

**AGENDA ITEM DETAILS**

- Subject:** Review and Discussion of the Group Benefits Program Update
- COVID-19 Update
  - HealthSelectShoppERS Program
- 

**COVID-19 Update**

**GBP Health Plans**

On March 18, 2020, the president signed the Families First Coronavirus Response Act (FFCRA), which includes a requirement for group health plans to cover COVID-19 diagnostic testing—including the cost of office, urgent care, ER and telehealth visits in order to receive testing—without cost-sharing or prior authorization. On March 27, 2020, he signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which expands the COVID-19 diagnostic testing mandate provisions. All GBP group health plans confirmed they are in compliance with the recent legislation.

Even before the recent legislation, virtual visits through Doctor on Demand and MD Live were covered at no or low cost to those enrolled in HealthSelect of Texas®, HealthSelect<sup>SM</sup> Out-of-State, HealthSelect<sup>SM</sup> Secondary (HealthSelect plans) and the Consumer Directed HealthSelect<sup>SM</sup> plan (HDHP). With the impact of COVID-19 and related legislation, as well as IRS Notice 2020-15, additional benefits quickly became available to help plan participants and to help relieve the pressure on the medical community.

On March 6, 2020, the GBP added coverage for telemedicine visits associated with COVID-19 at no cost to HealthSelect participants and effective March 11, 2020, at no cost to HDHP participants. To reduce the burden to providers, beginning March 16, 2020, referral requirements and certain prior authorization requirements were waived for the HealthSelect plans and will be re-evaluated before May 31, 2020. With the requirements of the FFCRA effective March 18, 2020, in-network and out-of-network COVID-19 testing and associated services are covered at no cost to the member. Effective March 27, 2020, the GBP waived HealthSelect and HDHP member copays, deductibles and coinsurance for non-COVID-19-related in-network medical and mental health Virtual Visits (Doctor on Demand and MD Live) and in-network provider-platform PCP and specialist telemedicine visits (medical and mental health). Specialist visits include in-network physical therapy, as well as occupational and speech therapy services provided the services are appropriate for telemedicine visits. Non-COVID-19 services will be re-evaluated before May 31, 2020.

To assist participants, minimize risk of ER and onsite visits, and provide relief during virtual visit and telemedicine overload, ERS also activated a COVID-19 Member Portal and Nurse Practitioner Hotline, provided by Catapult Health. Through its arrangement with BCBSTX, Catapult transitioned its nurse practitioners (Texas only) as a clinical resource to aid in triage and testing advancement, not treatment. The service provides a new member portal at ERSassist.com and also provides daily updated information about COVID-19 along with resources across Texas, including coronavirus testing sites. This service was available to HealthSelect and HDHP participants beginning April 8, 2020 and will continue for a limited period of time. Additional actions taken by the GBP to assist participants included early-fill restrictions lifted in connection with prescription medications and mental health emergency hotlines.

The ERS Actuary and Reporting Services team and the consulting actuaries note the duration of the pandemic will affect the cost estimates associated with the above actions. Slides in subsequent agenda items address the potential impact to FY21 health plan rates specific to COVID-19.

## **Texa\$aver<sup>SM</sup> 401(k) /457 Program**

The CARES Act includes several provisions intended to provide relief to retirement plan participants, including government-sponsored 457(b), 403(b), 401(a) and 401(k), 403(b) plans. Section 2203 of the CARES Act waives all required minimum distributions (RMDs) for the 2020 calendar year. This waiver also applies to RMDs that are due by April 1, 2020 for individuals who turned age 70½ last year, unless those payments were already made last year. This provision is mandatory and applies to governmental 457(b), 403(b) and 401(k). The Texa\$aver program's Third Party Administrator (TPA) implemented this provision effective January 1, 2020.

Section 2202 of the CARES Act provides special rules for the use of retirement funds in the current emergency for plan sponsor consideration. These optional provisions are temporary and may provide much-needed opportunities for participants who may need emergency liquidity from their Texa\$aver assets.

