

A young woman with her hair in a ponytail, wearing a black blazer over a white collared shirt, is smiling and looking down at a smartphone she is holding in her hands. The background is a blurred outdoor setting with greenery and a building.

Custom Design Benefits

Innovative Cost Containment Solutions for Employee Benefits

+Inside

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**NEWSLETTER
Q1 | 2021**

Executive Spotlight



Greetings!

I sincerely hope your 2021 is off to a happy and healthy start, and that the new year presents new opportunities for us all. How can it not, after 2020?!

We'd like to take the opportunity to check in with you regarding this newsletter. Our goal is to keep you abreast of trends, programs and opportunities so that ultimately you can make the best health-benefit decisions for your business and employees. We'd like to understand from you if we're hitting that mark or if we need to make adjustments in future newsletters.

If you could take a moment to take a short, 4 question quiz it will help us to serve you better with a newsletter that delivers value with topics that are relevant and helpful to you. Please click this link to take the survey: <https://www.surveymonkey.com/r/9F9VLNB>.

We look forward to your feedback and truly appreciate your time. With your input we can provide the relevant communication you are looking for.

Best regards,

A handwritten signature in cursive script that reads "Julie".

Julie D. Mueller
President & CEO

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Health Plan Cost Control for 2021

The 5 Levers

There are five cost levers employers can explore right now to offer employees improved benefits, while also keeping costs in check.



The cost of healthcare in the United States has a reputation for being expensive, and deservedly so. According to a study by the Peterson and Kaiser Foundations, the United States spent more than \$3.8 trillion on healthcare in 2019, and it will soon top \$4 trillion. Employers feel that they're held captive to annually escalating health plan benefit costs, and employees see their share of premiums and out of pocket costs continue to increase at a higher pace than inflation and their paycheck.

Faced with this reality, as well as a future that promises even higher healthcare costs, current and prospective employees will value companies that have their health-related interests in mind. This is especially true following 2020 and the lingering impact of the coronavirus pandemic. Having an attractive health plan could mean the difference between retaining or losing top talent.

We're here to report that it's not all doom and gloom. Employers can offer great, and even improved, health plan benefits to their employees often at reduced costs by breaking out of the box defined by traditional health plans. The trick is finding solutions that provide flexibility. Here are five cost levers employers can explore right now to offer employees improved benefits, while also keeping costs in check.

1. Self-funding

Self-funding is a huge opportunity to control costs while improving care. Through an insurance provider, an employer signs up for a fixed plan and pays a monthly premium, whether claims occur or not. If the plan members don't use the healthcare they paid for, the insurance company stands to profit. And that they definitely do. Anthem Inc.'s reported net income for 2020 was \$551 Million. Another barrier employers face in controlling health care spend is lack of access to utilization information and data that identifies trends. This is especially true for employers with fully insured plans and less than 100 employees enrolled. These groups typically aren't given access to data that could be used to improve the plan experience for members, and to justify or refute escalating premium increases.

A self-funded plan allows an employer to create a customized plan that serves its employees and company well as they take control of quality and cost. With an independent Third Party Administrator (TPA) partner providing administration and guidance, self-funded plans often see less administration cost than equivalent fully insured plans. The savings realized in administration can be used to fund Stop Loss insurance, which offers less risk and higher reward. Stop Loss activates if claims exceed projections, but if claims are lower than projected, that money can go back into the plan, the employees or the company. Self-funded plans also give the employer access to their data and metrics, allowing them to properly budget for potential future claims and add additional programs or improvements that can both increase employee satisfaction and provide additional cost control. Employers of any size can use a self-funded plan and reap the benefits.

2. Pharmacy and Specialty Drug Strategies

Similar to self-funding, there are a variety of strategies that can be used to control the escalating cost of prescription and specialty drugs. An independent prescription risk management company can be brought in to assess and manage pharmacy and specialty drug needs of employees, providing specialized expertise and solutions that increase value versus expense, make sure costs are in line with norms, and improve user experience and outcomes. Specialty Drug programs can take it a step further by seeking alternative funding for these expensive drugs, making it easy for both employers and employees to save.

