



# **THE BROKER'S ROLE IN TODAY'S HEALTHCARE LANDSCAPE**





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# ■ INTRODUCTION

The way we pay for healthcare is constantly changing. For most people, keeping up with the current best practices is overwhelming. We've become a society who looks to outsource the things we don't understand, have time for, or do well.

Our new way of life is the perfect opportunity to use your expertise to help your clients find the best health insurance options for their employees.

Let's explore how healthcare has changed in recent years, and how you can help your clients navigate the ever-changing healthcare landscape.





# HOW THE AFFORDABLE HEALTHCARE ACT CHANGED HEALTHCARE

The goal of the Affordable Care Act (ACA) was to make health insurance affordable, accessible and adequate for everyone, especially those with pre-existing conditions.

The ACA itself is a massive act; the document is over 20,000 pages. While reading the law would take an enormous amount of time, when you break it down, the act transformed the market in three distinct ways.

**1st** - Insurers could no longer deny coverage or charge higher rates based on a person's health.

**2nd** - The individual mandate required consumers to maintain health insurance, or face a tax penalty.

**3rd** - Monetary accommodations in the form of subsidies were formed to help people afford the health insurance they were required to have.

In addition to these new rules, health insurance marketplaces were created for people to compare plans, obtain subsidies and purchase health insurance.

Once the ACA was in place, enrollment in the individual market increased substantially. From 2013 - 2016, enrollment increased by over 80%. The enrollment numbers continued to grow.

In 2018, the numbers declined significantly. The decrease can be attributed to several factors:



**Changes in federal policy and practices to the individual market**



**Cuts to enrollment assistance**



**Less marketing of the marketplace itself**



**Cutting the enrollment time from 12 weeks to 6 weeks**



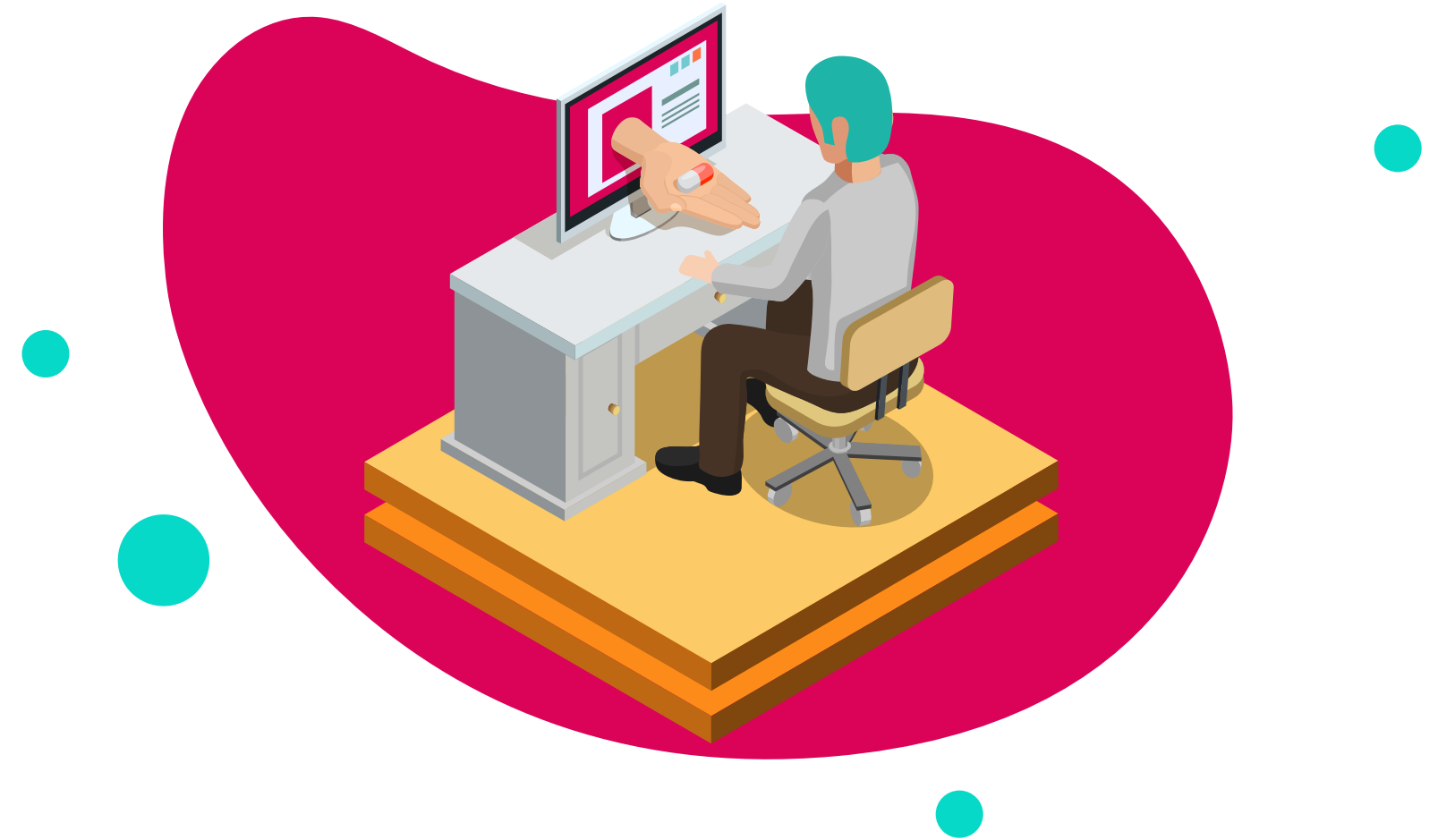
**Discontinuing cost-sharing reduction payments to insurers**



