



2023

Employee Benefits Market Trends

Fueling the Future of Work



Fueling the Future of Work

Healthcare is continuously evolving — from adopting new technologies to the ever-changing landscape of regulatory approvals. Leaders need to be aware of the latest trends in the industry to stay ahead of the competition. By doing so, they can identify opportunities their organization could implement to help improve their employee experience.

Discover

Medical & Pharmacy Trends

Healthcare and inflationary pressures pose opportunities for employers to navigate the demands and understand cost containment strategies.

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The Employee Experience

Attracting, engaging and retaining employees stems from an employer’s benefit package. Explore the challenges and how organizations are tailoring to unique personas or socioeconomic drivers that exist in their workforce.

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Medical & Pharmacy Trends

What Is Impacting 2023 Trends?

2023 medical and Rx cost increases are expected to remain consistent with 2022 and slightly above the previous 10-year average, Segal reports. While utilization spikes look to plateau, several other factors, including inflationary pressures, healthcare staffing challenges, provider consolidation, the impact of delayed treatment, pent-up demand, and new treatments and technology, are pointing to higher medical trend projections in the coming years.

2023 Projected Trend

7.4% Increase

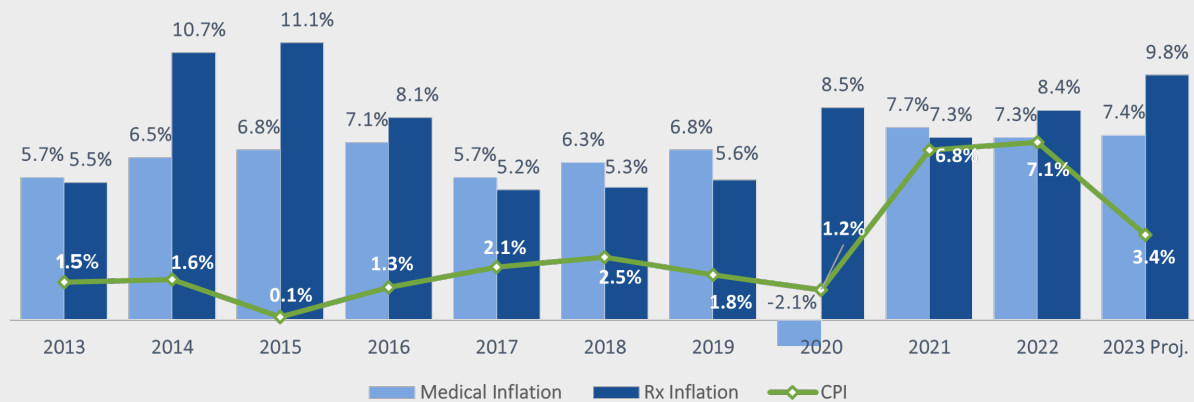
Medical

9.8% Increase

Pharmacy

Source: Segal Consulting, 2023

Medical & Rx Plan Inflation Versus the Consumer Price Index (CPI)



Note: There is typically a time lag between CPI fluctuations and its impact in relation to health care costs.

Sources: CPI: U.S. Bureau of Labor Statistics, Inflation averaged over a one-year period; Segal 2023 Medical Plan Cost Trends, 2023 projected data as of November 2022 CPI Projection: Fred Economic Research

Other Key Findings

- Elevated prices of goods and services have played a far more significant role in increased trend costs than higher utilization of services.
- The Hospital Price Transparency rule, which took effect nearly two years ago, is not driving utilization of lower-cost providers, as only 16% of hospitals fully comply with the rule. Research suggests patients tend not to use these tools when they are available.
- Telehealth utilization has begun to slow as in-person care regains traction.
- The Rx marketplace is evolving as rising costs are prompting employers to approach new strategies, including precision medicine, specialty drug formulary exclusions and other market disruptors.

Pharmacy Trends

In the Market

Pharmacy cost increases for 2023 are projected to reach nearly 9.8%, up an additional 1.4% from 2022 (8.4%). While drug price inflation will play a major role in this expected increase, more effective and expensive drug therapies and increased specialty utilization are also expected to drive costs.

Specialty Medications

Market data suggests specialty drugs will see a trend increase of 13.5% for 2023, while non-specialty drugs are expected to increase by only 3.2%.

As non-specialty drug utilization has remained relatively unchanged, specialty drug utilization is forecasted to increase by 6.1% in 2023, making up nearly 55% of total spending, an increase of 2% from 2022.

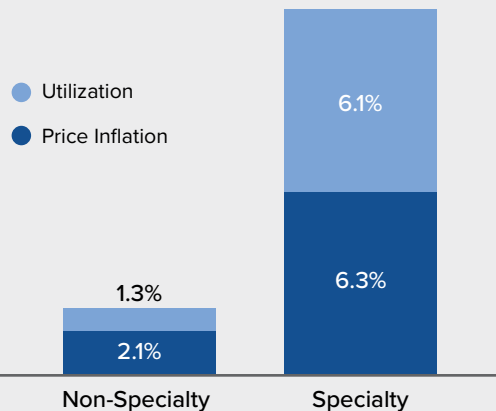
Gene & Cell Therapy

Cell and gene therapies, which cure or treat a condition by inactivating, introducing or replacing a modified or new gene, continue to gain prevalence in the pharmaceutical world.

Today, these options represent nearly \$5B in total spending in the U.S., with the total spend expected to reach \$12B by 2025. While most gene therapy drugs currently in the pipeline cost between \$2M-\$3M, this innovative approach is expected to be a leading factor in elevated overall costs.

As increased utilization of gene therapy options is still unknown, the below table outlines the probability of at least one claim within your plan based on overall membership.

Price Inflation is the Leading Driver of Rx Trend, with Specialty RX a Major Factor



Note: The components do not add up to totals (13.5% Specialty / 3.2% Non-Specialty) because there are other components of trend not illustrated, reflecting such factors as the impact of cost shifting, technology changes and drug mix.