*Eligibility requirements.* ERS implemented program changes to be available to Texa\$aver participants who meet one of the following eligibility requirements established by the Act:

- Be diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention;
- Have spouse or dependent who is diagnosed with such virus or disease by such a test; or
- Experience adverse financial consequences as a result of (1) being quarantined, (2) being furloughed or laid off, (3) having work hours reduced, (4) being unable to work due to lack of child care, or (5) being unable to work due to the closing or reducing of the hours of a business owned or operated by the individual.

*CARES Act program changes.* The implemented changes provide temporary financial relief as allowable under the Act to Texa\$aver participants by providing for the availability of: 1) Coronavirus-Related Distributions, 2) increased loan limits and 3) the extension of the loan repayment period.

### **1. Coronavirus-Related Distributions**

The Act defines a Coronavirus-Related Distribution as any distribution made on or after January 1, 2020 and before December 31, 2020 to an individual who meets the eligibility requirements defined above.

Section 72(t) of the Internal Revenue Code of 1986 does not apply to any coronavirus-related distribution. While IRS Code 72(t) stipulates plans must implement a 10% early withdrawal penalty for participants who are not age 59 ½, Section 2202 of the CARES Act waives this penalty for any coronavirus-related distributions up to \$100,000 per individual across plans.

The provision allows withdrawals to be repaid within three years of the date of distribution to any plan to which a rollover contribution can be made. Repayments are to be treated as rollover contributions. Regular income tax due on coronavirus-related distributions is spread ratably over three years unless the person elects otherwise. The 20% income tax withholding requirement does not apply, and 402(f) notice is not required.

### **2. Increased Loan Limit**

The provision allows for an increase in the maximum loan amount from \$50,000 or 50% of the vested account balance to \$100,000 or 100% of the vested balance. This increase applies to loans taken for a period of 180 days after March 27, 2020. The loan cap is across both the 401(k) and 457 plans and is monitored by the TPA. The ultimate responsibility for monitoring the cap is borne on the participant since outside IRAs are also included in the maximum loan amount. Loan payments are automatically withdrawn through payroll deduction.

The TPA has also temporarily waived the \$50 loan origination fee. This waiver does not apply to the monthly administrative fee.

### 3. Extension of Loan Repayment Period

New loan payments can be delayed by one year for any person meeting the requirements for a coronavirus-related distribution as defined above and who (1) has an outstanding loan balance on or after March 27, 2020, and (2) has loan payments due between March 27, 2020 through December 31, 2020. At the end of the deferment period, the loan is re-amortized and the end date of the loan is recalculated. The five-year loan limit may be disregarded for this purpose. Loan payments are automatically withdrawn through payroll deductions following the deferment period.

The adopted changes will require amendments to both the TexaSaver 401(k) and 457 plan documents, which must be completed by the end of the 2024 plan year.

#### **HealthSelectShoppERS<sup>SM</sup> Program**

There has been significant interest in offering a program designed to reward participants for comparing costs and choosing lower cost providers for certain medical services, known as a shopable services, or Right to Shop, initiative. In the General Appropriations Act of the Eighty-Sixth Legislature, Rider 16 applied to the Employees

Retirement System of Texas (ERS):

Right to Shop Incentive. It is the intent of the Legislature that the Employees Retirement System incentivize participants to shop for lower cost care within the health plan in order to achieve shared savings. In accordance with existing laws, the agency may contract with one or more third-party vendors for this purpose. The 86th Legislature also included Rider 16, which directs ERS to incentivize participants to shop for lower cost healthcare within the health plan using a shared savings approach.

ERS has been working on the implementation of a shopable services initiative with an implementation date of September 1, 2020. The name of the program is HealthSelectShoppERS. The HealthSelectShoppERS program will be available to HealthSelect active employees and their covered dependents, and will not include Medicare-primary participants or retirees. The HealthSelectShoppERS program will reward those HealthSelect plan participants who shop for certain in-network, elective, non-emergency medical services ordered by their provider. Since prices for procedures vary widely, a participant can save money for the plan, and earn a reward, by seeking out lower cost care as guided by the health plan.

