



The Lead

NEWS, VIEWS & INDUSTRY UPDATES

IN THIS ISSUE:

FALL 2015

- NEW HIRES
- HERE COMES ICD-10
- THE IMPORTANCE OF EYE CARE
- CADILLAC TAX
- PARTNERING WITH DAVIS VISION
- COMPREHENSIVE EYE EXAMS

➤ NEW HIRES

Welcome Wendy, Alex and SueAnn!

As Lifetime Benefit Solutions continues its expansion into Ohio and New Jersey, we've deepened our bench considerably with the addition of sales team members Wendy Sutor, Alex Urbino and SueAnn Mikitiuk-Giacalone.



As an account executive, Wendy will be focusing on new business in Northeast New Jersey. With more than a decade in sales, her previous experience includes physician office account manager for Medline Industries for two years; nutritional sales consultant for Metagenics; district sales manager for ADP; and district manager for Aldi, Inc. Wendy graduated with a B.S. in business administration and management from Saint Bonaventure University.



Alex's new business beat as account executive will be Ohio and Buffalo. Prior to joining Lifetime, Alex worked for ADP first as a district manager, then as a sales executive and as a major accounts business consultant. He was also the owner of After Six magazine, a Buffalo publication that highlighted the best the Queen City has to offer. Alex graduated from the State University of New York College at Buffalo with a degree in economics.



SueAnn joins us as an account manager fresh from a successful stint at Excellus BlueCross BlueShield as the Medicare field sales representative/business development specialist. SueAnn is a veteran in benefits administration, having also worked with Benefit Advisors of NY; First Niagara Bank; Haylor, Freyer & Coon; and Benefit Specialist of NY. SueAnn holds a NYS Health & Life insurance license and graduated from Broome Community College with a degree in business administration.



115 Continuum Drive • Liverpool, NY 13088 • 1-800-356-1029



Latest Regulatory ‘Cadillac Tax’ Guidance Raises Concerns for TPAs and Employers

The U.S. Treasury Department issued its “second” Notice providing suggestions on how the Department intends to implement the so-called Cadillac Tax, officially referred to as the Excise Tax on High Cost Employer-Sponsored Health Coverage (the “Excise Tax”).

The new Notice supplements Notice 2015-16 by addressing additional issues such as:

- (1) identifying the entity liable to pay the Excise Tax liability,
- (2) describing how the Tax liability may be allocated among these entities, and
- (3) explaining how actual payment of the Tax may be made to the Internal Revenue Service (IRS). Comments on Notice 2015-52 are due October 1st.

After Treasury considers the public comments submitted on both Notices, the Department intends to issue proposed regulations implementing the Excise Tax.

The upshot: Self-insured employers should be concerned about Treasury’s suggestion that entities that provide various administrative services for self-insured plans should pay the Excise Tax. Clearly, these companies would prefer to avoid the administrative complexities associated with ultimately paying the Tax as it is passed through by the TPA. The employer community has already petitioned Treasury to eliminate this “tax-within-a-tax” and simply impose the Tax on the employer.

At Lifetime, we will continue to monitor this situation closely. Once final rules and regulations are published, we’re prepared to get right to work with our clients and their brokers.



More detailed information and key provisions of the Notice:

A. Treasury Suggests Two Different Approaches When It Comes to Determining What Entity Pays the Excise Tax In the Case of Self-Insured Benefits

According to the statute, the Excise Tax is imposed pro rata on insurance companies and administrators of self-insured arrangements, and also the employer in certain cases. Notice 2015-52 confirms that the Excise Tax is payable by an insurance company in the case of a fully-insured employer plan. The Notice also confirms that the employer is liable to pay a portion of the Excise Tax attributable to employer contributions to a health savings account (“HSA”), along with employee contributions made to an HSA through a Code section 125 cafeteria plan. Unfortunately, in the case of self-insured benefits, however, Treasury did not confirm that the Excise Tax is payable by a third-party administrator (TPA) or, alternatively, the employer sponsoring the self-insured plan. Instead, Treasury said that the Department is considering two approaches for determining “who the administrator” is for purposes of the Tax.

1. *Under the first approach, the entity liable for paying the Excise Tax would be the entity “responsible for performing the day-to-day plan administration functions, such as receiving and processing claims for benefits, responding to inquiries, or providing a technology platform for benefits information.”* Treasury went so far as to say that the Department anticipates that this entity would be the TPA for the self-insured benefits, except in “rare circumstances” where the employer administers its own plan (or owns a TPA performing these functions).

2. *Under the second approach, the entity liable for paying the Excise Tax would be the entity “that has the ultimate authority or responsibility under the arrangement with respect to the administration of the plan benefits (including final decisions on administrative matters), as well as authority or responsibility over eligibility determinations, claims administration, and arrangements with service providers (including the*

Continued next page

LEGISLATIVE UPDATE



Say hello to ICD-10.

It's finally happening. On October 1, 2015, a key element of the data foundation of the United States' health care system will be transformed. On that Thursday, we will transition from the decades-old Ninth Edition of the International Classification of Diseases (ICD-9) set of diagnosis and inpatient procedure codes to the far more contemporary Tenth Edition of those code sets—or ICD-10—already used by most developed countries around the world.

The current ICD-9 code sets are out-of-date due to their limited ability to accommodate new procedures and diagnoses. ICD-10 code sets incorporate greater specificity, more clinical information and updated terminology. Providers will be required to observe HIPAA-compliant transactions in version 5010. As of October 1, all HIPAA-covered entities must use the new ICD-10 code sets.



Use of ICD-10 will:

- Improve the ability to measure health care services
- Enhance the ability to monitor populations' health
- Provide better overall data and decrease the need for supporting documentation needed when submitting claims

authority to terminate service provider contracts).” It would appear that the employer would be responsible for paying the Excise Tax if the second approach were adopted.

B. Other Noteworthy Matters Addressed By Treasury

1. *The Period for Determining the Amount of the Tax Payable.* Treasury confirmed that the Tax would be determined based on the calendar year. Treasury also confirmed that the Tax liability would be determined by the employer soon after the end of the calendar year (so the employer can then notify the entities responsible for paying the Tax as soon as possible to ensure that these entities can pay the Tax liability in a timely manner).

2. *Exclusion of the Cost of the Tax from the Tax's Calculation.* Treasury recognizes that in cases where the Excise Tax is payable by an insurance company or an administrator of self-insured benefits, the Tax liability will be passed through to the employer. In this case, Treasury does not want these passed-through liabilities in the form of, for example, administrative fees that may be included in determining the COBRA applicable premium or a premium load, to be counted when determining if the aggregate cost of health coverage exceeds the Tax's dollar thresholds for the year. But, Treasury is concerned that excluding these amounts may not be administrable, and therefore, the Department is requesting comments on this point.

3. *Requirement To Notify the Entities Responsible for Paying the Excise Tax* According to the statute, after the employer determines the amount of the Excise Tax liability that is payable by a particular entity, the employer is required to notify that entity (along with the IRS) of the amount of the Tax owed.

4. *Actual Payment of the Excise Tax Liability.* Treasury suggests that the Department may add the Excise Tax liability otherwise payable by an insurance company, an administrator, and/or the employer on the Form 720, which is currently used to pay excise taxes for violations of certain other group health plan requirements.

Source: *Self-Insurance Institute of America*, 7/31/2015, www.SIIA.org

➤ PRODUCT HIGHLIGHT

Partnering up with Davis Vision to administer a Vision Care Plan.



Davis Vision offers:

- A broad array of paid-in-full options
- Competitive premiums
- World-class union-staffed fabrication laboratories
- More than 97% client loyalty
- Turnkey administrative and customer services
- Total member flexibility to:
 - Choose any frame at provider's offices
 - Select the most popular lens options at significant savings
- Extensive blended network of premier retailers nationally, as well as independent optometrists and ophthalmologists, totaling over 48,000 points of access
- NCQA-certified provider credentialing process to ensure industry-leading standards for quality
- U.S.-based services and operations
- Free one-year eyeglass breakage warranty on plan materials

Davis Vision's network is built to match consumer preferences, offering great coverage and minimal markups by utilizing a fully integrated model. Additionally, their Equal Opportunity Network Development Philosophy results in a diversity of retailers and independents.

DAVIS VISION
EYECARE REFRAMEDSM



The elements of a comprehensive eye exam

- Talking about your personal and family medical history
- Taking vision tests to see if you have nearsightedness, farsightedness, astigmatism (a curved cornea that blurs vision), or presbyopia (age-related vision changes)
- Tests to see how well your eyes work together
- Eye pressure and optic nerve tests to check if you have glaucoma
- External and microscopic examination of your eyes before and after dilation



Watch this video about comprehensive dilated eye exams



The Eyes Have It: The Importance of Vision Care

Even if you don't wear glasses or require only reading glasses, it's important to stay up-to-date with your eye care. Why an eye exam? Not only can it detect a number of eye diseases, but also systemic conditions such as diabetes, thyroid disease, high blood pressure and neurological impairments. Eye exams can even find some eye diseases that may have no symptoms, which is critical, because the earlier they're discovered, the easier they are to treat.

Consider:

- Approximately 14 million individuals ages 12 years and older have visual impairment, among which more than 80% could be corrected to good vision with refractive correction
- An estimated 61 million adults in the United States are at high risk for serious vision loss, but only half visited an eye doctor in the past 12 months
- Early detection and timely treatment of eye conditions such as diabetic retinopathy has been found to be efficacious and cost effective

Depending on your needs, you can see either an optometrist or an ophthalmologist for an eye exam. Ophthalmologists are medical doctors who specialize in eye care. They can provide general eye care, treat eye diseases, and perform eye surgery. Optometrists have had four years of specialized training after college. They provide general eye care and treat the most common eye diseases. They do not do eye surgery.

The Lead is published periodically to keep you abreast of the ever-changing world of employee benefit plans. You are receiving this newsletter as a partner, customer, associate or friend of Lifetime Benefit Solutions.