Source: Segal Consulting, 2023



Probability of at Least One Gene Therapy Claim in Plan Year:

# of Members	2024	2025	2026	2027	2028	2029
500	0.2%	0.4%	0.6%	1.2%	1.6%	2.0%
1,000	0.5%	0.7%	1.3%	2.4%	3.2%	3.9%
2,500	1.2%	1.8%	3.2%	5.8%	7.9%	9.4%
5,000	2.4%	3.6%	6.7%	11.3%	15.1%	18.0%
7,500	3.6%	5.4%	9.2%	16.4%	21.8%	25.7%
10,000	4.8%	7.1%	12.1%	21.2%	27.9%	32.7%
20,000	9.4%	13.7%	22.7%	38.0%	48.1%	54.7%

Source: Optum Rx

Pharmacy Trends

The Impact of Biosimilars

Biosimilars, which are ‘generic-like’ specialty drug alternatives developed from living organisms such as humans, animals and microorganisms, will slowly make their way into the pharmacy marketplace with modest impact to date, however 2023 is an exciting time with more opportunity.

- For example, Humira®, which accounted for \$19.8 billion in U.S. drug sales in 2020, will potentially have eight known biosimilars scheduled to launch in 2023. There could be other market adds, exits or consolidations as well.
- As biosimilars enter the market, drug companies may face challenges in maintaining their Pharmacy Benefit Manager (PBM) formulary positions as they compete against the financial incentives available through rebates or copay assistance programs.
- Without addressing these pressures, large pharmaceutical companies may lose market share and, in turn, need to lean into other drugs to supplement their losses.

Humira® Biosimilars Debuting in 2023

Name	Regulatory Designation	FDA Approved	Earliest Possible Launch Date
Amjevita™	Biosimilar	September 2016	January 2023
Cyltezo™	Interchangeable	August 2017	July 2023
Idacio®	Biosimilar	December 2022	July 2023
Yusimry™	Biosimilar	December 2021	July 2023
Hulio®	Biosimilar	July 2020	July 2023
Abrilada®	Biosimilar	November 2019	July 2023
Hadlima®	Biosimilar	July 2019	July 2023
Hyrimoz®	Biosimilar	October 2018	September 2023

Key Patent Expirations

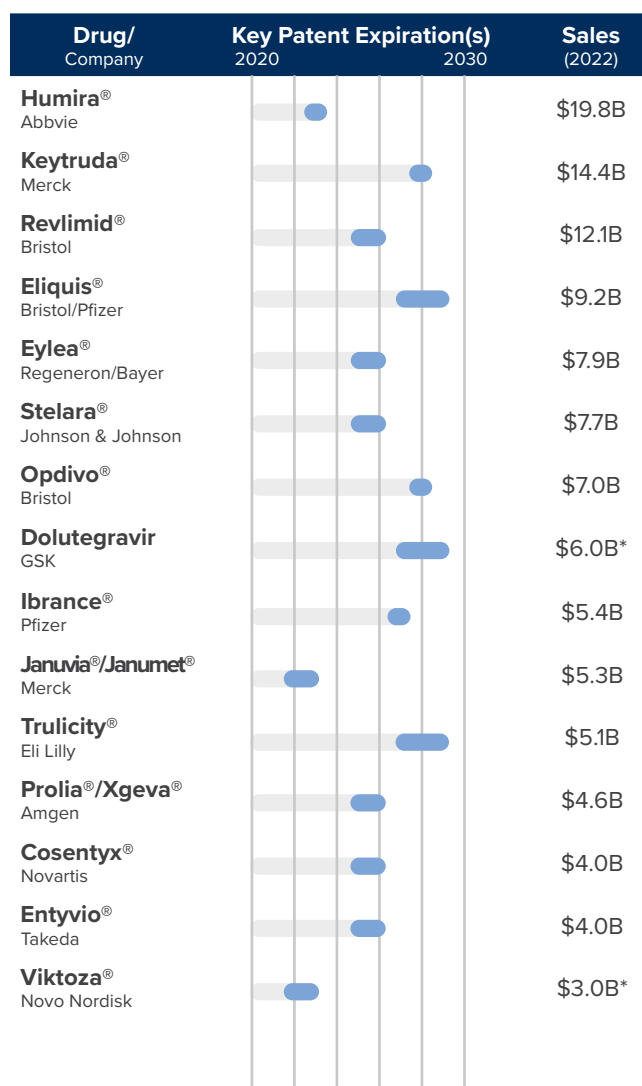
The world’s largest pharmaceutical companies are preparing for major shifts as patents are set to expire on high-cost drugs. As patents expire, the industry is preparing to strengthen market options for incoming competition.

AbbVie’s Humira patent expiration is expected to have the largest impact as the world’s best-selling drug.

Many companies like AbbVie will be forced to navigate the market competition from drug companies set to launch biosimilars.

Major Drugs Set to Lose Patents in Next Decade¹

The 15 top selling drugs facing expirations pulled in more than \$100 billion in sales last year.



¹Source: Moody's and company filings
*Estimated



Pharmacy Trends

Cost Containment Initiatives

1 Excess Risk Programs

As gene therapy becomes more prevalent, plan sponsors are looking to meaningfully protect themselves from adverse impact. Some are looking to risk and financial point solutions and protection programs such as covering certain gene therapies at a per member per month (PMPM) cost on a carve out basis.

2 Advocacy and Navigational Resources

To drive behavioral change, employers are looking to health care navigation platforms to connect consumers with the correct providers, services and support to positively impact their health journey and overall cost of care. Speak to your Brown & Brown team to learn more about preferred advocacy platforms.

3 Specialty Copay Assistance Programs

An independent and non-biased approach to capturing available savings by utilizing a concierge member service model to offset employee and plan sponsor cost. These programs facilitate member enrollment in manufacturers' assistance programs and provide advocate services for members to ensure accurate claims processing and on-time prescription delivery.

4 Carve-Out Programs

As carve-out (separate from medical carrier) offerings gain momentum in the market, it is critical to understand their impact to a member's experience. The potential of cost savings is certain; however, plan sponsors must be diligent when evaluating vendor selection, clinical oversight and contract provisions.