HealthSelectShoppERS will be offered by Blue Cross and Blue Shield of Texas (BCBSTX) through their affiliate, Sapphire Digital, on behalf of the HealthSelect of Texas, Consumer Directed HealthSelect and HealthSelect Out-of-State plans (HealthSelect). The shopable functionality of the program will integrate with BCBSTX's Provider Finder tool found within the Blue Access for Members (BAM) portal for a seamless shopping experience.

Not all medical procedures are shopable or eligible for a reward. The full list of approximately 175 in-network eligible services will be available prior to September 1, 2020 and reward-eligible services are generally for certain medical scans, MRIs, ultrasounds, hip and knee replacement, and hysterectomy. The reward amount is driven by the price variance between site of service locations and not by the individual physician or provider performing the procedure. Participants can choose the first, second or third best cost with a corresponding established reward amount. If a participant does not have access to a computer or prefers telephonic assistance, a BCBSTX Personal Health Assistant can help participants shop for eligible services over the phone.

Rewards are provided by making an employer contribution to the employee's TexFlex healthcare flexible spending account or limited flexible spending account (collectively, FSA) following payment of the claim. The reward component will be offered through WageWorks via an employer contribution to the FSA and, in all respects, the TexFlex program will continue to be administered in accordance with IRS and plan requirements. Earned rewards will be credited to an employee's existing FSA. If an employee earns a reward but is not enrolled in an FSA, an account will be opened for them automatically after the reward is

processed. A maximum reward of \$500 can be earned each plan year, and this amount is in addition to the maximum employee annual election available each plan year.

ERS Actuarial and Reporting Services believe any savings impact will be low at first due to low utilization while participants become more familiar with the program and use the tool. HealthSelectShoppERS will be rolled out and communicated to participants during the summer enrollment time period, with program launch effective date of September 1, 2020.

### **HealthSelect<sup>SM</sup> Prescription Drug Program (PDP): Diabetic Supplies**

Effective September 1, 2020, coverage for diabetic supplies will be added under the HealthSelect PDP currently administered by OptumRx. Coverage of diabetic supplies under the medical plans will remain the same.

*Free Glucometer Program.* The HealthSelect PDP will offer the Free Glucometer Program to all HealthSelect plan participants. Under this program, the OneTouch Verio Meter or the One Touch Verio Flex Meter will be offered annually at no cost to the member or to the plan. The benefit is easy to access and use. The program allows the participant and physician to select the Verio Meter or Verio Flex Meter, and order from the LifeScan Service Center (phone or website) by entering an order code. The meter is then shipped. If the glucometer is lost, broken, stolen, or needs to be replaced for any reason in the same calendar year, another glucometer can be purchased at the applicable copay tier with a valid prescription on file.

For HealthSelect of Texas® participants, the Verio test strips used with the Verio meter, as well as lancets and lancing devices will be offered at \$0 copay to the participant when purchased at an in-network pharmacy. Consumer Directed HealthSelect participants must first meet their annual deductible, after which the Verio test strips and lancets/lancing devices will be covered at 100% in adherence with IRS requirements for qualified high deductible health plans.

*Other diabetic supplies.* Other diabetic supplies covered under OptumRx's premium formulary will apply either a tier 2 or tier 3 copay, depending on the brand used.

Enhancing this benefit under the PDP offers several advantages.

#### Participants

- Cost advantages to participants: diabetic supplies under the PDP will be covered at a \$0 copay or with a corresponding copay amount rather than the 20% coinsurance under the medical plan
- Added convenience: participants are likely filling insulin and diabetes medications through their pharmacy
- Improved adherence, outcomes: Studies indicate that when a plan offers diabetic supplies (such as test strips or glucometers) at no cost, the participant has an increased adherence in glucose monitoring results, leading to overall better health outcomes.

#### GBP

- Increased cost and utilization data transparency
- Alignment with industry standards for diabetic supplies and coverages

ERS Actuarial and Reporting Services estimates no significant cost impact to the HealthSelect plans for FY21. Enhanced benefit will be implemented on September 1, 2020 with participant communication materials under development to communicate the change.

ATTACHMENTS: