

# It Benefits You Your Employee Benefits Newsletter

OCTOBER 2020

## In This Issue:

- Upcoming Compliance Deadlines
- Specialty Pharmacy Trends for 2020 and Beyond
- Cutting Through the Benefits Communication Clutter
- Back to School: Employer Challenges in the New Normal
- Marcia, Marcia, Marcia! AskJAN can Help!
- President Trump Issues Health Care Plan in an Executive Order
- Making the Workplace a Safe Place to Speak Up
- Medicare Part D Notices are Due!
- McGriff COVID-19 Benefits Cost Estimator
- Click or Call: ThinkHR Advisors on Standby



## WHAT DO YOU GET WHEN YOU DROP A PUMPKIN? SQUASH!

It's October and it's time for the onslaught of pumpkin spice. Pies, cookies, coffee, donuts, candles – the options appear to be limitless! At McGriff, we have an expansive menu of services with one common flavor – a successful employee benefits strategy for your company. We know the options can be overwhelming and our experienced Benefits Advisors and Account Teams are here to answer your questions. In fact, we've developed quite a taste for partnering with our clients to make sure you have the best plan in place to meet your company's specific goals and needs!

## Upcoming Compliance Deadlines

October



### Medicare Part D Creditable Coverage Notice

The Centers for Medicare and Medicaid Services (CMS) requires plan sponsors that provide prescription drug coverage to furnish Part-D-eligible individuals with a notice disclosing the creditable or noncreditable status of their coverage before October 15, 2020.

October



### Form 5500 Extended Deadline

An extension of up to 2 ½ months after the Form 5500 due date is available for employers that request an extension using Form 5558. For plan sponsors with calendar year plans, the extended deadline will fall on October 15, 2020.

# Specialty Pharmacy Trends for 2020 and Beyond



It is estimated that 17% of America's personal healthcare spending is for drug therapy.<sup>1</sup> With the rise of personalized medicine and gene editing therapy drug spend is projected to reach \$600B in 2020. Significant advancements will bring curative therapies to many individuals suffering from rare hereditary diseases. Several trends will further address the need to change the way we deliver and pay for healthcare in the U.S.

## Specialty Biosimilar Pipeline \$62B Biosimilar Market 2020 – 2024

Specialty drugs are chemically more complex and are referred to as biologics because they are derived from living organisms or their products, such as a human or animal protein, hormone, or antitoxin.

There is a \$62B market for biosimilars over the next four years as competition in the specialty drug market increases. The first biosimilar was launched in the U.S. in 2015. Nine specialty drugs have lost their patent however only six of them have actually launched a biosimilar due to patent protection, patent litigation, and manufacturing challenges.<sup>2</sup>

A biosimilar for Tecfidera, used to treat multiple sclerosis, should launch 3Q2020 with the potential to impact annual sales of \$3.5M. The biosimilar for Truvada is expected to launch in 2021. It is pre-exposure prophylaxis for HIV and will have the potential to impact nearly \$3B in annual sales.<sup>3</sup>

Specialty Drug	Biosimilar	Indication	Discount
Tecfidera	New	Multiple Sclerosis	New
Neupogen	Zarxlo	Increase White Blood Cells	15%
Remicade	Infliximab	Crohn's Colitis, Psoriasis	40%
Avastin	Zirabev	Cancer	15%
Herceptin	Kanjinti	Cancer	15%
Epogen/Procrit	Retacrit	Increase Red Blood Cells	50%
Neulasta	Udenyca	Increase White Blood Cells	
Inlyta		Kidney Cancer	
Kineret		Rheumatoid Arthritis	
Lucentis		Macular Degeneration	
Mircera		Kidney Induced Anemia	
Vectibix		Colorectal Cancer	

## Gene Therapy

New pharmacogenomic tests and gene therapies are entering the market at an astounding rate and are expected to grow by 10.5% over the next five years. These therapies bring life-changing treatment options and hope to many people who are dealing with rare genetic diseases. Progress has been exceptional but these high investment therapies have also introduced new challenges for employers and the payer community.<sup>4</sup>

The 1983 Orphan Drug Act was enacted to incentivize research for rare diseases that are estimated to afflict 10% of Americans. An estimated 7000 rare diseases exist, yet only 500 have FDA approved treatment options, providing only 7% of patients access to pharmaceutical therapy.

