

Monthly Benefit News & Developments

MILLIMAN MEDICAL INDEX, 2019

The [2019 Milliman Medical Index \(MMI\)](#), which measures healthcare costs for individuals and families receiving coverage from an employer-sponsored preferred provider plan (PPO), includes for the first time an [interactive web tool](#) that allows users to explore how healthcare costs can vary for different family compositions.

The MMI finds that in 2019, healthcare costs for a hypothetical family of four have reached \$28,386, an increase of 3.8% from the year prior. Healthcare costs for the average American adult are at \$6,348.

The MMI continues to look at five components of healthcare costs: inpatient care; outpatient care; pharmacy; professional services; and other services. The study's examination of employees' healthcare costs considers the employer's subsidy, employee contributions, and employee out-of-pocket costs at the time services are provided.

UPCOMING KEY DATES

8/16/19 – Mandatory electronic filing with the DoL begins for “top hat” retirement plans offered exclusively to a select group of management or highly compensated employees.

9/30/19 – Court-ordered deadline for submission of EEO-1 Employer Information Report survey (Component 2) for 2017, providing data on wages and hours worked categorized by employees' race/ethnicity, gender, and job category.

11/22/19 – Delayed effective date of DHHS “conscience protections” rule for healthcare workers.

12/31/19 – Expiration of the tax credit for qualifying health insurance costs purchased by eligible individuals, including Trade Adjustment Assistance recipients, PBGC pension recipients, and workers with certain COBRA coverage.

12/31/19 – Sunset date of the temporary freeze of the modified adjusted gross incomes threshold (\$170,000 joint/\$85,000 others) for Medicare Part B premiums.

12/31/19 – Expiration of the Work Opportunity tax credit.

Legislative Activity on the Benefits Front

The House voted 264-169 – on a bipartisan basis – to approve the “Rehabilitation for Multiemployer Pensions Act” (H.R. 397), a bill aimed at addressing the multiemployer pension crisis. The bill heads to the Senate, where prospects are uncertain, as Majority Leader Mitch McConnell (R-KY) has not yet committed to addressing the issue. [Ed. Note: *With Congress in recess until September 9, the next MBND will be the October issue.*]

The bill would establish a Pension Rehabilitation Administration within the Treasury Department and a related trust fund to make loans to multiemployer defined benefit pension plans that are either in critical and declining status or became insolvent after Dec. 16, 2014, and that have not terminated. Plans that had been approved for a suspension of benefits under the 2014 Multiemployer Pension Reform Act and before enactment of H.R. 397 would be required to apply for a loan. Treasury would be required to issue bonds to fund the loan program and transfer amounts equal to the proceeds to the trust fund. The bill also would provide grants under certain circumstances, administered by the Pension Benefit Guaranty Corporation.

To help pay for the bill, H.R.397 would:

- modify the required-distribution rules for certain designated beneficiaries of defined contribution retirement plans or traditional individual retirement accounts, requiring that full distributions generally be made within 10 calendar years of the death of the plan holder (with exceptions for surviving spouses and disabled or child beneficiaries);
- increase the penalties for failure to file Form 5500 retirement plan annual reports and registration statements (and individual tax returns); and
- increase the penalty for failing to provide notices about qualified retirement plan benefit recipients' right to waive withholding of taxes.

In other developments, the House approved and sent to the Senate:

- The “Middle Class Health Benefits Tax Repeal Act” (H.R.748), which would repeal the Affordable Care Act's tax on “high cost” employer health plans effective in 2020.
- The “Raise the Wage Act” (H.R.582), which would increase the federal minimum wage to \$15 an hour from \$7.25 by 2025, and then annually adjust the amount based on median wages. The bill also would gradually phase out separate lower wages for tipped workers, youth, and individuals with disabilities.

Meanwhile, the House Energy and Commerce Committee approved an amended version of the “Reauthorizing and Extending America's Community Health Act” (H.R.2328), adding provisions to address “surprise” medical bills that patients encounter when a healthcare provider charges for services or items that insurers will not cover or when they receive care from an out-of-network provider at an otherwise in-network facility. The bill also would: continue the Patient-Centered Outcomes Research Trust Fund through 2022, funded by an extension of the PCORI fees paid by health insurers and self-insured employers; prohibit group health plans and insurers from “balance billing” or from charging patients higher copays or coinsurance for emergency services under some circumstances; and expand in-network cost-sharing requirements to include deductibles. The bill differs from the S.1895 approved by the Senate HELP Committee last month.

TRENDS IN EMPLOYER HEALTH INSURANCE

Trends in Health Insurance at Private Employers, 2008–2018, a statistical brief from the Agency for Healthcare Research and Quality, describes trends in employer coverage, premiums, and deductibles. It found that the eligibility rate for employees at all private-sector establishments offering insurance increased from 76.8% in 2017 to 78% in 2018. In large firms, the eligibility rate increased from 76.6% to 78%. The overall and large firm eligibility rates in 2018 were higher than those observed from 2014 to 2017.

CORPORATE RESTRUCTURINGS AND RETIREMENT BENEFITS

GAO issued *Retirement Security: Trends in Corporate Restructurings and Implications for Employee Pensions* (GAO-19-447R), focusing primarily (although not exclusively) on mergers and acquisitions (M&A) since 1999 and their implications for employee and retiree single-employer pension benefits. The GAO found that over the past 20 years, M&A activity tended to occur more frequently during periods of economic expansion. It also found that the “effects of corporate restructuring on pension benefits are generally unclear” due to limited data.

