

SPD Reviews



Limited-scope reviews are beneficial for groups that:

- Do not have flexibility to modify cost-containment language but want the SPD reviewed for health care reform compliance
- Are concerned the SPD is not up-to-date with healthcare reform in light of ongoing regulation changes and guidance
- Already have Phia's cost-containment language but want a "second set of eyes" to review health care reform compliance

Service/Vendor Considerations: Subrogation



New approaches for an old industry

- Questionnaires: Costs, benefits, alternatives?
- Working with aggressive member attorneys:
 - Attorneys disbursing funds prematurely
 - Plan willingness to litigate to protect assets

Service/Vendor Considerations: Third-Parties



- Can Plan Administrators do everything themselves?
- ...should they have to?
- Fiduciary transfer
 - Eliminate conflict of interest
 - Avoid fiduciary penalties
- Complex claims and appeals analyses

Service/Vendor Considerations: TPA Ops



- Who is responsible for claims paid in error?
 - How is overpayment recovery handled?
- Brokers are creative! Is the TPA equipped to support programs that the Plan independently chooses, such as RBP?
- Has the TPA distinguished itself from competitors?

Service/Vendor Considerations: Stop-Loss



- Are there gaps in your groups' policies?
 - U&C: Percentages of Medicare & discretion
 - Will the carrier reimburse network rates?
 - Leaves of absence: Employee handbooks
- Is it time to shop around?
 - You get what you pay for...

Service/Vendor Considerations: Rx Costs



- Is there a framework for handling specialty drugs?
 - Trump: Drug companies “getting away with murder”
 - Senate testimony: Three companies account for 90% of generics; generics save industry \$5 billion/week

Service/Vendor Considerations: Networks



- “Lesser of” vs. upside-down DRGs
- Network support for carve-outs
 - The conflicting contract conundrum
- Wrap networks: Where to even begin?

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Thank You!



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