## HOW HEALTH INSURANCE BROKERS ARE AFFECTED

The ACA has impacted and changed the overall health insurance structure of the country. The ACA changed employer-sponsored healthcare in several ways including:

- **Large employers required to offer coverage**
- **Out-of-pocket costs must be capped for employees**
- **No dollar limits on essential health benefits**
- **No medical underwriting on small group plans**
- **Pre-Existing Conditions covered without waiting periods**
- **All plans must include maternity coverage**
- **Waiting periods cannot exceed 90 days**
- **Children can remain on parents' plan until age 26**
- **Preventive care is covered for free**



With the new and always changing rules and regulations, health insurance brokers expertise is welcomed by many businesses to explore the options and find the best plans for their employees. In fact, according to the [National Small Business Association's 2015 Small Business Health Care Survey](#), 80% percent of small firms report they plan to purchase insurance through their existing broker.

With the dynamic health insurance arena, to stay competitive, brokers should adapt to clients needs and to get the 'best' possible coverage. After all, happy customers come back to you, and angry ones fill your competitors gas tank.

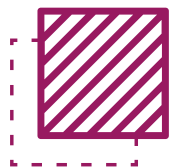
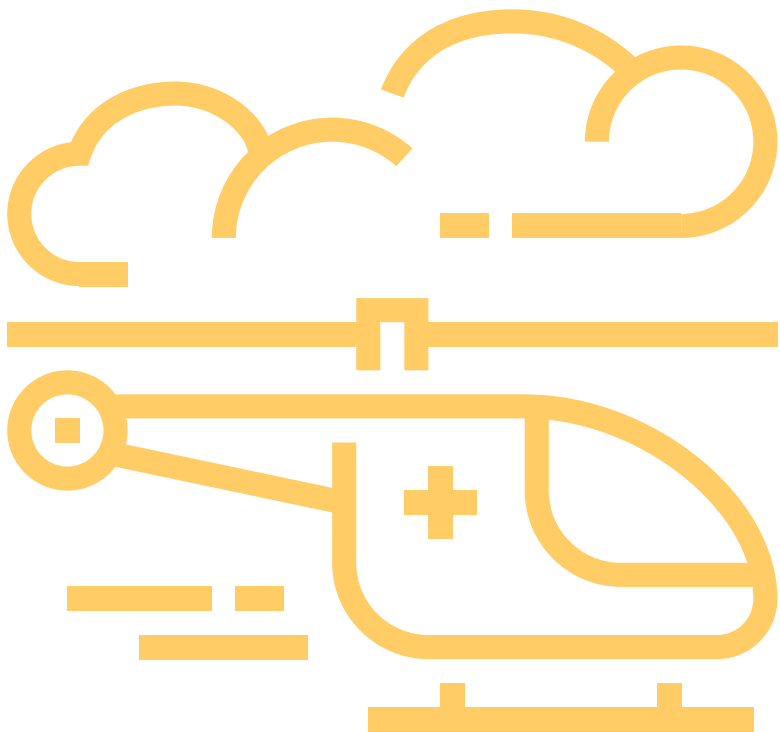


# CONSUMER HEALTHCARE HAS CHANGED EXPECTATIONS

Consumers are savvy. Whether it be tracking their steps with the latest gadget or checking their latest lab results through the patient portal, Consumers are more health aware than ever.

