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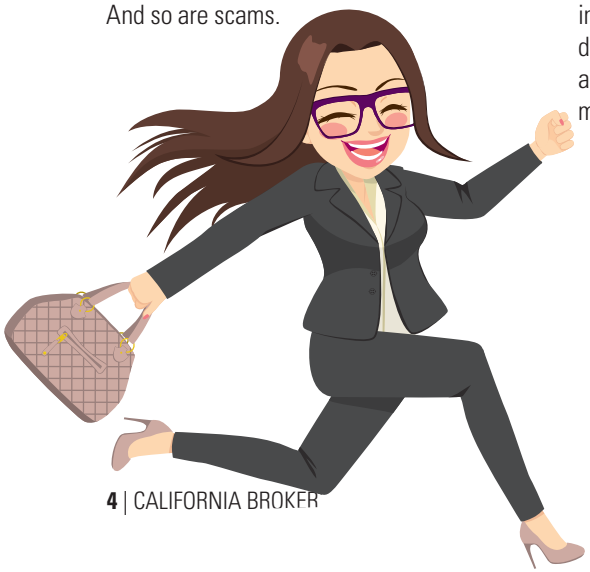

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- Program open to all Agents who maintain active certification with Covered California.
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- Agents shall disclose to their client all commissions and other payments made to them by CCSB in compliance with all legal requirements.
- CCSB may cancel or modify this incentive program at any time without prior notice to the Agencies and Agents participating in the program. CCSB shall not be liable for payment of any incentive payments after cancellation of the program.

Note: Covered California is modifying the Agency Agreement to incorporate this bonus incentive program. Such modification will occur earlier than the 45-day notice period required in Section A(2)(a) of Exhibit B in the Agency Agreement. By accepting this notice, you agree that Covered California may modify the Agency Agreement on or before July 1, 2020, to implement the incentive program outlined in this notice. This is a benefit providing Agents with more incentive opportunities. However, if you do not agree with this effective date, please contact us immediately. Once the Covered California implements the incentive program, the official rules will be made part of the Agency Agreement and will be found at: *http://www.coveredca.com/agents/PDFs/Agent-commission-schedule.pdf*

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AUGUST 2020

PUBLISHER
Ric Madden
publisher@calbrokermag.com

ASSOCIATE PUBLISHER
Naama O. Pozniak
naama@calbrokermag.com

EDITOR
Victoria Alexander
editor@calbrokermag.com

ART DIRECTOR
Michael Vannatter
mike@calbrokermag.com

VP MARKETING
Devon Hunter
devon@calbrokermag.com

ASSOCIATE EDITOR/MARKETING
Linda Lalande
linda@calbrokermag.com

ASSOCIATE EDITOR
Thora Madden
thora@calbrokermag.com

CIRCULATION
calbrokermag@calbrokermag.com

BUSINESS MANAGER
Lexena Kool
lex@calbrokermag.com

LEGAL EDITOR
Paul Glad

EDITORIAL AND PRODUCTION:
McGee Publishers, Inc.
3727 W. Magnolia Blvd.,#828
Burbank, CA 91505
Phone No.: 818-848-2957
calbrokermag@calbrokermag.com.

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Women in Leadership
Being an Expert

BY CERRINA JENSEN, WITH AMY EVANS AND LISA HUTCHERSON

This is the second installment of a multi-part series which features a question based on the book "How Women Rise," by Marshall Goldsmith and Sally Helgesen. Responses are from some of the speakers slated to present at the 2nd CAHU Women's Leadership Summit (WLS), now rescheduled for March 2021 due to global disruptions caused by COVID-19.

The first installment appeared in the July 2020 edition of California Broker Magazine, where we shared that while this series focuses on female leadership and the 12 habits covered in the book that can hamper success, it's meant to shed light on these issues for women as well as the men we work, live and play alongside.

This month, Lisa Hutcherson and I both had answers for the question posed by our fellow WLS speaker Amy Evans: "As Sally Helgesen explains in 'How Women Rise,' trying to master every detail of your job in order to be seen as an expert is a great strategy for keeping the job you have, but it won't get you to the next level in your career. Yet women often make the mistake of thinking that experience is the best route to success. And then they stay stuck where they are. Have you struggled with this, and has it slowed your ability to move forward in your career? Is this something you have been able to overcome? If so, how?"

I loved what Lisa had to say, especially her opening: "As I pondered this series of questions, my immediate response was YES, YES and YES!" Isn't it the truth, if we are actually telling it? Yes, I know all too well that simply mastering a topic is not enough. You can become an expert du jour in just about any subject these days, especially today with YouTube PhD's and Netflix University. But knowledge and experience will only take you so far.

Lisa's right that "becoming an expert within your chosen field or industry is very important." But she and I both know that "it's not enough for career advancement. Nor does it provide job security or protection when there is a departmental or position restructure." Lisa also brings her own perspective to the table as an African American woman. She adopted a deliberate mindset very early on, based on these beliefs:

- I need to learn the job faster than my counterparts
- I need to bring in additional ideas
- I need to work twice as hard to ensure my own job security

While she thought this would demonstrate her "worth and value, and open doors for advancement," she learned that simply following those principles actually did not supersede stereotypes of race or gender. Instead, she found herself "moving laterally for years with only slight differentiations, still ending up in the same roles." But, she finally had a breakthrough moment "and realized I was missing one key component—relationships!"

Lisa discovered that "healthy relationships with the right people—key people within the organization or industry who had a seat at the table where opportunities were being discussed" had much more of an impact on her upward mobility than the foundational knowledge and performance she knew she had to deliver.

While I obviously can't personally relate to the experience of an African American professional in our industry, I can and do absolutely honor her perspective and the opportunity it affords me to grow and evolve alongside her as a colleague and a friend. As a woman, I can certainly also echo my own false narratives that I fell for in the past. For me, it was more about an internal struggle to suppress my sense of power and prowess lest I come off as some kind of arrogant diva who should take up residence in Snootyville. I bought into the stupid misconception that men could be as aggressive as they wanted, but women needed a certain sense of restraint and deference. So, I'd slip into my "teacher" persona—where I could play more safely.