5 PBM Positioning

Plan sponsors will not have a choice on their PBM's formulary positioning; however, discussions with your Brown & Brown team may be helpful to provide guidance on types of strategies and potential impacts, including:

- Formulary modifications
- Plan design changes (tier changes and/or utilization management)
- Potential member disruption
- Provider prescribing preferences
- Contract language revisions
- Savings projections (when product selection and pricing is in place)
- Understanding provider acceptance
- Dispensing and distribution channel management



Top Cost Drivers

1

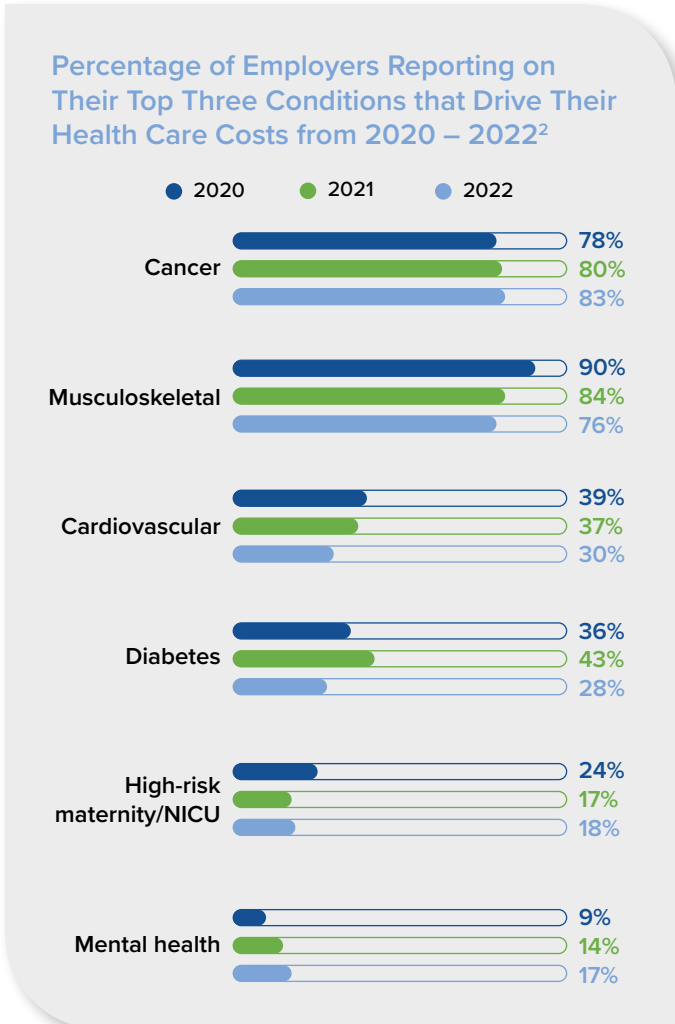
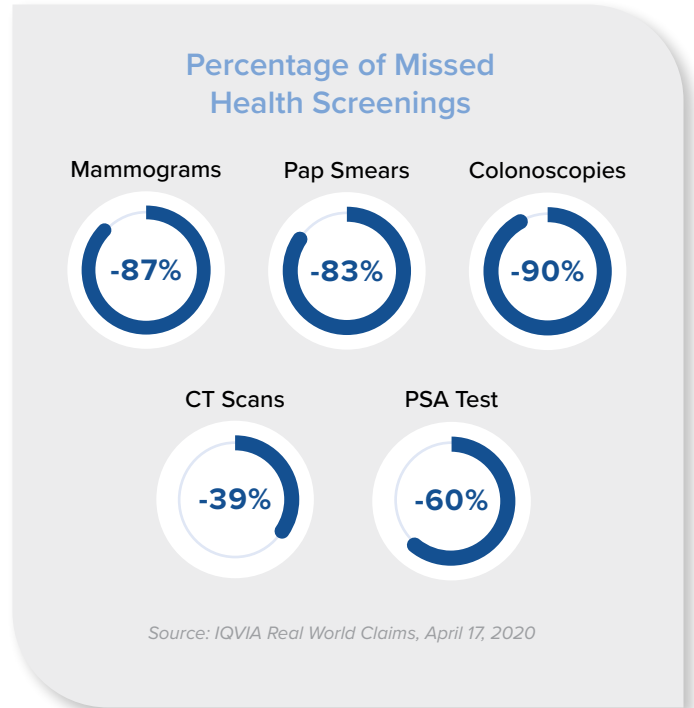
Cancer

Cancer has surpassed musculoskeletal conditions as the top driver of large companies' health care costs, according to Business Group on Health's 2023 Large Employers' Healthcare Strategy and Plan Design Survey.

2

An Aging Population

Among the many factors that have triggered increasing cancer costs, an aging U.S. population is one of the biggest contributors. Baby boomers were the second largest population group in 2022, behind Millennials, at 69.6 million.



3

Avoiding Care and Screenings

In addition to an aging population, one of the main influencers believed to be accelerating cancer prevalence as a top healthcare cost driver in 2022 is the impact of delayed care/ screenings due to the COVID-19 pandemic. It is estimated that approximately 22 million cancer screenings were disrupted, which ultimately led to a higher prevalence of late-stage cancer diagnoses.

4

Rising Healthcare Costs

Rising healthcare costs associated with delayed care are not limited to late-stage cancer diagnoses but also have been attributed to longer hospital stays for patients experiencing other medical issues. The average patient length of stay in hospitals increased by 19.2% in 2022 compared to pre-pandemic levels, according to an issue brief from the American Hospital Association (AHA).



²Source: Business Group on Health 2023 Large Employers' Healthcare Strategy and Plan Design Survey

Economic Cost Drivers

Adequate provider staffing significantly impacts both patient and nurse satisfaction and the quality of care provided to patients. Conversely, higher patient-to-nurse ratios produce outcomes such as turnover, burnout, job dissatisfaction and intent to leave. Doctors and nurses have said the stress they endured during the pandemic has increased consideration around leaving the profession.