3. Virtual Health/Telemedicine Strategies

During the pandemic many people adapted to virtual applications as an alternative to in-office care and gained confidence in this method of service delivery, whether online or by phone. Employers and employees can save time and money using a telehealth service, for a wide range of needs including in-demand behavioral health programs. Telemedicine strategies will continue to evolve to better serve the needs of a growing online population and are an easy way to improve healthcare access for employees at a lesser cost.

4. Population Health

Knowing your employees and their potential health risks can give employers an advantage in keeping health costs low. Using predictive modeling, population health management can use metrics, such as hospital and emergency department utilization risk scores, or medical

and pharmacy claims, to identify at-risk individuals and intervene or coach them to better outcomes. Once identified, at-risk employees can work with professionals that help them navigate their care and work to improve their health and outcomes. Healthier employees translate to fewer catastrophic hospital and emergency room visits, and lower costs for employees and employers alike. The right TPA partner will have solutions in place to help you manage the health of your employee population.

5. Direct Contracting/Direct Primary Care

Direct contracts are growing in popularity and with good reason – they provide another avenue to keep healthcare costs in check because they, in effect, cut out the middleman. Direct contracts based on a Reference-Based Pricing (RBP) reimbursement method can also be used to more accurately predict healthcare costs, with improved forecasting of resource needs and cash flow.

While seeming to offer discounts, fully insured plans through large insurance carrier PPO networks continuously end up costing employers and employees more money than alternative plans. During the negotiation process between providers and insurance carriers, providers will safeguard their revenue by leading with an increased rate that is higher than the actual cost of their services, so they can then discount. Reference-Based Pricing (RBP) plans avoid this pitfall as they don't rely on a charge master rate. Instead, healthcare through these plans is data-based, with negotiated contracts for service and pharmacy charges that are closer to actual cost. For employees, direct contracts can provide more resources to help them navigate their healthcare, more control over experiences and minimized billing surprises because they have more information upfront. Direct Contracting often results in improved experiences, improved health and reduced cost, a win for both employers and employees.

Conclusion

These five levers are a good foundation for reducing your healthcare cost in 2021, and you don't have to go it alone. A TPA partner, with their expertise and data, can show you how to reduce your healthcare costs and provide access to a right-sized, self-funded plan for your company, managing all the detail, compliance and employee education and communication.

You can't keep doing the same thing, especially when it's not working, and expect different results. Employers can't continue to bear the brunt of the rising cost of health benefits and shifting that burden to employees isn't the answer if you want to retain and attract talent. Only 18% of the employers surveyed in Mercer's National Survey of Employer-Sponsored Health Plans revealed that they will shift more healthcare expenses to employees in 2021. Further, 57% of those surveyed stated they won't make any changes to reduce costs in their medical plans in 2021. That's a shame because thinking differently about health benefits in 2021 can affect the health of your company and its employees this year, and for years to come. Talk to your broker today about your options for healthcare coverage.

Coming Soon

TrueCost Connect: Connecting Members and Providers

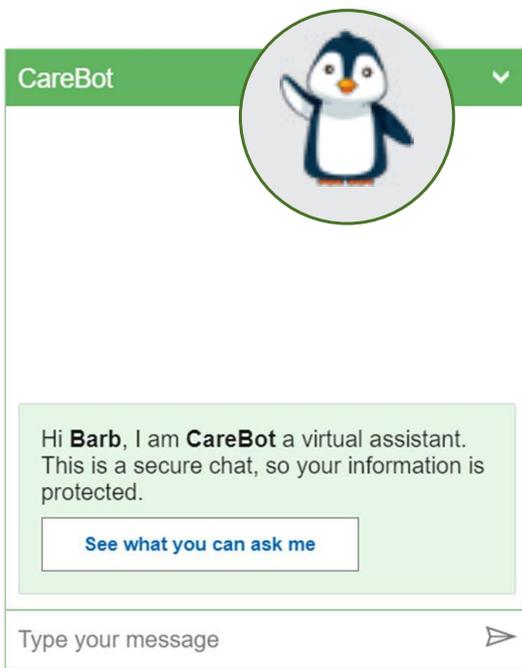
TrueCost Connect is a robust technology that lets your employees search for accepting medical providers in their area by name and specialty designation. Once registered, members can find providers that accept the TrueCost plan, their Centers for Medicare & Medicaid Services quality rating and the location and contact information. TrueCost Connect is provided by Payer Compass, our Medicare repricer since 2012, and it makes it easy for members to save both time and money while employers save on plan costs.