Like Lisa, I was able to overcome this silly charade by aligning myself with those men and women I wanted to emulate.

My impressive collection of affirmations includes this one: "Work until your idols become your rivals." I absolutely love that, because it's quite true. We've all seen plenty of books and training systems based on the underlying message that who you surround yourself with is so critical to your momentum and outcomes, and not just in business.

As Lisa says, "being a subject matter expert is great and important. However, if said expertise is kept to myself and known only to a few close friends who are in the same boat, the potential to remain stagnant is astoundingly real." This reminds me of a conversation I had a few years back about marketing and brand positioning. Something along the lines of the old adage about shouting in the woods but no one can hear you. As the saying goes, knowledge is power. But not if you squash it with a false sense of security because you know stuff.

Yes, it's important for ANY professional with aspirations beyond your current station in life to grow your knowledge and seek opportunities to expand your experience. For sure —those are key factors in achieving success. But that alone will not get the job done. Pursue meaningful relationships with like-minded humans; always give (and receive) value and respect, and never ever stand in your own way.

Cerrina Jensen is an associate VP in the Benefits Division of CoreMark Insurance, and the founder of Stellar Stories, a startup communications and leadership development firm.

Amy Evans is the president of Colibri Insurance Services, a boutique insurance agency that simplifies employee benefits for employers in Southern California. She's also the founder of AlignWomen, a leadership and networking organization for professional women.

Lisa Hutcherson is the West Territory Enrollment manager for Aflac and the founder of Darlis LLC, a company specializing in training leaders in both business and ministry. She is also a certified John Maxwell trainer, business coach, public speaker, poet and author.

AHIP Keeps Track of COVID-19 Response

The insurance industry has responded in big and small ways to the pandemic. America's Health Insurance Plans (AHIP) now has an exhaustive list of what nearly every carrier is doing. The list is arranged in alphabetical order by organization or company name. Check out what insurers are up to AHIP.org.

Documenting the Telehealth Tidalwave

Telehealth claim lines increased a whopping 8,336 percent nationally, from 0.15% of medical claim lines in April 2019 to 13% in April 2020, according to new data from FAIR Health's Monthly Telehealth Regional Tracker. The data represent the privately insured population, excluding Medicare and Medicaid.

A clear sign that the increase is related to the COVID-19 pandemic, the change continued and intensified a trend that began the month before, in March 2020, when the pandemic started its rapid U.S. escalation. The April 2019 to April 2020 increase of 8,336 percent almost doubled the 4,347 percent growth from March 2019 to March 2020.

New Industry Study: Social Distancing Measures Are Biggest Challenge

Not being able to meet face-to-face with clients during the pandemic has been the biggest obstacle for 9 in 10 advisors, according to "COVID-19 Social Distance and Distribution: Advisor Survey Summary of Results," a study conducted by LIMRA, the Insured Retirement Institute (IRI), Oliver Wyman and the National Association of Insurance and Financial Advisors (NAIFA). The vast majority of advisors said they have received significant training and expanded communications about best practices for working remotely and leveraging technology. Advisors said they most value the carriers' and professional associations' advocacy efforts to change or reduce compliance requirements and enable them to submit business digitally rather than via paper. Advisors also said market factors including low interest rates and increased market volatility have also been disruptive to their businesses.

AACII Teams Up with Unified Life Ins Co

The American Association for Critical Illness Insurance (AACII) announced it is collaborating with Unified Life Insurance Company on a new critical illness insurance plan with US Alliance Life and Security Company. The new plan will give consumers the option of either a cancer-only or critical illness insurance coverage and it will be offered exclusively through AACII. The policy will be available exclusively to consumers

who connect via the American Association for Critical Illness Insurance's website (criticalillnessinsuranceinfo.org). The new Unified Life product will become the sole critical illness insurance product advertised on the Association's website. Three coverage levels will be offered ($10,000, $15,000 and $25,000) with the product available for purchase by adults 59 and younger. The comprehensive critical illness insurance policy will provide lump-sum cash benefits upon a qualifying diagnosis for multiple conditions.

Kerri Balbone New COO for Health Net of California

Health Net announced that Kerri Balbone will be the new chief operating officer (COO) for Health Net of California and California Health & Wellness. Balbone was previously the COO of UnitedHealthcare Community Plan of California. In addition, she's a public safety commissioner for the city of West Hollywood.

Covered Cal Welcomes Kevin Cornish

Covered California announced the appointment of Kevin Cornish as the agency's new chief information officer (CIO). He will be responsible for the overall design, development and execution of Covered California's information technology strategy. As CIO, he will provide executive leadership over complex enterprise-wide business information technology solutions within a consumer-facing sales environment. Cornish will also represent Covered California's information technology initiatives with stakeholders, including state and federal government agencies, vendors, health insurance companies and other users of the systems. Cornish has 31 years of experience in the field, coming to the exchange from the Office of the President at the University of California, where he was its chief technology officer since August of 2017. Earlier in his career, as the vice president of the IT Infrastructure Program at Kaiser Permanente, Cornish helped lead a multibillion-dollar initiative to remediate and transform the technology foundation for Kaiser's integrated health care delivery model.

BrokerTech Ventures Announces Carrier and Wholesale Partnerships

BrokerTech Ventures, the industry's first broker-led platform and accelerator program, announced the addition of four super-regional and national insurance firms as partners:

The Cincinnati Insurance Companies, Fairfield, OH,

RT Specialty, LLC, Chicago, IL,

Amerisure Mutual Insurance Company, Farmington Hills, MI,

AmWINS Group, Inc., Charlotte, NC

In May, BrokerTech Ventures announced the addition of Travelers and has been developing relationships with the additional firms along the way.

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MDRT 2020 Virtual Event, Aug. 8-28

This five-day main event will feature the Millon Dollar Round Table (MDRT) Main Platform, MDRT Speaks, Focus Sessions and ConneXion Zone breakout sessions in morning, afternoon and evening time blocks. Unique digital networking opportunities include the MDRT Build Your Network matching service and an interactive virtual scavenger hunt. Members are encouraged to register at least one week in advance to connect with fellow attendees and have the best platform experience. Any qualified financial services professional seeking MDRT membership can still join this year, with all late fees waived under the MDRT Productivity Action Plan. To learn more about MDRT and the benefits available to members, visit www.mdrt.org.