As it relates to cost, greater nurse staffing is associated with decreased risk of hospital-related mortality, hospital-acquired pneumonia and other negative patient outcomes. The opposite is also true; registered nurse shortages can lead to:

- Lower quality of care for patients
- Return visits to medical facilities
- Access issues
- Overall greater out-of-pocket costs for individuals and plan sponsors

As a global issue, staffing shortages are top of mind in the healthcare industry.

Roughly 1 in 5 doctors said they plan to leave in 2 years



Source: (Mayo Clinic Proceedings: Innovations, Quality & Outcomes Dec. 2021)



58% of medical practices say **staffing** is their biggest challenge heading into 2023³

Healthcare markets are increasingly consolidating, giving one health system control over multiple clinics, hospitals, and specialists. While consolidation efforts can extend efficiency gains, the leverage it generates can equally drive inflationary pricing and contracting pressures in a given market.

Staffing shortages, competition and supply and demand are not the only impacts on healthcare systems. Our aging population contributes considerably to healthcare spending. Since the first baby boomers turned 65 in 2011, healthcare systems have seen a higher percentage of total charges paid by Medicare compared to private payers. This means hospitals are getting paid less per charge for a larger portion of their total services delivered.

Fueling Health Innovation

Employers globally continue to be tasked with controlling costs and providing an employee experience that is personalized, easy-to-navigate and empowering. Click on the highlights (to the right) of rapidly advancing areas and key market trends. Leaders can identify which sectors they need to focus on and/or invest in to help bring significant value to their organizations.

Integrated Virtual Care

Preventive Care & Cancer Screenings

Mental Health & Employee Well-Being

Integrated Virtual Care

Virtual care is an essential care delivery model and part of a larger transformation in healthcare. Today, it is not unusual for plan sponsors to have as many as ten different non-integrative virtual solutions to address various patient needs, which contributes to patient confusion and vendor fatigue. There are many important virtual solutions, each targeting a small portion of the population.

We expect the current disconnected situation to prompt leaders to look for more integrated solutions from their medical carrier/vendor/TPA to replace multiple, separate applications. In the meantime, to get the most out of virtual care, plan sponsors are often making them available at low or no cost to members and/or offering incentives to encourage use of these new digital services. This strategy will often enable personalized, data-driven care and help employees to be proactive and engaged in their health care journey.



Projected Patient Engagement Solutions Revenue Growth



Source: Global Newswire (2022). Patient Engagement Solutions Market – A \$74.28 Industry By 2030; Explore Latest Trends & Insights



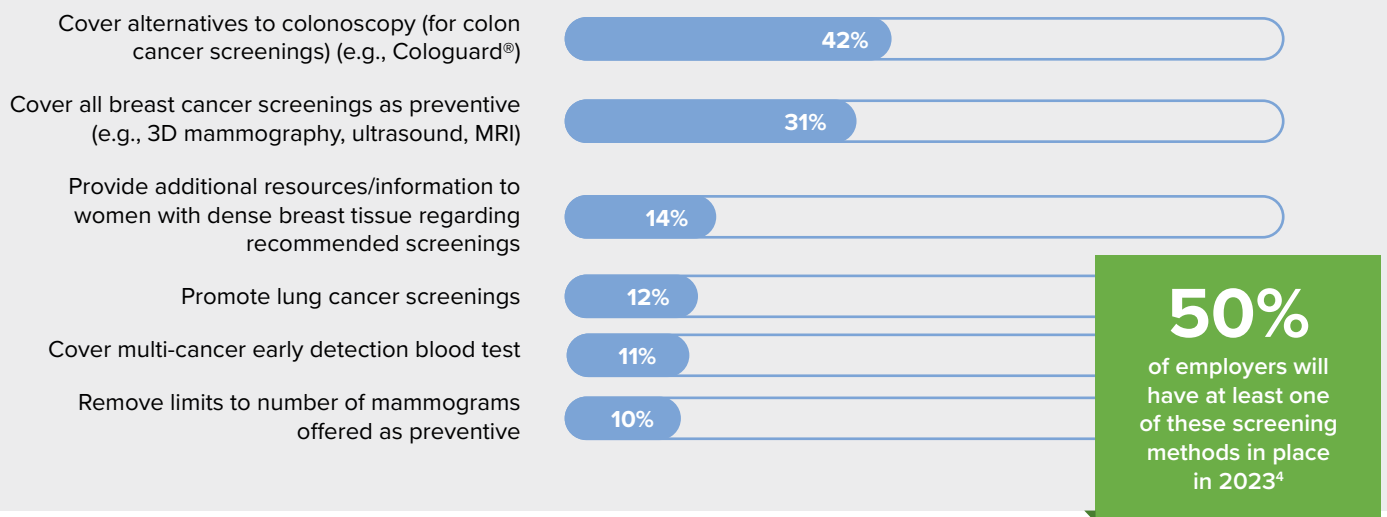
Click for further insights to Virtual Health Point Solutions.

Preventive Care & Cancer Screenings

Given the growing concern for delayed care on late-stage cancer and other risks, the latest trends suggest many employers are going above and beyond the recommendation of the U.S. Preventive Services Task force regarding coverage for, or encouraging engagement from, their workforce.

Business Group on Health's 2023 Large Employers' Healthcare Strategy and Plan Design Survey outlined the top preventive care measures for early cancer detection (below).

Screening that employers were promoting or covering beyond those recommended by the U.S. Preventive Task Force⁴



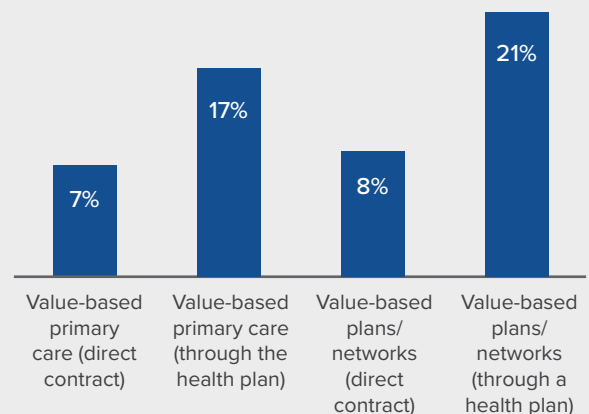
Centers of Excellence

Regarding the increase in late-stage cancer diagnoses, many employers are focusing on centers of excellence (COE) to benefit employees and reduce healthcare spending. According to Business Group on Health, in 2023, 50% of employers will have COE in place for cancer, and an additional 26% will implement them by 2025.