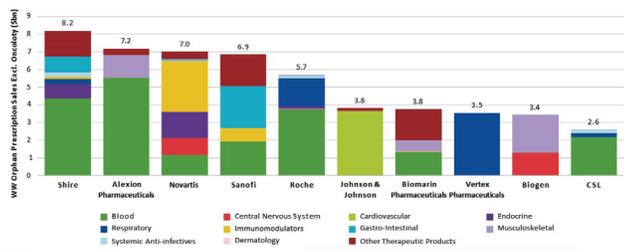
Precision medicine targets specific genes, based on the patient's condition. Genetic information is gathered through genome sequencing where researchers can identify specific abnormalities and come up with drugs and therapies targeted towards them. Gene therapy is designed to correct inherited genetic defects therefore it is curative and preventative for future generations.

The FDA has approved four gene therapies to date, including Zolgensma (Novartis), approved to treat a rare spinal defect. It is the highest cost gene therapy, currently at \$2M per patient, and total sales of \$361M in 2019. More than 900 investigational new drug applications have been submitted to the FDA in 2020. They anticipate approval of 10 - 20 gene therapies annually, driving more than \$8.6B in healthcare expenditure by 2025.<sup>5</sup>

Cont'd.

WW Orphan Drug Sales in 2024 by Therapy Category (Excluding Oncology):  
Top 10 Companies

Source: EvaluatePharma/May 2018



## Unique Reimbursement Models for High Investment Therapy

High investment therapies have stretched current reimbursement models beyond their capacity. New and innovative models are being considered to manage patient access and cost of care. Value-based arrangements and risk-sharing across plan sponsors, PBMs, Payers, and manufacturers are being considered to sustain affordability, ensure access to care, and continue to incentivize manufacturer research and development efforts.<sup>6</sup>

Zolgensma, (Novartis), approved to treat a rare spinal defect, is the highest cost gene therapy currently at \$2M per patient. Sales of Zolgensma totaled \$361M in 2019. Novartis expects to treat 100 infants each quarter.

These high investment therapies have stretched current reimbursement models beyond their capacity. Unique models are being considered to manage patient access and cost of care.

### • Annuity Payments

Novartis has agreed to annuity payments for Zolgensma over five years. Spark agreed to the same terms for Luxturna to treat a retinal disease causing blindness.

### • Volume Based Purchasing – the Netflix Model

State of Louisiana’s contract with Asegua/Gilead allows unrestricted access of the drug Epclusa, to treat and cure Hepatitis-C, for their entire Medicaid

and prison population. Paying a fixed fee for use of the drug, over the next five years, will allow them to treat over 30,000 individuals by 2024. They estimate a savings of over \$470M over the next five years in addition to a reduction of medical costs to treat the progression of the disease.

### • Direct Payer to Manufacturer

Puts the onus on the Payer to prove failure of efficacy. It would not address short term budget issues but would prevent hospitals from marking drug costs up significantly and avoid issues with DRG payments.

### • Reinsurance/Stop Loss

- Cigna’s Embarc Benefit Protection: Luxturna (Retinal Disorder) and Zolgensma (Spinal Muscular Atrophy)<sup>7</sup>
- Anthem’s Gene Therapy Solutions: Roctavian (Hemophilia-A)<sup>8</sup>

### • Value-Based Reimbursement

Spark Therapeutics has agreed to VBR for its gene therapy, Luxturna, which cures a retinal disease causing blindness. The cost of \$850,000 will be partially reimbursed if a patient fails to respond to treatment.

As we enter a new decade, the healthcare industry will continue to address challenges like reimbursement for high investment therapies and the impact of social determinants of health. Collaboration between payers, providers and manufacturers is possible, and most likely the best strategy to ensure cost-effective access to quality care. When we look back ten years from now, my hope is that we can say “remember when we treated cancer with toxic chemotherapy and genetic disorders went relatively untreated?” That will certainly make the hard work we have to do well worth it.



Denise Cabrera

McGriff National Pharmacy Practice Leader

This article originally appeared in HR Professionals Magazine in September 2020. For your free digital subscription, visit [www.hrprofessionalsmagazine.com](http://www.hrprofessionalsmagazine.com).

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# CUTTING THROUGH THE BENEFITS COMMUNICATION CLUTTER



Does explaining benefits make you feel like you're talking over your employees' heads? Use these practical tips to turn your benefits communication into something more effective and engaging.