The healthcare industry has become consumer-focused, reflecting people's desire to take a bigger role in their healthcare. This change trickles down to what they want out of a healthcare plan.

Today's client is looking for cost-effective health plan options as well as:



**Price transparency**



**Telemedicine options**



**Ability to access their health information digitally**



**Preventative care focus**



**Ability to choose their doctors, hospitals, and facilities**

Some employers have moved from offering one type of plan to building private exchanges where their employees can choose from several options like high deductible health plans that can be paired with an HSA to more traditional options.



# HOW HEALTHCARE BROKERS CAN HELP

Knowing that people want more from their healthcare plans allow you to establish solid relationships with business owners and HR executives. You can also reach out to individuals to help them find their best insurance option. Be on the lookout for ways to educate members and enrollees. Here are some ways to help your clients find the best options for today's employee expectations.



## PRESENT ALL THE OPTIONS

The cost of **healthcare rises by approximately 4 - 5% every year**. Increasing prices will cause many businesses to limit benefit plans to their employees. By educating your clients about innovative options that effectively lower their healthcare costs, while improving their employee's lives, you can make choosing health coverage less daunting (and costly).

There are several options for businesses to utilize, but they may not know about all their choices. Be sure to tell them about options such as:

### **GROUP HEALTH INSURANCE**

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There are several types of group health insurance employers can offer. The plans differ in terms of how the insurance is purchased, premiums, deductibles, and levels of coverage. Each plan has advantages and disadvantages. It's up to you to help your clients determine what option is the best fit.

Here are some of the common types of group health insurance options available for businesses:

- **Fully-insured plans**
- **Self-funded plans**
- **Health Maintenance Organizations (HMOs)**
- **Preferred Provider Organizations (PPOs)**
- **High Deductible Health Plans (HDHPs)**

In addition to group health insurance coverage, there are additional options to pay for healthcare costs employers can offer.

### **HEALTH REIMBURSEMENT ARRANGEMENT (HRA)**

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A health reimbursement arrangement (HRA), also called health reimbursement accounts, are IRS-approved, employer-funded, tax-advantaged health benefits used to reimburse employees for out-of-pocket medical expenses and personal health insurance premiums.

HRAs are not health insurance.

HRAs are funded by employers. Employers offer their employees a monthly allowance of tax-free money. The employees can purchase the health care items and services they need and be reimbursed by the employer, up to the monthly allowed amount.

HRAs allow employees to pay for the healthcare items they need. For small businesses that can't afford to offer health insurance, HRAs allow them a way to help their employees with healthcare expenses.

In 2019, businesses can choose between four types of HRAs:

- 1. Group coverage HRAs** are available to businesses who also offer group health insurance to their employees. The group coverage HRA allows businesses to offer monthly allowance purchase items not covered under the group policy such as the deductible. Both small and large businesses can offer





the group coverage HRA. There are no allowance maximums, and businesses can offer different monthly allowance amounts to different employees.

- 2. One-person stand-alone HRAs** are available to all sizes of businesses that want to offer an HRA to one employee. This type of HRA can be used to reimburse all expenses listed in IRC 213(d), and has no allowance caps or group health insurance requirements. Also, annual rollover is permitted.
- 3. Retiree HSAs** are only available to a business's retired employees. Like the one-person stand-alone HRA, any size businesses can offer them, and there are no allowance caps or group health insurance requirements, and annual rollover is permitted.
- 4. Qualified Small Employer HRAs (QSEHRA)** is a popular choice for small businesses (fewer than 50 employees). The 2019 offer limits are \$5,150 (\$429.17

a month) for individuals and \$10,450 (\$870.83 a month) for families. Small businesses can offer different allowance amounts to employees based on family size. The amounts roll month to month and can roll year to year as well. The total QSEHRA reimbursements should not exceed the annual limits for the year. QSEHRAs are automatically available to all full-time W-2 employees, and businesses can choose to offer it to part-time employees as well (as long as part-time employees receive the same allowance amounts). Of note, businesses cannot offer a QSEHRA and a group policy at the same time.