Virtual California Statewide Medicare Expo Aug. 26-27

Ten local California Association of Health Underwriters chapters will host a California Statewide Medicare Expo. Join the online, two-day dive into all things that can help Medicare agents serve seniors. More than 100 sessions and opportunities for certifications and CE offered. $49 for AHU members; $59 for non-members.

Virtual Senior Summit, Sept. 1-3

A collaboration of Inland Empire, Orange County and San Diego Associations of Health Underwriters includes certifications, product trainings, CEs, guest speakers and industry experts, as well as a virtual exhibit hall and more! Price: $49 AHU Member or Non-Member (3 Day Admission). Deadline to Register: August 28.

IICF Foundation Women in Insurance Regional Forums Rescheduled

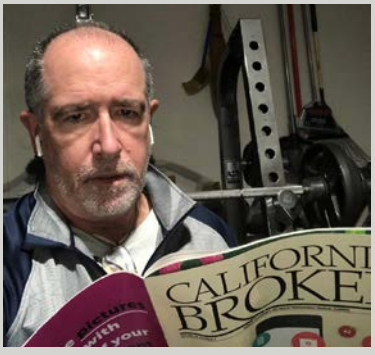
Insurance Industry Charitable Foundation has rescheduled the Women in Insurance Regional Forums:
Chicago: October 14
New York: October 26
Los Angeles: October 30
Dallas: November 17
More info at IICF.org.

16th Annual BenefitsPRO Broker Expo 2020 will be Virtual

BenefitsPRO Broker Expo 2020 will now be virtual in August. Info and free registration at benefitspro.com.

CAHU Women's Leadership Summit Now Rescheduled for March 2021

CAHU's WLS committee announced that the second Women's Leadership Summit has been rescheduled to March 24-26, 2021, at the JW Marriott in Las Vegas. Email questions to info@cahu.org.



Cal Broker GPS: Working From Home

This month we have Brian Sullivan, market vice president with Humana. Brian's safely working—and working out!—from home. Of course, he's enjoying his Cal Broker! Stay safe, stay healthy and keep on reading.

Please send us your photo with Cal Broker of either working from home or on your (safe) travels! Editor@calbrokermag.com.

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COVID-19 Medicare Scams: What's Out There and How to Protect Yourself

BY KAREN JOY FLETCHER

One thing constant about the novel coronavirus (COVID-19) is: what we know about it keeps changing. As a moving target, guidance on how we respond to it also changes. With so much uncertainty, COVID-19 case numbers and unemployment continuing to rise, and with older adults and people of color shouldering a huge disparate burden of the mortality, fear is high. This type of environment creates a situation ripe for fraud. It makes people vulnerable to scams that offer welcomed messages of protection, solutions and treatments for COVID-19. Below is a discussion of various types of COVID-19 scams out there, including specific examples, followed by tips on how to protect yourself and loved ones and where to report suspected fraud.

Sample calls from our helpline

Every week we get reports of COVID-19 scams coming into our California Senior Medicare Patrol (SMP) helpline. And they are getting increasingly creative. Here are a few recent examples:

Lorina received a call from a friendly woman offering a free COVID-19 testing kit. As getting tested is not always easy, Lorina thought this was a great offer. She could have a kit and do the test at home, and/or offer it to family members. The caller said she was happy to send it; she just needed Lorina's date of birth, Social Security number, and Medicare number. Lorina gave it to her, and was going to ask a few clarifying questions when the caller abruptly hung up. Two weeks later, when reading her senior residence newsletter, Lorina saw a fraud alert from our California SMP about COVID-19 testing kit scams. She immediately knew she had probably been scammed and gave us a call.

Another example is from a woman named Fay. She received a phone call from Kevin who claimed to be from Medicare. He said he already had her Medicare number, which assured Fay that he was a legitimate Medicare representative. He offered her a free COVID-19 test kit and said all he needed was her Social Security number to verify her eligibility, which Fay gave him. Fay also then made sure Kevin "from Medicare" had her sister's phone number so she too could get a test kit. As they were wrapping up the call, Kevin said, "By the way, do you have arthritis, sleep apnea or need oxygen? If so, just tell me. You know we can get you anything you need covered by Medicare." This last statement was a red flag for fraud and Fay then called our office to inquire if this was a scam.

In a third example, we got a call from Sheila. She was with her mom when her mom's doctor called. It wasn't her primary care doctor, but a doctor she had 15 years ago for hip surgery. He explained he was doing some telehealth calls during COVID-19 to check on patients. Sheila's mom took his call. After not much more than a "Hi. How are you doing?" the phone call was complete. Sheila didn't think much of it until a few weeks later, when her mom received a bill for $180. Upon calling the doctor's office to dispute the charge, they said it must have been a "billing error" and to disregard the charge. Hmmm….was it really an error, or a deliberate attempt to scam a senior of $180 during the COVID-19 pandemic?

These are just three case examples of many we receive each week. A few other examples we've heard of from our SMP partners around the country include:

- Legitimate-looking emails that claim a person's Amazon account is suspended due to COVID-19. The email says the account will be closed if a $39 renewal fee is not received.
- An imposter scam where someone calls as a "grandchild" needing money because he/she is stuck in Philadelphia (or somewhere else) because of the virus, or a "friend" is stuck in Italy due to COVID-19 and needs money or Google Play gift cards.
- A doctor scam where scammers contact people by phone and email pretending to be a doctor or hospital who treated a relative for COVID-19. They then demand payment for that treatment.

In Florida, we also recently heard

of seniors being offered bogus federal stay-at-home grants worth thousands of dollars each, supposedly to prevent the spread of COVID-19. To do this, an international network of scammers are hacking Facebook accounts to send seniors messages from friends' profiles. This creates the illusion that a friendly acquaintance is promoting the bogus grants. Once contact is made, the scammers request personal information, insurance payments and bank account numbers. This, they say, will ensure "safe delivery of the federal grant money." Yet, of course, the money never arrives.