New for 2021

CareBot: 24/7 Assistance with your Custom Flex Account

Because life isn't always 9A – 5P, we're pleased to announce a new automated chat feature that's available to help members with their Custom Flex Account. CareBot can answer questions and assist members with balance inquiries, claim status, debit card status and more, anytime day or night. Just register your account in our Custom Flex Portal, or with our Custom Flex app. The app makes it even easier for you to access CareBot and account information, whether you're at home or on the go.



Update:

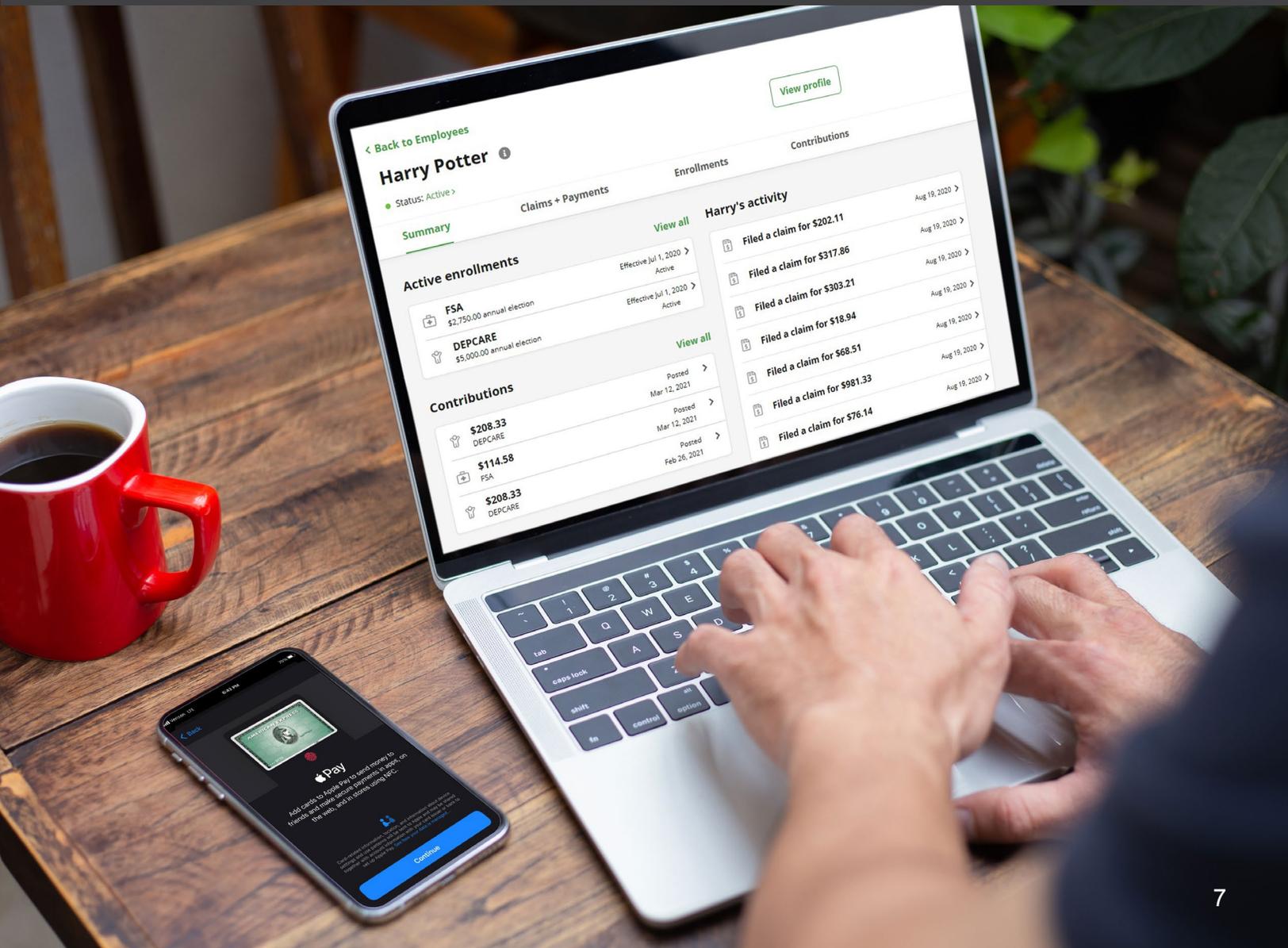
Wex Health Cloud Employer Portal

Wex Health Cloud, our technology for FSA, HRA & HSA, released a redesigned Employer Portal on March 6. Employers are able to quickly access their reporting or jump into employee-specific information with new at-a-glance visuals on the redesigned homepage with a layout that allows for more space on page for key content. Open, left hand navigation flows throughout the portal with bold text and white space to make it easy to find what you are looking for.

This same release offers Mobile Payment from your benefits debit card through our app. Easy to set up and even easier to use for your FSA approved purchases!



Contact your Account Manager for more information.

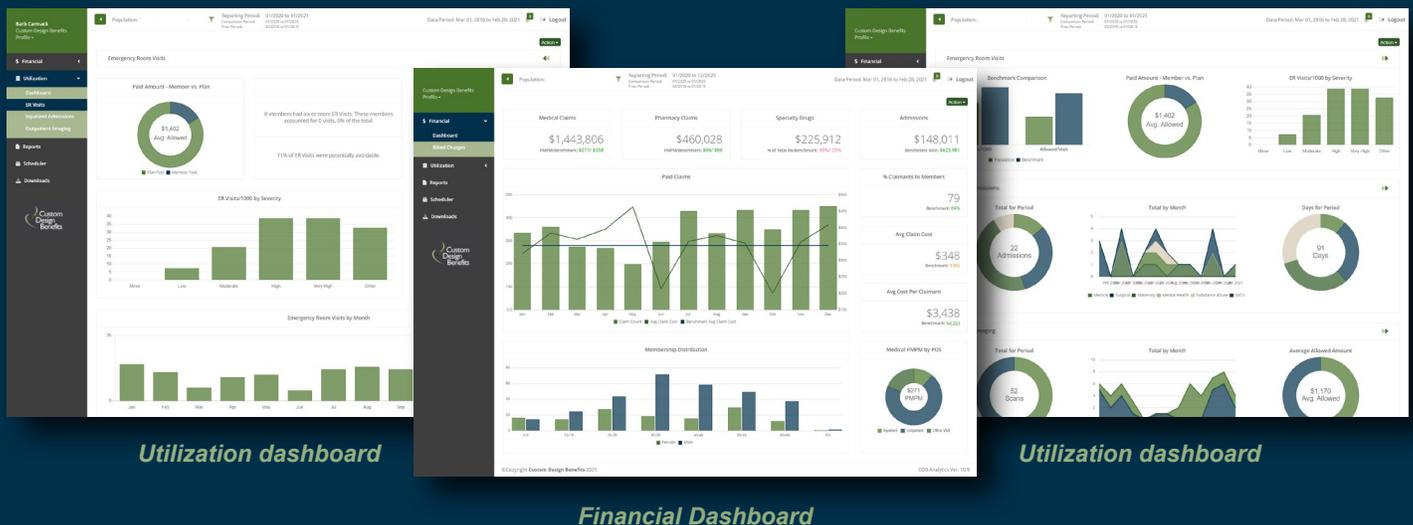


Executive Analytics:

Our Technology, Your Data

If you're unfamiliar with our Executive Analytics technology, then this update is for you. Our powerful data analytics tool provides a dashboard view of financial and utilization trends for your plan with benchmark comparisons. Our data is updated on a daily basis so it is current, which is critical in today's environment. Using this platform, you can make informed decisions and easily access:

- **Financial Dashboards:** Snapshot of medical claims, pharmacy claims, specialty drugs, and admissions
- **Utilization Dashboards:** Overview of ER visits, inpatient admissions, and outpatient imaging
- **Reports:** View your Report Manager, which allows you to download single reports or create report bundles
- **Scheduler:** Access reports that have been scheduled for download
- **Downloads:** Your repository of downloaded reports and documents



Your CDB Account Manager can help you set up your Executive Analytics account and provide you with the necessary activation links. One call or email can start you on the path to true understanding of your health plan financials and utilization.

Compliance Corner:

Surprise Medical Bill Ban



Included in the **Consolidated Appropriations Act of 2021 (“Act”)** signed into law late last year is a ban on surprise billing effective for plan years beginning on or after January 1, 2022.

Before explaining the specifics of what this ban entails, we want to clarify what it does not. This is not a ban on balance billing in general. Balance billing occurs when a provider with whom there is no negotiated rate bills the member for the cost in excess of what the plan paid. Surprise bills are a subset of balance bills, where the bill comes as a ‘surprise’ to the member because they had little or no choice in the care they received. For example, a member has surgery at an in-network facility and receives a balance bill from an anesthesiologist who is out-of-network. This balance bill came as a surprise, because the member assumed that the care they received at an in-network facility would be covered at the in-network rate.

So what does this ban on surprise bills do? Starting with plan years beginning on or after January 1, 2022, the Act requires that health plans hold patients harmless from surprise medical bills and prohibits out-of-network facilities from sending surprise bills for more than the in-network cost-sharing amount related to the following services:

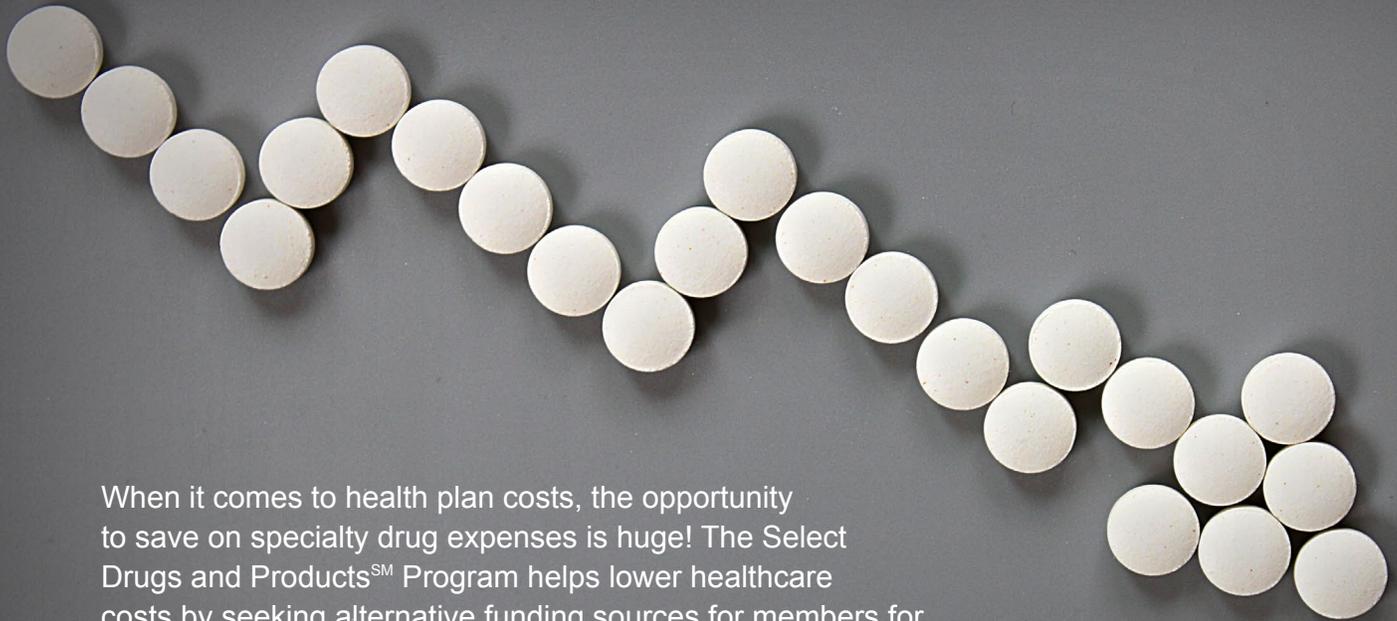
- Out-of-network emergency care
- Ancillary services provided by out-of-network providers at in-network facilities
- Out-of-network care provided at in-network facilities without the patient’s informed consent
- Out-of-network air ambulance

The cost sharing for these items will apply to the member’s in-network deductible.