## KNOW YOUR AUDIENCE

Pretty basic, right? The know-your-audience mantra is a no-brainer often overlooked when it comes to communicating with employees about their benefits. Effective communication requires a clear understanding of your target audience. Are your employees younger or older, male or female, single or married with a family, executive or entry-level, in an office or in the field? Remember, it's not unusual to have multiple generations represented in a workforce, and age has a significant impact on how people prefer to receive communications. Knowing your audience is a prerequisite for messaging that's relevant, impactful, and drives employees to action.

## LESS IS MORE

As the saying goes, "Brevity is the soul of wit." And as we all know, there's not much brevity when it comes to explaining things like high-deductible health plans, coinsurance, and out-of-pocket maximums. Complex, wordy benefit guides, and convoluted health plan summary charts are common. In today's world, attention spans are short. Twitter has taught us how to communicate in 280 characters, yet we're still doing 48-page benefit guides and wondering why employees don't understand their benefits.

Keep sentences concise, impactful, and to the point. A good rule of thumb is 16 words or less. Use strong action words like "do, be, new, can" rather than passive ones like "maybe, perhaps, could and might." It can be difficult, but whenever possible stay away from "benefits-speak," industry jargon, and acronyms. Conduct informal employee focus groups and ask which benefit

terms, language, and acronyms are confusing. Develop common, easy-to-understand messaging to explain complex topics.

## BE CONVERSATIONAL

A common communication mistake is writing as though you're addressing a room full of people, or in other words, writing for the masses. Remember, people read as individuals, not a group. Instead, try writing as if you're having a one-on-one conversation with someone. Another way of saying it is to write as you speak. It's a more welcoming, relaxed, and engaging style of writing. Set aside the formal writing guidelines and use common, less technical language. Save the legalese from the compliance department for the SPDs. When you're finished, read the message out loud so you can hear how it sounds. If it doesn't sound quite right, edit until it flows.

## TELL A STORY

Stories appeal to our emotions. They draw us in and have for millennia. Yet companies often eschew storytelling for dry, overly technical, and as we've said, non-conversational writing that fails to consider the audience.

Try this storytelling technique for this year's open enrollment. Invite employees to be part of your benefits communication campaign and have them tell a story about how a particular benefit has had a positive impact on their life. It could be about how your wellness program helped them improve their health or how an FSA helped them care for an aging parent. Or maybe how an HSA has helped them save more money for healthcare expenses in retirement. Incorporate these real-life stories into your next open enrollment and your employees will be more engaged and better informed. You'll also find that employees are much more receptive to a message from a coworker than from HR.

Cont'd.

## NEED HELP GETTING STARTED?

Find yourself with writer's block every time you start communications planning for open enrollment? Answer these key questions and you'll be well on your way to developing messaging that gets results.

- Who are we talking to?
- What do they need to know?
- What's in it for them?
- When do they need to know it?
- What's the best way to deliver the message?
- What action do they need to take?
- How do they take that action?
- Where do they go for assistance?
- The Final Word

Your communications should be attention-getting, thought-provoking, empathy-building, action-inducing, and appropriate. If you're not achieving at least three of these objectives, odds are the communication will fail. Providing quality benefits is a substantial investment for your company. Improve your communications to get the most out of your investment.



**David Meckle**

McGriff Director of Marketing  
and Communications

## Back to School: Employer Challenges in the New Normal

Across the country, school districts have had to make tough decisions on how to reopen schools for the fall semester. While the reopening plans differ – from in-person to virtual learning – the one thing they all have in common is that it is NOT school as usual!



Certainly this “new normal” is causing a tremendous amount of uncertainty and stress for many employers and their employees, as more than ever they are faced with juggling not only child care needs but also assisting with virtual learning ... all while balancing their daily work responsibilities.

The DOL recently updated its [FAQs on the Families First Coronavirus Response Act \(FFCRA\)](#) to specifically answer some pressing questions relating to this school year. The agency clarified that an employee is not eligible for FFCRA paid leave if the child's school provides a choice between having the child attend in person or participate in remote learning programs. However, if the school is operating on an alternate day (or other hybrid-attendance basis), the employee will be eligible to take FFCRA paid leave on the days when the child is not permitted to attend school in person, as long as the employee needs the leave to actually care for the child.

The McGriff HR Advisory Team discusses employer requirements under the Families First Coronavirus Response Act (FFCRA) and brainstorms more creative options to help support employees while keeping our businesses operating as schools navigate the fall semester. Join us to listen to this helpful recorded webinar!

Click here to listen - [Back to School: Employer Challenges in the New Normal](#) - Password: **McGriff!2020**

Please note: COVID-19 compliance guidance frequently changes! This webinar was recorded on August 25, 2020 and is accurate as of that date.