Text, email and website COVID-19 scams to be aware of

Have you received any COVID-19 related texts? These scams also play on the fear and concern of trusting people, sending urgent text messages such as: "Love your family Michael? Buy your own COVID-19 test kit now. The demand is extremely high so hurry up!" Upon reading this, who wouldn't feel an urgency to act?

Email scams are similar. For example, one email reported to us had a subject heading: "Coronavirus Pandemic Survival Guide—Save yourself and family. One sneeze on you is all it takes." In other email scams, fraudsters "offer" items in high demand, such as personal protective equipment, making claims like: "We are a medical appliance supplier in China offering personal protective equipment … and other necessary medical supplies."

Other email scams appear to be from legitimate organizations, such as the World Health Organization (WHO) or the Centers for Disease Control and Prevention (CDC), yet they may contain links to malicious websites offering "COVID-19 maps" that download malware.

To avoid these types of text, email and website scams, tell clients to be leery of any calls to action that evoke fear and urgency. They should avoid clicking on any suspicious links or web pages, especially when surfing the web. Phishing scams can happen at any time. Always take caution with any electronic form of communication that has COVID-19 in the subject line, or on the attachment, or on the links.

Contact tracing scams

In addition to the scams discussed, another new scam involves contact tracing. In these scams, fraudsters may attempt to contact people while posing as COVID-19 contact tracers. They will ask for personal information, such as Social Security numbers or banking information. Of course, nobody should give this info to them.

Contract tracing is an important tool to fight the spread of the virus. It enables local public health departments to track down people who may have come into contact with the coronavirus without being aware of doing so, and allows them to then take proper precautions. Contact tracers will ask for medical symptoms and about anyone with whom you've had contact. They will NOT ask for personal financial information or your Social Security number.

If anyone asks you for personal information and claims to be a contact tracer, the best response s to hang up. This is a scam.

COVID-19 stimulus check scams

While many people have received their stimulus checks from the government, those who haven't could potentially fall for one of these scams. Some of them include emails that state things like: "Give us your bank account number for direct deposit," or "The IRS sent you an overpayment," and you must "send the money back in cash or gift cards." Some emails appear to come from your bank account asking for additional information to process it. These are all scams. The IRS will never ask for cash or money in the form of gift cards. And the IRS will never call, text or email and ask for personal information or financial information.

We've also been hearing reports of nursing home facilities requiring residents on Medicaid to sign over their stimulus payments to the facility. This is illegal. These stimulus checks are a tax credit; neither the government nor nursing homes or assisted living facilities can seize it.

What you can do to protect yourself and loved ones

The main thing is to be aware of the COVID-19 scams out there and exercise caution. If an offer seems too good to be true, it probably is. If an offer or statement induces fear and/or a sense of urgency, it is likely a scam. If someone is calling or emailing to ask for money or personal information while claiming to be from a government entity, it is a scam.

If you come across any suspected scam, report it to our California Senior Medicare Patrol at 1-855-613-7070. Please share this information. May you and your loved ones stay safe and be well.

Karen Joy Fletcher, MPH, has more than 20 years of experience in Medicare training, education and advocacy and has served as California Health Advocate's (CHA) publications consultant since 2004. She is the primary researcher, writer and editor of CHA's website content, including CHA's newsletter and blog (https://cahealthadvocates.org/blog/). She also develops and revises key educational materials, spearheads CHA's social media and chairs the Senior Medicare Patrol Media Team and SMP superheroes skit team.

Karen teaches Earth gym and Qigong at schools, conferences, festivals and retreat centers around the country and abroad, and co-leads Qigong & Wilderness retreat trips in China. She enjoys ample nature and family time in the Cascadian forests and mountains. www.karenjoyfletcher.com.

HELPING SELF-FUNDED EMPLOYERS CURB COSTS OF SPECIALTY MEDICINES

Brokers align with specialty PBMs and specialty-focused pharmaceutical management companies

BY DEA BELAZI

Self-funded employers face unique challenges when determining how to manage and administer specialty drugs for their plan population, especially with high costs that are still accelerating. In response, brokers can point employers to leading pharmacy benefit managers (PBMs) and specialty-focused pharmaceutical management companies that have the expertise to recommend and navigate key strategies, such as an integrated process with manufacturer's discounts, formulary rebate management and aggressive discounts that can save clients' money for vital medications.

These benefits intermediaries can also play an integral role in advocating for patients seeking assistance that reduces medication costs as well as negotiating on a payer's behalf for prescription rates.

A look inside the specialty drug market

Specialty pharmaceuticals represent the fastest-growing segment of the pharmaceutical industry, dominating new drug development while capturing the attention of payers, providers and consumers seeking effective treatment options to address the complex health challenges associated with chronic or rare diseases.

The specialty niche in pharmacy is approximately 30% of all prescriptions sold. By 2020, growth trajectories in specialty spending are estimated to quadruple, resulting in $400 billion annually, while specialty medications are expected to account for over 50% of prescription drug costs in the next two years.

Medications in specialty pharmacy range from oral to cutting-edge injectable and biologic products, including medications that are infused at the hospital and physician office. Both pharmacy and medical benefits are growing areas that require proactive management.

Diseases treated range from cancer, multiple sclerosis and rheumatoid arthritis to rare genetic conditions. Given the complexity of these treatment regimens, the typically high cost of these drugs (at $1,000 or more per month) and the volatile regulatory climate impacting the pharmacy benefit management industry, there are growing pressures from both public and private sectors to provide an even greater level of specialty drug expertise to the management of these drugs.

It's important to grasp the complexity of this market, its impact on costs and understand that specialty drugs are often more intricate than traditional medications because of the narrow therapeutic window and cost.

Shift toward value-based pharmacy management

Value-based pharmacy management—paying for medications based on outcomes—is the new focus, prompting manufacturers and payers to track real-world outcomes associated with specialty products to ensure positive outcomes and efficiency.

This means that intermediaries, like PBMs and specialty-focused pharmaceutical management companies, will play an increasingly critical role in getting patients the drugs they need at a price they can afford, relying on their vast resources to negotiate on behalf of insurers and customers. The key is to demonstrate specialized expertise and deliver value throughout the care continuum.

These intermediaries are extremely effective at incentivizing the use of generic drugs over costly branded drugs. In the United States, nearly 90% of all prescriptions written today

are for inexpensive generic drugs, in large part thanks to the sophisticated formulary techniques introduced by intermediaries. Intermediaries serve patients and payers alike, delivering transparency and collaborating with clients, patients and payers to save money and reduce costs. They help stakeholders navigate the complex world of drug pricing and high-cost specialty drugs, and they create effective solutions that curb costs.

The challenge has been a fragmented market that serves smaller patient populations, creating more individualized therapies that are, by definition, higher cost and that render patient compliance more difficult to ensure. To combat this, PBMs and other intermediaries have been pushing for greater pricing transparency, going beyond the limitations of what a PBM offers to further protect healthcare consumers. This is of growing and urgent importance, given the anticipated economic fall-out of the COVID-19 pandemic.

Gain bargaining power

Perhaps their greatest strength is that PBMs provide bargaining power and strive to negotiate lower prices with drug makers to save seniors and other patients approximately 50% a year on their prescription drug and related medical costs.

A majority of rebates and discounts are passed back to patients, according to insurance executives. In fact, rebates reduce costs for patients and insurers. In the absence of these cash flows, it is more likely that drug costs for patients and insurers would go up rather than down.

The shift toward personalized medicine demands a much more clinically oriented model of pharmaceutical delivery and pressures PBMs to deliver greater value-based services, such as testing, patient engagement and compliance-monitoring tools. Significantly, the growth in specialty pharmacy as a percentage of all drugs—and with far greater costs per prescription—will only exacerbate the shift and growth in drug costs.

Improving on the PBM model: specialty-focused pharmaceutical management

Rather than adding a layer of bureaucracy to patient care, intermediaries like specialty-focused pharmaceutical management companies represent a significant resource in a common goal: getting the right medication to the right patient at the right time, and at an affordable price.

The need for higher value-added and service-oriented PBMs that leverage communications, telemedicine and analytical technologies is becoming increasingly important. What's more, the current healthcare environment is forcing both PBMs and payers to reexamine their business models, opening a window for emerging players and the development of niches—like a specialty-focused pharmaceutical management company.

A company with this level of expertise offers the same capabilities as a PBM but with the addition of more critical capabilities, such as drug access and understanding, clinical programs for patients, claims processing, patient engagement tools, programs and strategies, and assistance programs like grants and copay assistance.

A number of stakeholders stand to benefit from this level of expertise, including large self-insured employers.

Benefits of innovative specialty pharmacy programs

Given the complexity of specialty drugs, patients require active clinical management, considerable education and sophisticated logistical support for administering and optimizing

> ***...nearly 90% of all prescriptions ... are for inexpensive generic drugs ... thanks to the sophisticated formulary techniques introduced by intermediaries ... to save money and reduce costs.***

the therapeutic outcomes of these drugs. Specialty and other high-cost medications are often misused and underutilized without specialty pharmacy management programs, support systems and monitoring tools in place.

A specialty-focused pharmaceutical management company helps to reduce prescription drug costs and improves quality for patients, employers, unions, and government programs by:

- Engaging patients to make better health decisions and maximize the use of their benefits
- Supporting healthcare providers through evidence-based care
- Improving patient adherence to their treatment plans and supporting patient safety
- Assisting physicians in managing increasingly complex medication regimens and patient populations
- Focusing on clinical outcomes, their corresponding economic savings, and value-based pricing
- Offering lower-cost pharmacy plans that offer convenient access and extra discounts at certain pharmacies
- Providing lower-cost home delivery of medications for patients with chronic conditions
- Negotiating rebates and discounts from drug manufacturers and pharmacies
- Leveraging competition to reduce the cost of specialty medications and improve adherence
- Encouraging the use of generics, biosimilars, and more affordable brand medications
- Managing specialty medications billed under both the pharmacy and the medical benefits

Look for innovative specialty pharmacy programs as a solution to the biggest driver of pharmacy drug spend today and into the future. It should be available on a standalone basis or as part of a full-service PBM option and serve as a high-touch service model that includes: patient and/or caregiver education and training by care coordination teams, beginning on day one; assistance for patients with high deductibles/co-insurance/copay costs by utilizing patient assistance programs and other drug savings programs; and coordination and collaboration with the patient, physician, pharmacist and payer throughout the patient's course of therapy.

Specialty drugs—such as limited distribution products—are a huge driver of drug spending for employer groups. The right programs offer a proven approach to saving clients money by offering an integrated process with manufacturer's discounts, formulary rebate management and aggressive discounts through its specialty pharmacy network.

In terms of pricing, the program should utilize an extensive network of specialty, long-term care and retail pharmacies, along with manufacturer's discounts and rebates, to provide the best price possible.

As the prices of specialty drugs continue to rise in the U.S, brokers can play a key role in helping clients find ways to make these medications more affordable. Going well beyond the limitations of a PBM, a specialty-focused pharmaceutical management company represents a more innovative way to work with specialty pharmacies and manage drug benefits, lower costs and improve the quality of healthcare.

Dea Belazi, PharmD, MPH, has more than 20 years of experience in the healthcare industry, mostly developing and managing pharmacy benefit management companies. He is president and CEO of AscellaHealth, a national PBM with almost 2 million lives under management. He was part of the development of PerformRx as well as Future Scripts. Dea holds a PharmD from the University of RI. He completed his dissertation work at Brown University and later completed an MPH at Johns Hopkins University and a postdoc health outcomes research fellowship at Thomas Jefferson University.

CA STATEWIDE MEDICARE EXPO 2020

VIRTUAL AGENDA

WEDNESDAY, AUGUST 26TH

8:45 AM	OPENING MEDITATION
9:00 AM	OPENING GENERAL SESSION
9:30 AM	KEYNOTE SESSION
10:30 AM	BREAK - ORDER GRUB HUB!
10:45 AM	REGIONAL BREAKOUTS CARRIER PANEL
12:30PM	LUNCH AND GAMES WITH EXHIBITORS
1:30 PM	LEGISLATIVE UPDATE
2:30 PM	CHOOSE FROM 5 TRACKS!
5:30 PM	NETWORKING HAPPY HOUR

THURSDAY, AUGUST 27TH

8:45 AM	OPENING MEDITATION
9:00 AM	KEYNOTE SESSION
10:00 AM	REGIONAL BREAKOUTS PROVIDER PANEL
11:45 AM	BREAK - ORDER GRUB HUB!
12:00 PM	LUNCH AND GAMES WITH EXHIBITORS
1:00 PM	CLOSING KEYNOTE
2:30 PM	CHOOSE FROM 5 TRACKS!