Value-Based

COEs offer a new path for payment by moving away from fee-for-service models and moving towards value-based methods determined by quality of care and outcomes.

Value-Based Offerings, 2023⁴



Mental Health & Employee Well-Being

80%

of people report it is important to see information around employee well-being when considering working at a company.⁵

There are two main themes that will remain top-of-mind this coming year:

1. Employers focus on listening to employees' needs, driving a more individualized approach to mental health offerings. This includes addressing stigma and burnout.
2. A continued focus on broadening access beyond in-person mental health support.

Top Priority for Employers

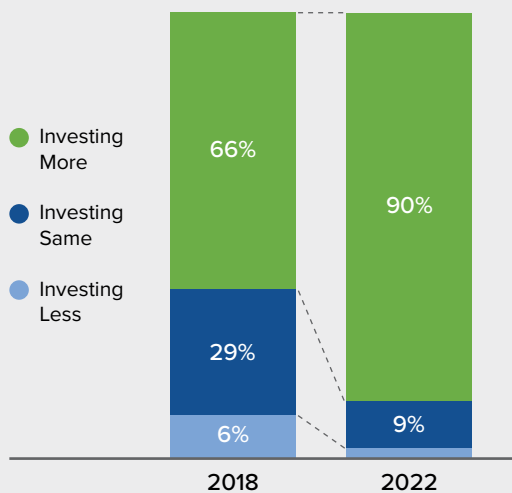
Over the last several years, the world faced unparalleled stressors and nuances surrounding the pandemic, social unrest and other significant events. This led to many employers seeking to address the crucial need for employee mental health and well-being support.

Employers' Response

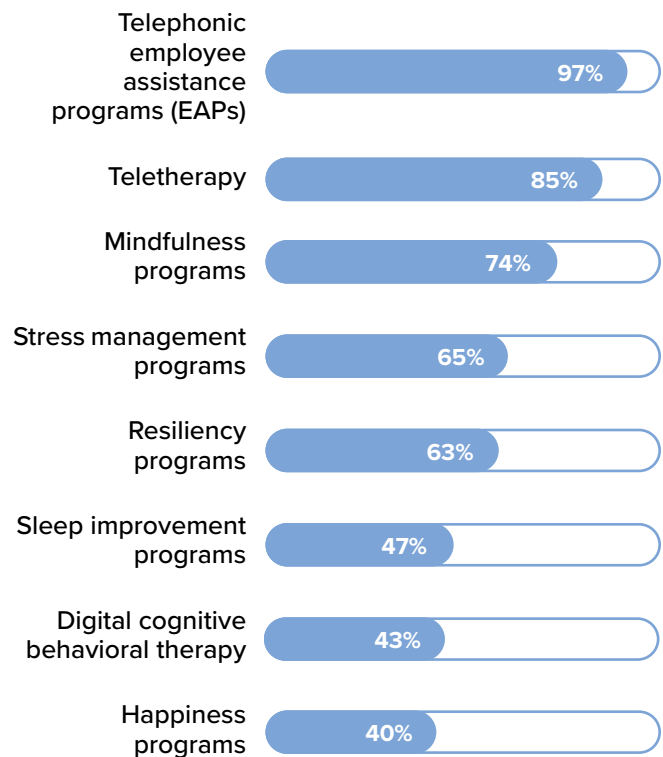
The market has responded to the need for increased mental health access and offerings by looking beyond the traditional Employee Assistance Programs (EAP) and by continuing to reshape corporate culture and stigma. Most commonly, employers enhance their EAPs and curate online resources like apps, articles, videos and webinars.

In 2022, employers were offering the following programs to help support mental health:

Mental Health Investment Trend



Source: 2022 Wellable Labs Employee Wellness Industry Trends Report



Source: Business Group on Health



Click to learn more about Mental Health strategies in the workplace.



⁵Source: Indeed Work Happiness Report conducted by Forrester Consulting, 2022

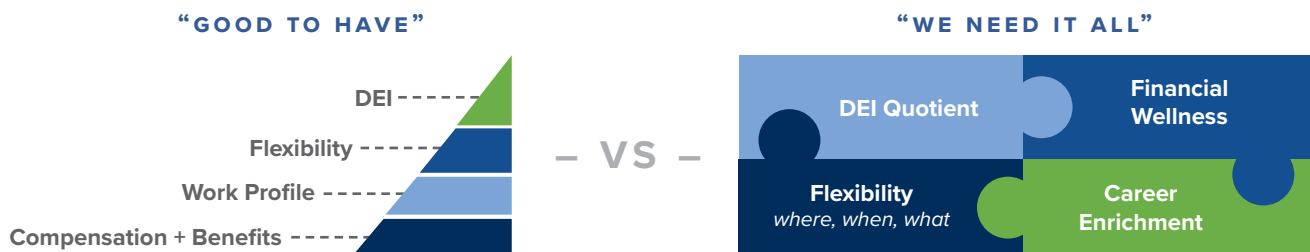


The Employee Experience — We Need It All

Shifting Workforce Dynamics

The pandemic accelerated trends in the workforce by emphasizing employee expectations with a fusion of flexible working arrangements, work-life balance, financial well-being and mental health. Demographic trends have also created a more generationally mixed workforce than ever before.

These factors meld into the overall employee experience – how different employees value various workplace benefits and cultures. Commonly, employees want their employers to recognize and value their life outside of work while meeting individual needs.



Source: Deloitte Analysis – [Deloitte.com/insights](https://deloitte.com/insights)

Strengthening the Employee Experience

Key areas to unify the workforce and create a holistic culture with employees:



Click to learn more about the evolving employee experience.

- 1 Purposeful Work
- 2 Flexibility & Work-Life Balance
- 3 Social & Supportive Cultures
- 4 Financial Stability
- 5 Career Development & Training
- 6 Wellness Programs & Benefits

The Power of Perks

Employers are looking to reduce or eliminate underutilized benefit programs to reinvest dollars into other programs with higher employee value. With the additional challenges of a multi-generational workforce, many employers are focusing on personalized and flexible packages. The following perks empower employees of all generations to use their benefits in the most meaningful way rather than forcing them into a one-size-fits-all plan.

Perks (Fringe Benefits) = Taxable income when spent. Fringe benefits are generally included in an employee's gross income as supplemental income and are subject to income tax withholding and employment taxes on Form W-2. Lifestyle Spending Accounts (LSA) are growing in popularity as an added perk to achieve benefits relatable to all based on flexibility and personalization.

Perk	% That Offer	Average per Amount
Fitness & Wellness	41%	\$121 (monthly)
Lifestyle Spending Account (LSA)	37%	\$171 (monthly)
Work From Home	37%	\$821 (annually)
Personal Enrichment	25%	\$740 (annually)
Entertainment	18%	\$61 (monthly)
Food	21%	\$89 (monthly)
Internet Only	10%	\$77 (monthly)

Perk	% That Offer	Average per Amount
Phone & Internet	8%	\$109 (monthly)
Commuter	6%	\$138 (monthly)
Parental Support	5%	\$10,200 (annually)
Travel	5%	\$1,900 (annually)
Phone Only	3%	\$65 (monthly)
Mental Health Only	3%	\$42 (monthly)

2022 Benepass Benchmark Guide

Employees satisfied with their benefits are:⁶

2x

more likely to be satisfied with their jobs

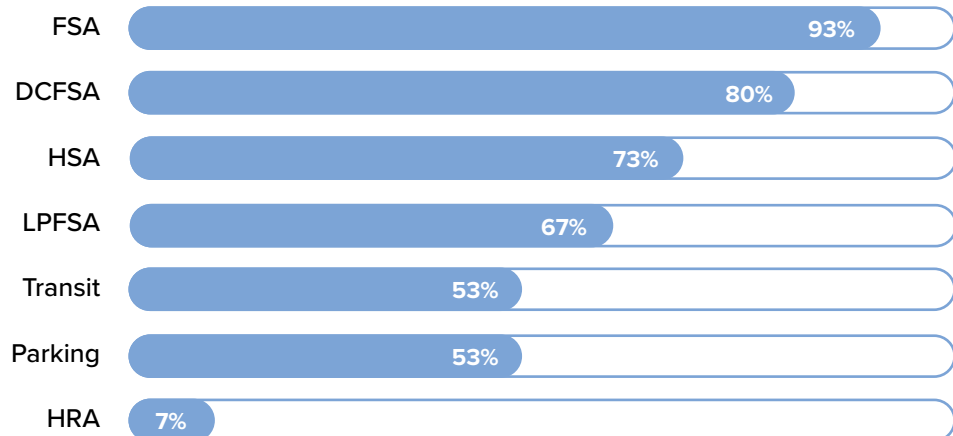
70%

more likely to be loyal to their employer

Pre-Tax Benefits

Reduce employees' taxable income to result in lower income taxes for employees and lower payroll taxes for employers.

Types of Pre-Tax Accounts (2022)⁶



Addressing Health Equity

Combatting health inequity in a benefit program may be a daunting task for employers looking to save on cost and maintain a simplistic offering. However, there are ways to adopt enhanced benefits without breaking the bank. Employee perception of these offerings is key as employees may not access these benefits initially but appreciate the value these options can provide for future concerns.

To understand the population and make applicable changes to a total rewards offering, employers can look for input collected from employee surveys and reporting from vendor partners to make informed decisions.

According to Business Group on Health (BGH), expanding coverage for neurodiversity and transgender health care was the top addition for 2022 plan design changes.

Employee Benefits Priorities (in order of highest importance)

1. Health insurance
2. Dental insurance
3. Non-high deductible option
4. Telemedicine option
5. Wellness programs
6. Multiple dental offerings
7. 401(k) match
8. Cash in unused PTO
9. Student loan repayment
10. Tuition assistance benefits
11. Work from home/flexible scheduling
12. Generous parental leave
13. Life insurance
14. Mentor program
15. Disability insurance
16. Critical care insurance
17. Hospital indemnity insurance
18. Pet insurance

Source: *Mployer Insights – All industries, large employers*

Tactics to Address Health Equity Among a Diverse Workforce, 2022-2025

● Already doing in 2022 ● Adding in 2023 ● Considering for 2024/2025

Expand coverage and eligibility of neurodiversity benefits for employees and/or dependents (e.g., cover ABA therapy)	76% / 2% / 9%
Offer/expand transgender health care benefits	74% / 8% / 5%
Offer a variety of health plan designs (e.g., offering low-deductible plans)	73% / 5% / 12%
Seek input from employees (e.g., surveys, employee resources groups) regarding program offerings	68% / 11% / 11%
Design pharmacy benefits to improve patient affordability of medications	61% / 8% / 11%
Expand benefits coverage for higher prevalence needs of those with disabilities (e.g., hearing aids, vision care, assistive devices)	54% / 2% / 18%
Request more robust reporting from vendor partners to address health inequities	51% / 22% / 10%
Require health plan/navigational partners to maintain health care and mental health provider directories to allow members to better identify providers	44% / 8% / 28%
Expand provider network to include more diverse health care and mental health professionals	37% / 13% / 26%
Offer wage-based cost sharing (e.g., premiums, deductibles, out-of-pocket maximums)	37% / 1% / 11%

Source: *Business Group on Health 2023 Large Employers' Healthcare Strategy and Plan Design Survey*

In addition to the BGH tactics addressed above, employees' top priorities are still huddled around the core benefit offerings. As new trends appear, student loan/tuition assistance and flexible scheduling capabilities are among the most desirable perks.