“MARCIA,  
MARCIA,  
MARCIA!”

## AskJAN can Help!

If you grew up in the '70s or are just a pop culture buff, you will recognize this phrase as one commonly exclaimed by Jan Brady, a character in the iconic sitcom “The Brady Bunch.” Jan constantly felt compared to and left wanting by the accomplishments of her big sister, Marcia. Miraculously, in only a half-hour, such conflicts were always resolved successfully.

Fast forward to 2020. The Brady Bunch is only found in television syndication and “Marcia” is now an employee who may be covered by the ADA. Who is the expert now? Good ole Jan! JAN is an acronym for “Job Accommodation Network” - a tremendous resource for employers and employees on questions and concerns related to disabilities and accommodations. As stated on its website, [AskJAN.org](http://AskJAN.org), JAN is: “...the leading source of free, expert, and confidential guidance on workplace accommodations and disability employment issues. Working toward practical solutions that benefit both employer and employee, JAN helps people with disabilities enhance their employability, and shows employers how to capitalize on the value and talent that people with disabilities add to the workplace.”

The Brady Brunch may be a little dated, but JAN provides assistance in today’s HR environment. Recently, JAN published this article, [“Accommodation Strategies for Returning to Work During the COVID nuu-19 Pandemic”](#), to assist employers with strategies to support employees with disabilities during this unprecedented time. We hope that you find this article helpful and you consider bookmarking the JAN website and adding it to your resource list when navigating the often confusing waters of the world of workplace accommodations!



**Janie Warner, SHRM-SCP**  
McGriff HR Advisory Practice Leader

## PRESIDENT TRUMP ISSUES HEALTH CARE PLAN IN AN EXECUTIVE ORDER



On Sept. 24, 2020, President Donald Trump introduced his plan for affordable, high-quality health care, called the America First Health Care Plan. This plan, issued in an executive order, is primarily aimed at protecting people with preexisting conditions and combating surprise medical billing.

An executive order is a broad policy directive used to establish how laws will be enforced by the administration. The order does not make any changes to existing laws or regulations, but directs federal agencies to issue new guidance to implement the order’s policies. As a result, the executive order’s specific impact will remain largely unclear until agencies issue further guidance or Congress takes action in response to the order.

### The America First Health Care Plan

The executive order directs the Departments of Health and Human Services (HHS), Labor and the Treasury to maintain and build upon existing actions to:

- Expand options for affordable health care;
- Expand access to affordable medicines, including accelerating the approvals of new generic and biosimilar drugs and facilitating the safe importation of affordable prescription drugs from abroad;
- Ensure consumers have access to meaningful price and quality information before the delivery of care; and
- Reduce waste, fraud and abuse in the health care system.

The executive order specifically directs HHS to work with Congress to reach a legislative solution to end surprise medical billing by Dec. 31, 2020. If a legislative solution is not reached by that date, the executive order directs HHS to take administrative action to prevent out-of-pocket expenses that cannot be reasonably foreseen.

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# MAKING THE WORKPLACE A SAFE PLACE TO SPEAK UP

Right now, organizations across the country are asking themselves what they can do to make their workplaces more inclusive, diverse, and equitable, particularly for Black employees. They're hosting conversations, acknowledging areas where they've fallen short, and identifying opportunities for improvement.

For these efforts to be successful, employees need to be able to speak freely, offering critical and candid feedback about individual behaviors, workplace practices, and organizational policies. None of this can happen, however, if people believe it isn't safe for them to speak up.

It often isn't.

Employees who report harassment and discrimination, speak candidly to their supervisors or challenge the status quo often find themselves excluded from projects, denied a promotion, or out of a job. According to a study by the Equal Employment Opportunity Commission (EEOC), 75% of employees who spoke out against workplace mistreatment faced some form of retaliation. Given this reality, it falls on employers to show their employees that they can report incidents of discrimination, identify institutional failures, and recommend solutions all without fear of retaliation. Preventing retaliation is part of that. Here are a few other ways to establish a firm foundation of trust, openness, and respect.

## **Admit mistakes and make amends**

Employees will be reluctant to hold their leaders accountable if their leaders never admit fault or acknowledge areas for growth. If, however, leaders show a willingness to be vulnerable and a desire to learn and be better, they can help put their employees' minds at ease and more effectively solicit their feedback. For example, an employer might acknowledge that they hadn't previously made diversity a priority for the company, but that going forward, they will strategically place job ads where underrepresented job applicants are more likely to

see them, and they'll identify ways to make the workplace welcoming and inclusive. Statements like this, when followed by action, open the door to honest communication between employees and their employer. They build trust.

