

ONEVISION

CONSOLIDATED APPROPRIATIONS ACT

Consolidated Appropriations Act (CAA) - Critical Implications for Plan Sponsors and Advisors

According to legislative insiders in Washington, the changes within the 2021 Consolidated Appropriations Act are here to stay. What does this mean for plan sponsors and advisors? The legislation will have significant implications for both groups, especially as the plan sponsor will now be held to a fiduciary standard. The CAA legislation establishes the environment for greater transparency, the need for better due diligence and the opportunity for improved employee healthcare outcomes at a lower expense. This situation will provide a perfect alignment: What is good for plan sponsors is good for plan participants. The need to assist the plan sponsor in creating a fiduciary process is a huge opportunity for an independent consultants and fiduciaries.

Plan Sponsors Need to Act...and With Urgency

OneVision has reviewed the extensive information put out by ERISA attorneys. The implications for plan sponsors as responsible fiduciaries, is one of, if not the most important distinctions in the group health provisions of the CAA. The legislation lays out the rules and responsibilities that plan sponsors must both familiarize themselves and comply with. While these responsibilities have always loosely existed, they are now clearly laid out in the legislation. In addition, more detailed rules will be released as the regulatory bodies (DOL, Treasury and IRS) weigh in over the next year. OneVision will actively work with plan sponsors to focus immediately on several key aspects of the legislation to comply with their fiduciary role.

\$12

The employer cost per hour per employee on employee benefits in 2021.

86%

of employers believe there is a conflict of interest in receiving commissions.

65%

of employers reevaluating their benefit spend 2021

Responsibilities for Plan Sponsors as Fiduciaries

As a fiduciary, plan sponsors are subject to specific codes of conduct, to act in the best interest of participants and their beneficiaries in a group health plan. Under CAA, fiduciary responsibilities dictate that plan sponsors carry out their duties prudently.

The goal of the group health provisions passed in the CAA legislation is to improve transparency. This lack of transparency has historically made it near impossible for plan sponsors and their advisors to see their data and make informed decisions around improving their health plans and reducing the rising costs within them. The new legislation aims to address these deficiencies by outlining a plan sponsor's responsibilities as a fiduciary across four (4) key areas.

1. Removal of Gag Clauses from Service Provider Contracts on Price and Quality Information

Gag clauses in contracts prohibit an employer from being able to have full transparency and utilize their data as a fiduciary. As an example, a plan sponsor would be restricted from using their data for plan benchmarking or use it in a Request for proposal (RFP) process. Plan sponsors will have to attest to removal by the end of the year. Independent consultants and fiduciaries will work with their clients to inventory and remove these gag clauses from the underlying contracts.

With the removal of these gag clauses service providers will be required to provide complete participant information. Plan sponsors and their independent consultants and fiduciaries will have more access to their data in order to make informed, cost-effective healthcare decisions, and be able to show that employee costs related to claims are expended in a prudent manner. This will allow the plan sponsor and independent consultant and fiduciary to establish both a fiduciary procurement process as well as better identify waste through comparative analytics.

Employer Note:

Acknowledge you are the fiduciary with new requirements.

2. Establish Reporting Requirements for Pharmacy and Prescription Drug Disclosures

Plan sponsors are required to report certain information to HHS, DOL, and Treasury, including drug pricing, frequency of prescription, drug cost increases, premiums, rebates and out of pocket costs. This annual reporting requires evidence that the plan sponsor's actions serve the economic interest of the enrollee.

3. Disclosure of Direct and Indirect Compensation from All Service Providers

CAA requires the reporting of direct and indirect compensation over \$1000 from all service providers. These rules require the disclosure of, among other things, the service providers role in providing fiduciary services, as well as the direct and indirect compensation received by service providers related to the health plan.

4. Required Parity in Substance Abuse and Mental Health Benefits

CAA requires plan sponsors to analyze non-quantitative treatment limitations on MH/SA benefits to show parity with medical and surgical care. Non-quantitative treatment limitations refer to network admission criteria, medical management programs, and coverage policies (i.e. access to substance abuse facilities). Quantitative treatment limitations include copay requirements or a restriction on the number of treatments.

Vital Take-Aways for Plan Sponsors and Advisors

The changes passed into law through the CAA apply to all plan sponsors of health care programs. Plan sponsors and their independent consultants and/or fiduciary will need to meet their obligations under the legislation and any future regulations, while seizing opportunities for growth, improving benefits and decreasing waste:

- As a fiduciary, plan sponsors are required to attest to the fact that they have implemented a process to understand and fully report on the details of their benefits program and prove that they are working in the best interest of plan enrollees. To do so, it is essential that they develop a rigorous procurement process, and quickly.

Employer Note:

Meet with a trusted consultant to establish a fiduciary process for procuring and measuring your healthcare solutions.

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- Plan sponsors must ensure they have access to all data available to fully understand what they are paying for and to demonstrate that it is in the best interest of their plan participants. The ability for plan sponsors and advisors to use data will be essential if they are to meet their fiduciary responsibilities which, in turn, will lower costs and improve participant outcomes.
- The plan sponsor's independent consultant and fiduciary will play a pivotal role in helping the plan sponsor establish a fiduciary procurement process as well as develop solutions to help bring down healthcare expenses.

The bottom line for plan sponsors is that while the CAA legislation lays out the key responsibilities as a fiduciary, it is possible for plan sponsors to use these requirements to reduce costs and improve participant outcomes. For the independent consultant and fiduciary to introduce a procurement process along structuring objectives and key results for the benefit of the organization.

OneVision Solutions

OneVision's solutions are in place to help plan sponsors comply with the new legislation and will use existing and previously unavailable data to identify opportunities for savings and dramatically reduce the waste in healthcare plans. OneVision will be watching closely as additional requirements and rules are codified by the regulatory bodies (DOL, Treasury, IRS) in the coming year and we will continue to enhance our solutions to meet any additional requirements that will be placed on plan sponsors.

Employer Note:

Collaborate with service providers to meet requirements for data to ensure there are no restrictions to meet your attestation and reporting requirements.

About ONEVISION

We are independent and conflict free consultants working in the mid size market with employers and their employee benefit and retirement plans. We embrace the fiduciary standards in representing you the employer.

OUR SERVICES:



Contract Review - remove "Gag Clauses" and look for conflicts of interest



Fiduciary Vault - organize, timestamp and store the documentation needed to run a fiduciary process



Benchmarking - Plan Design, Pharma, Site of Care, Broker Services & Fees and Affiliated Service Providers



Pharmacy Reporting - Regulatory requirements



Plan Demographics - Plan "Gap Analysis"



Plan Governance - Documentation, process and procedure

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