Enhanced parental/caregiver leave and fertility coverage with family planning resources are moving upward on the list of tactics.

Social Determinants of Health

Employers' focus on the social determinants of health continues to escalate as economic changes impact an employees' everyday lifestyle now more than ever. Access to health care, childcare, education and financial stability has become more difficult. These barriers are a call-to-action for employers to look beyond the traditional benefit offerings and develop innovative strategies to support employees and their families.

3 out of 4 employers are concerned about health equity within their health and well-being initiatives

Source: Business Group on Health 2023 Large Employers' Healthcare Strategy and Plan Design Survey



Focus Areas for Support

Health Care

- Lowering employee contribution premiums
- Offering new tools for care navigation options (finding a specialist and cost transparency)
- Implementing new tools for employee advocacy (appointment availability and quality metrics)
- Waiving copays and/or out-of-pocket member expenses related to chronic conditions
- Travel benefits associated with local or regional access to care gaps

Finances/Income

- Expanding plan-sponsored benefits for family planning and mental health care
- Enhancing retirement savings opportunities by increasing employer contributions and offering alternative accounts (retiree health benefits and deferred compensation plans)

Childcare

- Providing childcare services and/or resources for parents with children of all ages

Unconscious Bias

- Providing or requiring racial bias training to all employees
- Offering 'Diversity Floating Holidays' and/or offering additional culturally recognized paid holidays

Social Support & Networks

- Creating employee resource groups focused on diversity, equity, inclusion and belonging in the workplace
- Supporting local community groups to promote organizational involvement centered around diversity

Transportation

- Commuter accounts with employer contributions
- Implementing work-from-home policies
- Cover for travel benefits associated with work commuting and/or other health care related travel expenses

Food Access/Insecurity

- Embedding nutrition counseling services into a health and well-being program
- Employer-paid healthy food delivery services and serving nutritious meals in the office

Housing

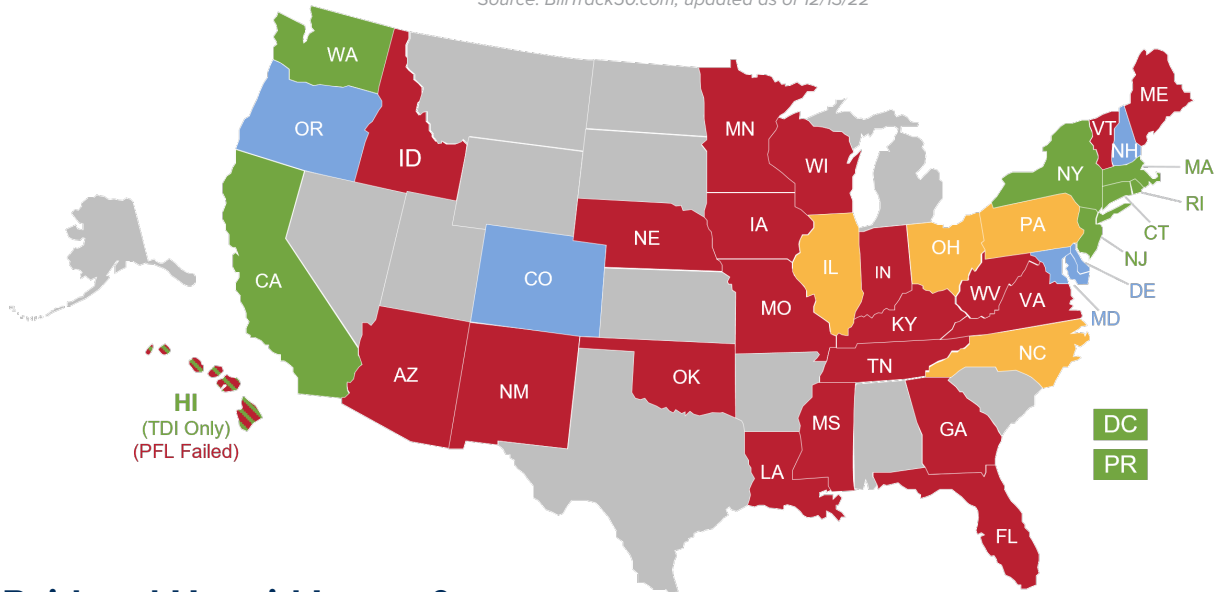
- Work-from-home equipment stipend for expenses such as monitors, desks and office supplies

Absence Management

The recruitment landscape continues to open doors for employers of certain industries to hire remote employees across state lines. While this eases some of the burden of finding dependable talent, it adds new considerations for leave laws. State and local paid family leaves and mandated disability coverage is continue evolving by state and municipality. Employers should consult with their employment law team when evaluating these requirements.

Paid Family and/or Medical Leave Laws – State by State

Source: BillTrack50.com; updated as of 12/13/22



Paid and Unpaid Leave & Accommodation/ADA Trends

- Paid ‘parental’ leaves continue to evolve into broader paid ‘caregiver’ leave.
- The dynamics of paid leave laws are impacting employer strategies around company-paid time off (vacation and/or sick).
- Continued growth in the complexity of the legal environment and administrative workload remain leading influences for vendor partner co-sourcing; this applies to the accommodations process too.
- Employee experience is another factor driving co-sourcing as multiple policies and/or laws may apply to an absence event, creating complexity that can be difficult to understand and navigate.
- Closely aligned with ADA provisions, the Pregnant Workers Fairness Act (PWFA), passed as of December 2022, will require employers to provide accommodations for pregnant and post-partum workers.