EFFECTS OF A MINIMUM WAGE INCREASE

The Congressional Budget Office published *The Effects of Employment and Family Income of Increasing the Federal Minimum Wage*, which examines the effects of an increase in the federal minimum wage to \$10, \$12, or \$15 per hour by 2025 on employment and family income. According to the CBO, in an average week in 2025, the \$15 option would boost the wages of 17 million workers who would otherwise earn less than \$15 per hour. Another 10 million workers otherwise earning slightly more than that might see their wages rise as well. But 1.3 million other workers would become jobless.

BLS ON MEDICAL CARE NETWORKS

The Economics Daily *chart* from the Bureau of Labor Statistics shows that in 2018, 77% of private industry workers participated in medical care plans with two networks, 16% had plans with one network, and 5% had access to more than two networks. By industry, workers participated in plans with two networks in financial activities (86%), trade, transportation, and utilities (84%), information (80%), educational services (59%), and health care and social assistance (53%). Educational services was the only group reporting participation in no network and more than two networks.

Regulatory Roundup

DEPARTMENT OF TREASURY/IRS:

- A *final rule* on the use of truncated taxpayer identification numbers on Forms W-2 (Wage and Tax Statement).
- A *proposed rule* on the tax qualification of multiple employer retirement plans (MEPs) maintained by more than one employer.
- *Revenue Procedure 2019-29*, providing the contribution percentage used to determine whether an individual is eligible for affordable employer-sponsored minimum essential coverage.
- *Notice 2019-45*, expanding the definition of “preventive care” to include certain treatments for specific chronic conditions for high-deductible health plans and health savings accounts.

FROM THE DEPARTMENT OF LABOR:

- A *final rule* clarifying MEP sponsorship and a *proposed rule* seeking comments on whether to amend regulations to facilitate the sponsorship of open MEPs.
- A *notice* granting a five-year exemption from ERISA’s prohibited transaction rules for the Retirement Clearinghouse’s Auto Portability Program, which under certain conditions allows RCH to automatically transfer participants’ retirement account balances to an IRA or new employer’s plan for a fee.
- *Field Assistance Bulletin 2019-01*, providing temporary penalty relief related to certain Form 5500 (Annual Return/Report) requirements for MEPs.
- Wage and Hour Opinion letters: *FLSA2019-9*, on permissible rounding of hours worked by an employee; and *FLSA2019-7*, on calculating overtime pay for nondiscretionary bonuses paid on a quarterly and annual basis.
- An *announcement* that the department is sending letters to state and local governments encouraging their participation in the Wage and Hour Division’s Payroll Audit Independent Determination (*PAID program*) to resolve potential overtime pay and minimum wage violations.
- A *notice* seeking comments on proposed changes to information collection about Family and Medical Leave Act notification obligations.

FROM THE PENSION BENEFIT GUARANTY CORPORATION:

- An *interim final rule* to exempt a system of records that supports a program of insider threat detection and data loss prevention, and proposing a new system of records, *PBGC–26*, PBGC Insider Threat and Data Loss Prevention.
- A *notice* seeking Administration approval to collect certain information from employers following a substantial cessation of operations at a facility.
- A *notice* of an intent to modify the payment of premiums rule and the 2020 filing and instructions, as well as a *document* showing the proposed changes.
- An update of the agency’s *e-Filing Portal*, reflecting changes to the notices and information that terminated or insolvent multiemployer pension plans must file.
- A new *form* and *instructions* for plan administrators to request a determination about whether a plan is covered under ERISA.

FROM THE DEPARTMENT OF HEALTH AND HUMAN SERVICES:

- An *announcement* about the 2020 Medicare Part D base beneficiary premium.
- *Update to Technical Guidance 01-2018*, with notice requirements for self-insured group health plans and health insurance issuers using the HHS-administered federal external review process.
- A *presentation* on the Mental Health Parity and Addiction Equity Act.

FROM THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION:

- A new *web-based portal* for the collection of data on pay and hours worked for calendar years 2017 and 2018.

Other Recent Milliman Publications You May Be Interested in:

- ***Pension Funding Index, July 2019***
- ***Public Pension Funding Index, 2nd Quarter 2019***
- ***Seven trends in compensation*** Creating competitive compensation packages that ensure employee satisfaction must reach beyond pay to more comprehensive views of what workers want from their companies and jobs.
- ***Multiemployer Review: IRS expands determination letter program for retirement plans*** The determination letter program for certain retirement plans, previously restricted in 2017, will be expanded on September 1, 2019.
- ***Multiemployer Alert: U.S. House of Representatives Passes Multiemployer Pension Legislation*** The Rehabilitation for Multiemployer Pensions Act is intended to provide assistance to financially distressed multiemployer pension plans.
- ***Bridging the Gap Between Fiduciary Advice and Annuity Usage*** Holistic tools are sorely needed to give fiduciary advisers a bridge between “investment-oriented” retirement income generation and annuity-oriented approaches to retirement income.
- ***Is direct-to-provider contracting a potential silver bullet for achieving value-based care for employer-sponsored plans?*** The interest that providers and employers have expressed for direct-to-provider solutions is complicated by the numerous ways these arrangements can be structured.
- ***Critical Point Episode 16: How pensions in America have changed (and should change again)*** The American pension plan is in flux, but not for the first time in U.S. history; this episode discusses why it's a turbulent time for retirement security and what the next generation of pension plans could – and should – look like.



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