## **Reward instead of retaliating**

Creating a real sense of safety takes more than preventing retaliation. Employees need to see that providing candid and critical feedback is met with appreciation, gratitude, and action from leadership. In other words, it has to be rewarded. Employees who identify problems in the workplace or propose solutions shouldn't fear being ostracized or having their career derailed by a vengeful peer or supervisor. On the contrary, they should be recognized as leaders in the organization (informal or otherwise), given opportunities to make a further impact, and empowered to help make decisions that elevate the workplace, its culture, and its practices. Consider shout-outs from the CEO, company awards, strategic bonuses, promotions, and career development opportunities. These show sincerity.

## **Tolerate no retaliation**

For some employers, the hardest part of building trust will be appropriately disciplining anyone who violates it, especially if the one being disciplined is a star performer or high up in the chain of command. One instance of retaliation, if not immediately addressed, can undermine months or years of work and ruin even a stellar reputation for diversity, inclusion, and equity. Any retaliation, for any reason, no matter who does it, must not be tolerated. Fortunately, swift action to discipline the offender and prevent future instances can help repair the damage and restore trust. It shows you're serious.

Psychological safety takes time to establish, even in companies without a history of overt retaliation. Implementing the three strategies above, however, will lay the groundwork for a culture in which employees feel safe speaking up for diversity, inclusion, and equity.

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# Medicare Enrollment Form

File #  GROUP HEALTH PLAN (SSN or ID)  (SSN)  OTHER (ID)   
PATIENT'S BIRTH DATE DD YY M  SEX F   
1a. INSURED'S I.D. NUMBER  
4. INSURED'S NAME (Last Name, First, Middle Initial)  
7. INSURED'S ADDRESS (No., Street, City, State, ZIP)  
TELEPHONE (Include Area Number)

## Medicare Part D Notices are Due!

Each year, Medicare Part D requires group health plan sponsors to disclose to individuals who are eligible for Medicare Part D and to the Centers for Medicare and Medicaid Services (CMS) whether the health plan's prescription drug coverage is creditable.

A group health plan's prescription drug coverage is considered creditable if its actuarial value equals or exceeds the actuarial value of standard Medicare Part D prescription drug coverage. In general, this actuarial determination measures whether the expected amount of paid claims under the group health plan's prescription drug coverage is at least as much as the expected amount of paid claims under the Medicare Part D prescription drug benefit. For plans that have multiple benefit options (for example, PPO, HDHP, and HMO), the creditable coverage test must be applied separately for each benefit option.

Plan sponsors must provide the annual disclosure notice to Medicare-eligible individuals **before Oct. 15, 2020**—the start date of the annual enrollment period for Medicare Part D. CMS has provided model disclosure notices for employers to use.

This notice is important because Medicare beneficiaries who are not covered by creditable prescription drug coverage and do not enroll in Medicare Part D when first eligible will likely pay higher premiums if they enroll at a later date. Although there are no specific penalties associated with this notice requirement, failing to provide the notice may be detrimental to employees.

\*At this time, there is no COVID-19 related deadline extension for this requirement.

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## McGriff COVID-19 Benefits Cost Estimator

How is the Coronavirus pandemic impacting claims costs today within self-funded plans and what are the expected future costs? Our COVID-19 Benefits Cost Estimator is an intuitive tool designed to help analyze and predict just that for our self-funded clients. Using assumptions based on regularly updated data on infection rates, hospitalization rates, and cost of care, the Cost Estimator can help plan sponsors visualize the potential cost impact in 2020 and beyond from COVID-19. Additionally, this tool also incorporates expected reductions in utilization of deferred care, such as elective surgeries, that will offset the increased costs due to the virus.

**Contact your McGriff Benefits Consultant if you would like more information!**

## Click or Call: ThinkHR Advisors on Standby



## Join Us for a McGriff Sponsored ThinkHR Demo!

We are excited to bring you ThinkHR — a robust web-based resource with live advisors, reliable content, and interactive technology solutions that provides an end-to-end People Risk Management solution! If you are involved with HR compliance or employee issues at any level, this will be another valuable benefit from your trusted McGriff team that can save you time and money.

Join us on *October 20, 2020, at 2:00 pm EST* for a brief overview of ThinkHR and its benefits available to you as a client of McGriff. [Click here](#) to register!

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