<p>Paid Family and/or Medical Leave In Place</p> <p>Legislation Passed & Pending Implementation</p>	<p>Legislation Dead/Failed*</p> <p>Legislation Pending*</p> <p>No Activity</p>
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Alternative Leave Strategies

- Evaluating ways to support employees during unexpected situations unrelated to traditional leave reasons.
- Flexible sick time allotments, emergency time off or natural disaster leaves are strategies supporting a broad spectrum of potential scenarios.
- Organizational approach to bereavement leave with a focus on modern and comprehensive policies extending beyond most current employer programs.
- Sabbatical programs are one of the many strategies some employers have implemented to foster a culture of employee wellbeing, reward tenure, and curb burn out.



Regulatory & Legislative Strategy Updates

Extended COBRA, HIPAA Special Enrollment and Claims Filing Timeframes

Extended COBRA, HIPAA and claims filing timeframes remain in effect and must be disregarded until the earlier of:

- One (1) year from the date they were first eligible for relief, or
- 60 days after the announced end of the National Emergency due to COVID-19.

The National Emergency is currently scheduled to expire on May 11, 2023, and therefore the Outbreak Period is set to end on July 10, 2023.

Plans subject to ERISA, COBRA and HIPAA (other than governmental plans) will need to consider deadline extensions into 2023.

Family Glitch Regulations

Under federal regulations that become effective January 1, 2023, whether an employee's spouse and dependents are eligible for a premium tax credit (PTC) for a qualified health plan purchased from an Exchange/Marketplace will depend on whether the employee's cost for family coverage under the employer's plan is affordable. This is a change from past rules that determined a spouse or dependent's

eligibility for PTCs based on the cost of employee-only coverage (known as the "family glitch").

This change has no direct impact on employers. Applicable large employers may continue to make affordability determinations for ACA reporting purposes based on the cost of employee-only coverage, and there are no penalties for employers that fail to offer affordable coverage to an employee's spouse and dependents. However, employers may generally see increased numbers of spouses and dependents waive coverage due to this new rule.

Also, in conjunction with the expansion of premium tax credits to qualified family members, the IRS expanded the list of permissive election change events to allow an employee to reduce a health plan election mid-year due to their family member's enrollment/intended enrollment into a Qualified Health Plan through the Exchange/Marketplace.

Mental Health Parity & Addiction Equity Act (MHPAEA)

Self-insured medical plans must comply with MHPAEA requirements to conduct comparative analyses of non-quantitative treatment limitations (NQTLs). Plan sponsors should consult with legal counsel and work with their TPAs for assistance in completing the requirements. The DOL's authority to request information began on February 10, 2021.

Transparency Requirements

Most of the health plan transparency requirements became effective in 2022, including the surprise medical bill rules, the requirement to post machine-readable files containing health plan data, the RxDC reporting requirements and requirements regarding provider directories, etc. (Note: Shortly before the due date for the first round of RxDC reporting (December 27, 2022), the regulatory agencies provided a brief extension of the deadline to January 31, 2023). Group health plans will need to continue to comply with those requirements. In particular, the second round of RxDC reporting (concerning the 2022 reference year) is due by June 1, 2023.

In addition, as of the first day of the plan year beginning in 2023, group health plans must make a price comparison tool available that enables plan participants to obtain an estimate (via website, writing or phone) of their cost-sharing obligations under the plan for certain services and items received from particular providers and facilities. Sponsors of group health plans can satisfy this requirement if the plan's insurance carrier or TPA makes the price comparison tool available on behalf of the group health plan. Still, a written agreement between the plan and carrier or TPA is required.

HSA Eligibility & Telemedicine

If an individual is covered by any health coverage that pays for significant medical care or treatment (besides preventive care) before the Qualified HDHP minimum deductible is satisfied, that individual is not HSA eligible.

COVID Exemptions in 2020 - 2022

Telemedicine and other remote care were considered permissible coverage (even if paid for before an individual satisfies their Qualified HDHP minimum deductible). It did not prevent HSA eligibility for services received on or after January 1, 2020, through the last day of the plan year beginning on or before December 31, 2021, and for services received between April 1 and December 31, 2022.

2023 & Beyond

The 2023 omnibus spending bill enacted at the end of 2022 extended the previously mentioned exemption. Under this additional extension, telemedicine and other remote care is considered permissible coverage (even if paid for before an individual satisfies their Qualified HDHP minimum deductible) and does not prevent HSA eligibility for services received during plan years beginning on or after January 1, 2023, and prior to January 1, 2025.

Note: For plans operating on a plan year other than the calendar year, there is currently a gap in time between the expiration of the 2022 exemption (December 31, 2022) and the effective date of the 2023 exemption (the first day of the 2023 plan year). Absent further relief, if an individual has access to telemedicine and other remote care coverage without paying the fair market value for services provided before meeting the HDHP minimum deductible between January 1, 2023, and the first day of the 2023 plan year, they will be ineligible for HSA contributions during that period.

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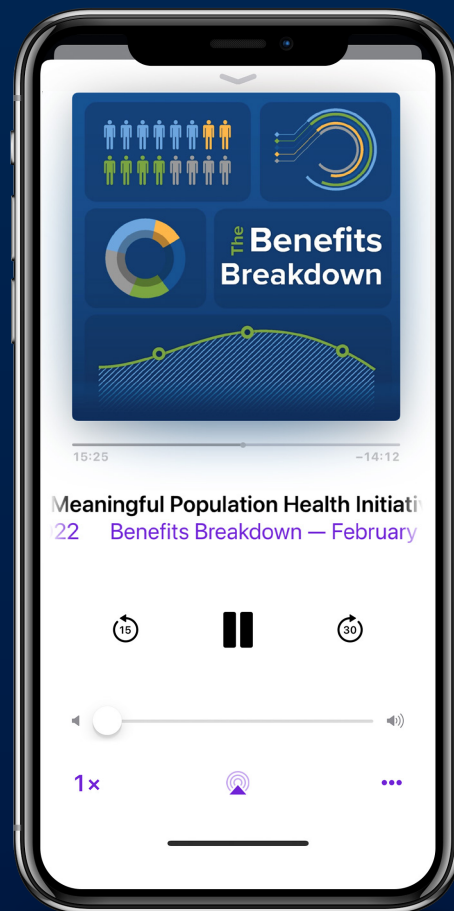
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