Regarding the health plan payment, the Act provides for a 30-day open negotiation period for providers/payers to settle these out-of-network claims, and if that fails the parties will go to binding arbitration based on a procedure outlined in the Act. Ultimately, this will not necessarily impact how much a plan is paying in these scenarios depending on the negotiation strategies currently in effect, but it does take away the noise of members receiving surprise bills.

Custom Design Benefits will continue to monitor this legislation and any subsequent explanations provided by the government, including how this will impact reference-based pricing plans.

Cutting Costs with CDB Specialty Drug Management



When it comes to health plan costs, the opportunity to save on specialty drug expenses is huge! The Select Drugs and ProductsSM Program helps lower healthcare costs by seeking alternative funding sources for members for select specialty drugs. Once members are enrolled in the program, specialty medications are reviewed and submitted to alternate funding. If approved, member out-of-pocket costs can be significantly reduced – in many cases to no cost at all. If alternative funding cannot be obtained for a member, our documented appeals process allows the specialty drug claim to come back into the plan as a benefit reconsideration. A care coordinator makes it easy on members to increase their access to alternative funding for specialty medications, and removing these specialty medications from the plan coverage makes it easy for employers to save. In fact, plans incur no fees unless or until the program generates savings to the plan.

As part of the MRx (Magellan Rx) Select Savings program, Magellan Rx has teamed with Paydhealth to bring you their **Select Drugs and ProductsSM** program.

MagellanRx
MANAGEMENTSM

Paydhealth

Inside Insights:

Home Birth Coverage



From the Procedural Review Committee

We've had members ask if home births are covered by the plan. Based on a review of evidence-based literature, our policy excludes planned deliveries at home and associated services as not medically appropriate. According to the policy statement on home delivery from the American College of Obstetricians and Gynecologists (ACOG), labor and delivery, while a physiological process, clearly present hazards to both the mother and fetus before and after birth. These hazards require standards of safety, which are provided in the hospital setting and cannot be matched in the home situation. The American Academy of Pediatrics (AAP) (2020) states that hospitals and birthing centers are the safest places for U.S. women to deliver. The AAP notes that planned home birth in the United States appears to be associated with a two- to three-fold increase in neonatal mortality. For this reason, midwife home delivery charges for the mother and the infant, as well as associated equipment such as birthing tubs, are not a covered benefit.

Custom Design Benefits' Procedural Review Committee, led by the Medical Management team, is a multi-disciplinary group that meets monthly to review trends in authorization requests with the purpose of taking care of our clients. This group makes recommendations and develops policy based on compliance with federal regulation, industry trends and review of evidence-based medicine.

Custom Design Benefits in the News



[2021 Outlook for Health Benefits](#)

February 2021

Julie Mueller and CDB were featured on the ManageHR website, with Julie's timely predictions for Health Benefits in 2021. One thing that remains constant from year to year, is employers' need to balance great employee benefits with cost control and Julie shares some of the tools available to employers to do just that.



[Cincy Magazine - An Adaptable Company](#)

December 2020

The CDB team prides itself on being nimble and strategically partnering with clients to bring them the best employee health benefits for their budget. Read more about how our story is similar to that of a David versus Goliath – adapting to take on the big, publicly-traded insurance companies as we focus on bringing exceptional service to our clients.



[CDB Awarded Top Benefits Administration](#)

December 2020

CDB was honored to be included in ManageHR's annual listing of 10 innovative benefits administration consulting/services companies that are impacting the industry, and to be deemed a Top Benefits Administration Consulting/Service Company for 2020. In this article, Julie Mueller also had the opportunity to share an overview of the company and how our "Custom Way" culture is designed to serve clients.



Contact Your Broker,
or the **CDB Team** for
more information!

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