There are two additional types of HRAs on the horizon, the **individual coverage HRA**, and the **expected benefit HRA**, which were introduced through new regulations from the Departments of the Treasury, Labor, and Health and Human Services in October 2018 and are scheduled to be available beginning January 1, 2020.



## HEALTHCARE SAVINGS OPTIONS

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Healthcare savings options allow employers to offer their employees an extra way to save and pay for healthcare expenses. Each account works differently and has its own rules and regulations, but there is bound to be one that fits your client's needs.

**FLEXIBLE SPENDING ACCOUNTS (FSAS)** - allow eligible employees to set aside pre-tax money from payroll deductions into a tax-free account. The money in an FSA must be used each year as it does not roll over. Employees can use the money to pay for eligible health care expenses.

There are several FSA types, let's explore the two most popular:

**Healthcare** - can be combined with health insurance plans to pay for most of the medical expenses a person will have. Employees can use these accounts to pay for items health insurance doesn't pay for such as co-pays and deductibles. Other services like dental work, vision care and visits to the chiropractor can be paid using these funds.

**Dependent care** - the money can be used to pay for dependent care, usually for daycare expenses for children under the age of 13 who live with the employee. In some cases, these accounts can be used to pay for the dependent care of elderly adults who live with the employee.

To be eligible for an FSA, an employee must be offered benefits, they don't have to enroll, but they must be offered benefits by the company.

Employees fund FSAs through payroll deductions but do not have to pay

additional fees for the accounts. Employers pay annual and monthly fees for the FSA accounts and can choose to make optional contributions to their employees' account.

**HEALTH SAVINGS ACCOUNTS (HSAS)** - are tax-advantaged health care savings account that must be paired with a qualified HDHP. Employees can contribute funds into their HSA pre-tax to save for current as well as future medical expenses.

Offering an employer-sponsored HSA as part of a competitive benefits package can help your clients attract and retain talented employees. Your clients and their employees can usually save money on monthly premiums when they switch from a traditional health plan to an HSA eligible HDHP.

HSAs offer tax-advantages for employees in three ways:

- 1. Money employees contribute to their HSA reduces their taxable income for the year**
- 2. When employees use HSA money to purchase qualified medical expenses, they will not owe tax.**
- 3. You can earn interest on your money or even invest it. Any gains you make are tax-free.**



Employers can also enjoy tax advantages by offering an HSA such as:

- **Contributing money to the employee's HSA allows employers to take a federal income tax deduction.**
- **When employees make HSA contributions via payroll deductions, employers don't have to pay payroll taxes on that amount, lowering their FICA and unemployment liability.**

In addition to the tax advantages, unlike an FSA, money contributed to an HSA rollover year to year. In fact, not only does the money roll over, employees own the accounts and can take them with them from job to job, adding a lot of flexibility and long-term savings power.

HSAs offer an additional benefit that other healthcare savings options do not. HSAs can serve as a retirement account alongside saving for healthcare. Due to the **triple tax advantages HSAs offer**, your clients can rest assured they have money for medical expenses and be building that nest egg we all need.





## ANALYZE AND CUSTOMIZE OFFERINGS

Brokers know clients want more from their health plan options. As the healthcare industry continues to change, you'll need to offer customizable healthcare plans that encompass your client's needs.

Researching clients deepest workings, such as employee demographics, current health conditions, and healthcare utilization will help you present them their best options. Taking time to analyze and offer customized plans will ensure client satisfaction.



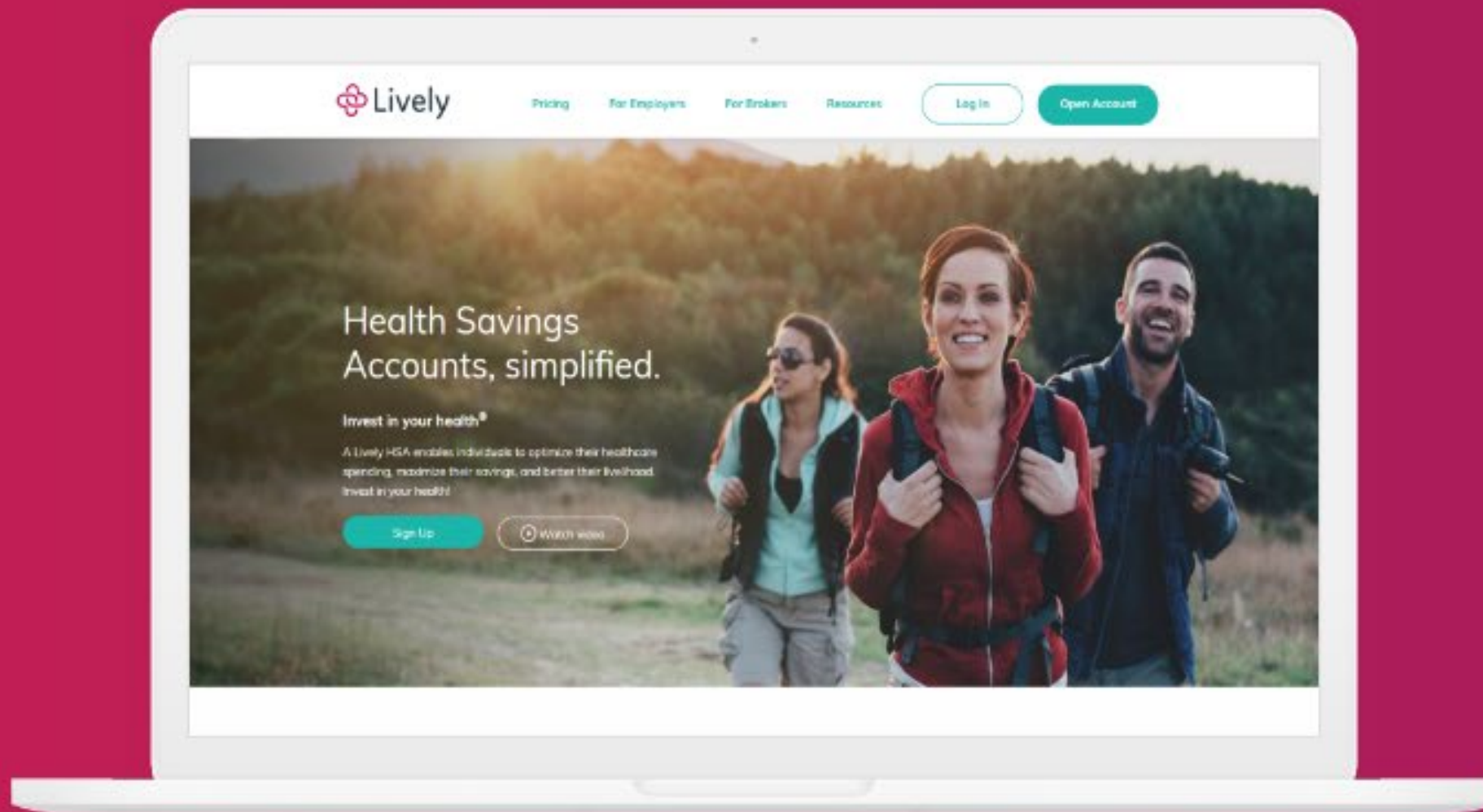
## INCLUDE COMPLEMENTARY SERVICES

Clients are looking for their brokers to do more than negotiate prices. In today's world, along with great products and plans, brokers offer other services like:

- **ADA and ACA compliance consulting**
- **Employee engagement solutions**
- **Healthcare literacy services**

With the ever-changing healthcare landscape, businesses need these services to implement and maintain their plans. Besides, by offering these complementary services, you present yourself as an expert and add value for your clients. Happy clients are always a win-win.

History proves the way we pay for healthcare will always evolve. Healthcare brokers must know what their clients want to help them find the best health coverage. By giving them individual options, you'll have satisfied clients who keep coming back for your expertise.



# ABOUT LIVELY

Lively is a modern Health Savings Account (HSA) platform for employers and individuals. Lively's user-centric solution creates an intuitive user experience allowing consumers to get the most out of their HSA. Lively HSAs work alongside HSA compatible health plans to make healthcare easier for everyone.

Get a [demo of Lively](#) and see how you could be offering your clients a seamless HSA experience.





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