FRIDAY, AUGUST 28TH

BONUS 3 HOUR ETHICS CE !

Separate Registration required, all registrants will receive an email.

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  - A, B, C's of Medicare
  - Agency Structures
  - Where do I start?
- **Growing Your Business**
  - Agency Growth and Hiring
  - Cross Sell Opportunities
  - Business Planning
- **Marketing and Technology**
  - Tools to Work Virtually
  - Social Media Marketing
  - How to Reach Your Clients
- **Carrier Certifications Product Training**
  - Carrier Certifications
  - 2021 Plan Details
  - Resources in ONE Location
- **Senior Resources**
  - Move Management
  - Estate Planning Panel
  - Retirement Planning

Register at www.cahu.org or your local chapter website

Editor's Note: Part One of this series was published in the June issue of California Broker.

COBRA AND SPECIAL ENROLLMENT EXTENSIONS, CARES ACT AND PPP LOAN UPDATES

Guide to COVID-19 Legislation, Part 2

BY DOROTHY COCIU

A lot has happened since I wrote the COVID-19 Guide for Employers, so I felt I was obligated to continue with a "Part 2" of sorts, to fill you in on the most recent legislative and regulatory changes coming from COVID-19 and its impact on all of us. So, I'll begin where I left off…

In the earlier "COVID-19 Legislation—A Helpful Guide to Employers" article, I ended with brief summaries of the COBRA, Special Enrollment and Claims Procedure emergency extensions, with a promise to revisit this in a later article, so that I could do these provisions justice. I also want to update you on the CARES Act changes (which are extensive); particularly the PPP Loan and Forgiveness updates and processes. To help me explain this, I decided to get a little help from my friends, and asked third party administrators, stop loss carriers, attorneys and accountants to help me to explain the provisions, and provide their professional insights as well, as I know this information is tedious. Sometimes it's better to get multiple perspectives on complicated matters, so I hope I can do that for you.

At the end of April, in what seemed to be a direct response from the Trump administration to a "suggestions" communication from the National Association of Health Underwriters' (NAHU) expressing concerns about helping employers and individuals maintain their health coverage, the Departments of Labor and Treasury released emergency legislation on COBRA extensions and related legislation. This suggestion letter from NAHU was sent to the secretaries of Labor, HHS, Department of Treasury and administrator of CMS on April 7. NAHU was concerned with the number of employers working from home, and concerned that things like COBRA notifications, COBRA election periods and the deadlines for premium payments may be disrupted, and individuals who were laid off due to COVID-19 would lose their ability to receive COBRA continuation coverage, as well as other related concerns. On April 29, the IRS, DOL and other federal agencies released updated COBRA extensions and claims filing rules due to COVID-19, to be posted in the Federal Register on May 4, 2020. Go to NAHU's website for a copy of the letter to the Trump administration.

In addition to COBRA extensions, the federal agencies included special temporary rules for the special enrollment period under ERISA, filing benefit claims, appealing adverse claim determination and external review processes and more.

Effective date & basic COBRA provisions & extensions

On April 29, The Departments of Labor and Treasury released an emergency final regulation regarding the COBRA-election period during the dates of the COVID-19 national emergency. The emergency rule took effect immediately and can be applied retroactively to March 1, 2020. The emergency rule allows more flexibility for initial COBRA election periods, deadlines for COBRA premium payments, and timelines for the employer to provide COBRA election notices. The changes in these timelines will be in effect until the administration declares the end of the COVID-19 national emergency.

Continued on page 26

At the end of April ... the Departments of Labor and Treasury released emergency legislation on COBRA extensions and related legislation.

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Examples were provided for seven scenarios in the Federal Register dated May 4, 2020, which assist beneficiaries and administrators to understand the extensions.

Continued from page 22

The U.S, Department of Labor released the Employee Benefits Security Administration (EBSA) Disaster Relief Notice 2020-01, which provided guidance and relief for employee benefit plans due to the COVID-19 outbreak, and the DOL's EBSA released 29 Code of Federal Regulations (CFR) Parts 2560 and 2590 and the IRS 26 CFR Part 54, which provides for an "Extension of Certain Timeframes for Employee Benefit Plans, Participants, and Beneficiaries Affected by the COVID-19 Outbreak."

Overview of emergency rules

This relief provision allows all group health plans, disability and other welfare benefit plans, and employee pension plans subject to ERISA to disregard the period from March 1, 2020, until 60 days after the announced end of the national emergency, or such other date announced by the agencies in a future notice (called the "Outbreak Period"):

- in determining special enrollment periods
- a COBRA continuation election period
- the date for individuals to notify the plan of a qualifying event
  the date which a benefit claim is filed
- the date for filing an appeal of an adverse benefit determination
- the date to file a request for an external review after an adverse benefit determination, and
- the date which a claimant may file information related to a request for external review upon a finding that the request was not complete.

Accordingly, "under the authority of section 518 of ERISA, and section 7508A(b) of the IRS code of 1986, the agencies are extending certain timeframes otherwise applicable to group health plans, disability and other welfare plans, pension plans, and their participants and beneficiaries under ERISA and the code."

This emergency rule has been reviewed and approved by HHS, and HHS advised the agencies that they will exercise enforcement discretion to adopt a temporary policy of measured enforcement to extend similar timeframes otherwise applicable to non-Federal Government group health plans and health insurance issuers offering coverage in connection with a group health plan, their participants, beneficiaries and enrollees under applicable provisions of the Public Health Service Act (PHSA). Therefore, public and private plans are subject to these emergency rules.

COBRA election period

The emergency rule changes the COBRA-election period by allowing a person who has an election period between March 1, and the end of the national emergency an additional 60 days after the end of the national emergency to choose COBRA-continuation coverage. Prior COBRA rules provided enrollees to have 60 days to elect COBRA, but this extension will allow eligible COBRA beneficiaries to have more time to make a COBRA election period decision during the pandemic.

Examples were provided for seven scenarios in the Federal Register dated May 4, 2020, which assist beneficiaries and administrators to understand the extensions. It is important that you understand when reading the examples, that the DOL and Treasury Department are assuming for purposes of the examples that the national emergency ends on April 30 (which of course, it did not), and the Outbreak Period ends on June 29 (the 60th day after the end of the national emergency). But, the examples will help you to understand how the extensions work. Three of the first four examples discuss the COBRA extensions. (*Example Two* is related to special enrollment and is discussed in the next section).

Example One relates to initial COBRA elections due to reduction in hours. It summarizes an individual who works for an employer and participates in that employer's group health plan. Such individual's hours are reduced due to the national emergency, which results in an offer of COBRA coverage. This individual is provided a COBRA election notice on April 1, so what is the deadline to elect COBRA? Under this example, the outbreak period is disregarded. The last day of his election period is 60 days after June 29, which is August 28.

Example Three relates to COBRA premium payments. On March 1, an individual was receiving COBRA continuation coverage under a group health plan. More than 45 days had passed since this person had elected COBRA. Monthly premium payments are due by the first of month, and the plan only provides for the statutory 30-day grace period for making premium payments. This person made the February

Employers will have to have a clear understanding of what the new rules allow ... Coordination with outside vendors, such as TPAs and COBRA administrators, will also be important.

payment on time, but did not make the March payment or any payments during the Outbreak Period. As of July 1, the individual had not made any premium payments for March, April, May or June. Does this person lose COBRA coverage, and if so, for which months? For this example, the outbreak period is disregarded. Premium payments made by 30 days after June 29 for March, April, May or June 2020 are considered timely, so this individual would be entitled to COBRA continuation coverage for these months if he or she makes the payment. The payments will be considered timely if they are made within 30 days after the end of the outbreak period. Premium payments for all four months were due by July 29. The plan cannot deny coverage and may make retroactive payments as long as they were received by July 29.

Example Four relates to COBRA premium payment—partial payment. Assume the same facts as Example 3. By July 29, the individual made a payment equal to two months' premiums. How long does this person have coverage? Because the individual made two months' payments, he or she is entitled to COBRA continuation coverage for March and April, the two months for which the premium payments were made. The individual is NOT entitled to COBRA continuation coverage for any month after April. Therefore, any services incurred in March or April would be covered by the plan. The plan would NOT be obligated to cover any benefits after April 30.

Impact of the COBRA extensions in the real world

As I said, I asked for a little help with comments from the industry friends on this topic, to assist you in better understanding the impact of these provisions for an employer. My first questions to my friends and associates were: "what are your overall thoughts on how the extensions until the 60 days after the announcement of the national emergency or other such dates announced by the agencies affect employers and employees? Will it be helpful for plan participants? Will the provisions be confusing to employers?"

Marilyn Monahan, a benefits and insurance attorney from Monahan Law Office, Marina Del Rey, provided some insights: "The COBRA deadlines that have been extended only apply to COBRA continuation coverage, not state mini-COBRA coverage," she wanted to be sure to clarify. "The new guidance from EBSA will provide some welcome relief to struggling plan participants, as well as overburdened HR departments. However, employers will have to have a clear understanding of what the new rules allow, so that they can implement the changes going forward. Coordination with outside vendors, such as TPAs and COBRA administrators, will also be important."

On that note, I of course asked two third party administrators for their opinions. Jeffrey Strong, VP of Sales for Sterling Administrators, discussed the possible confusion with me. "How will it help participants?" Jeff replied: "This will help participants as it provides more time to absorb and adjust to the market and major disruption that has occurred." Will it be confusing to employers? "It will if the definition of the end of the national emergency period is not clearly defined and executed to the market." Jeff went on to say, "This will be a time for the employer's brokers to shine as they have their ear to the ground and are working to stay as current as possible to help their clients."

To clarify some provisions, Jeff stated, "As a reminder, COBRA coverage does not become active until a participant pays, regardless of the relaxed deadlines. I'm wondering if the ultimate need for coverage will overtake the extended deadlines with no end date."

MaryAnn Wessel of EBA&M Corporation, a TPA in Irvine stated, "As you can well imagine—just as you are in the midst of guiding clients, we are in the midst of reviewing all aspects of the extensions as they impact our forms of communication here." She continued, "I am not sure how confusing this will be to plan participants, Qualified Beneficiaries, etc. As always, this depends on the population of a client. It certainly does add another layer of effort to our already busy environment and work as a TPA but these are "unusual" times and we cannot ignore what is coming from our Federal Government—we just have to prepare, train and be ready!"

I followed with a question that has concerned me since I read the new emergency rules about the ability to "make up" the contributions after several months. I asked Marilyn Monahan if she felt the ability to make up the contributions of four months will be realistic for those who perhaps lost their jobs. "The ability to make up premium payments months after a qualifying event will offer individuals flexibility as they grapple with meeting competing financial obligations during a very difficult time," she said. "However, making up

The extended deadline only solves half the problem for most affected workers—they have a lot more time to pay, but no guaranteed way to pay for it.

months of missing premium payments soon after the end of the national emergency will be difficult and even impossible for many qualified beneficiaries. Therefore, after losing coverage, qualified beneficiaries should consider all their coverage options, including enrolling in a Marketplace plan (for which premium tax credits may be available)."

Jeff Strong had opinions on the make-up of contributions and stated, "No, and we suspect that there will be some policy adjustments to handle these situations as unemployment has increased at an unprecedented rate. The extended deadline only solves half the problem for most affected workers—they have a lot more time to pay, but no guaranteed way to pay for it. The prior recession saw a subsidy of 2/3 of COBRA premium amounts; we will likely need it again."

Special enrollment timeframes

In general, HIPAA requires a special enrollment period in certain circumstances, including when an employee or dependent loses eligibility for any group health plan or other health insurance coverage in which the employee or the employee's dependents were previously enrolled, including coverage under Medicaid and CHIP, and when a person becomes a dependent of an eligible employee by birth, marriage, adoption, or placement for adoption. Generally, group health plans must allow such individuals to enroll in the group health plan if they are otherwise eligible and if enrollment is requested within 30 days of the occurrence of the qualified event (or within 60 days, in the case of the special enrollment rights added by the Children's Health Insurance Program Reauthorization Act of 2009 [CHIP]).

Like the COBRA extensions, this emergency rule extends the special enrollment period for all group health plans, disability plans and other employee welfare benefit plans, and employee pension plans subject to ERISA or the code must disregard the period from March 1, 2020 until 60 days after the announced end of the national emergency, or such other date announced by the agencies in a future notice. Therefore, the 30 day (or 60 day in the case of certain CHIP enrollments) special enrollment period is extended until 60 days after the announced end of the national emergency. Remember, in the examples, they are assuming that the end of the national emergency is April 30, 2020, with the Outbreak Period ending 60 days later, or June 29, 2020.

Example Two relates to a special enrollment period. An individual previously declined participation in their employer-sponsored group health plan, and on March 31, gave birth. She now wants to enroll herself and the child into her employer's plan, but the employer's open enrollment period does not begin until November 15. When can she exercise her special enrollment rights? In this example, the Outbreak Period is disregarded. The individual and her child qualify for special enrollment into her employer's health plan as early as the date of the child's birth. She can exercise her special enrollment rights for herself and her child into the plan until 30 days after June 29 which is July 29 provided that she pays the premiums for any period of coverage.

Claims procedure timelines

Federal regulations require ERISA-covered employee benefit plans and non-grandfathered group health plans, health insurance issuers offering non-grandfathered group or individual health insurance coverage to establish and maintain a procedure governing the filing and initial disposition of benefit claims. They must provide claimants with a reasonable opportunity to appeal an adverse benefit determination to an appropriate named fiduciary. Group health plans and disability plans must provide claimants at least 180 days following receipt of an adverse benefit determination to appeal (60 days in the case of a pension plan or other welfare benefit plans). The extensions apply to these claims procedure timelines, as discussed in the next example.

Medical claims deadlines

Example Five relates to claims for medical treatment under a group health plan. Assume an individual is a participant in a group health plan. On March 1, this individual received medical treatment for a condition covered under the plan, but a claim relating to the medical treatment was not submitted until April 1, 2021. Under the plan, claims must be submitted within 365 days of the participants' receipt of the medical treatment. Was the individual's claim timely? Yes, for purposes of determining the 365-day period applicable to the individual's claim, the Outbreak Period is disregarded. Therefore, the last day to submit a claim is 365 after June 29, 2020,

> ***... employers with self-funded plans should consider the impact of these changes on such issues as reserves, claims run-out, and stop-loss coverage***

which is June 29, 2021, so the individual's claim is timely.

What these provisions mean to employers

As stated above, the emergency regulation extends the regular timeframes for group health plan participants to request a special enrollment period under ERISA. Participants must notify the plan about a qualifying event or determination of a disability, file a claim or appeal and adverse claim determination, or file or amend an external review. I asked Marilyn Monahan if she would like to comment on any of these and what they mean to participants and employers. "The new rules also allow beneficiaries more time to file claims for benefits and appeal adverse benefit determinations," stated Marilyn. "Employers may be less focused on these changes because TPAs will be primarily responsible for implementation. However, employers with self-funded plans should consider the impact of these changes on such issues as reserves, claims run-out, and stop-loss coverage."

Self-funded stop loss considerations and self-funded plan effects

From a stop loss provider's perspective on these emergency extensions, I asked Marc Floyd, EVP of US Benefits, a stop loss managing general underwriter in Irvine, Calif., how these extensions could impact stop loss for self-funded plans and their pricing."Our message is basic. In accordance with federal and state regulations, all applicable mandated coverage requirements will be accepted with no changes in the group's current premium rates and/or aggregate factors."

Are stop loss carriers requiring plan amendments for these provisions? I recently asked four stop loss carriers if they required plan amendments. Two stated that they would require them, one said they weren't required but were recommended. The fourth, Marc Floyd, stated, "Since we have little to no DOL guidance at this point, we would again simply plan on being in compliance with federal legislation and state mandates as pertaining to our stop loss policies. We are honoring mandated coverages (testing, etc.) without a plan amendment [for now]."

I also had a concern, particularly for self-funded plans, of what the adverse effects that these extensions could have on incurred but not reported (IBNR) claims. "It is certainly possible to have an adverse effect on IBNR but it's too early to tell. If so, we don't expect there to be more than a slight uptick in IBNR," explained Floyd.

Self-funded plans have to be concerned about run-out claims. These extensions could affect those run out claims paid after the plan year ends. Can these claims affect not only this year, but next year's plan costs if claims cross over plan years? There seems to be conflicting opinions on this. While some stop loss carriers are saying there will definitely be cross-over claims from one plan year to the next, others are thinking claims should be paid from the "extensions" of the first plan year. "Our initial thought," says Floyd, "is that 'extensions' would apply back to the stop loss contract which was in force when the initial liability was incurred and NOT be part of the run-in liability," [for the next plan year]. My advice on this is to check with your stop loss carrier, if you are a self-funded plan, or if you are a broker whose clients are self-funded, to see how they are interpreting these provisions, so that you know your plan liability.

Another thought on this is—what kind of actuarial impact these extensions could have on stop loss in general? Could this affect the plan's renewal rates in an adverse way? "It's too early to tell," says Floyd. "These rules most likely would have a relatively minor affect on overall stop loss pricing. A major concern is unknown group shrinkage, changing the group demographics and lowering overall projected premiums."

So with that in mind, if you're self-funded, or a broker representing self-funded plans, you should make note of the overall reduction, if any, in the group's population, and how the remaining population's demographics may have changed when all of this is over.

CLAIMS PROCEDURES and APPEALS

Internal appeal – Disability Plan

Example Six discusses an internal appeal of a disability plan, but it shows the timeframes for all internal appeals. In this example, an individual received a notification of an adverse benefit determination from their disability plan on January 28, 2020. The notification advised the individual that there are 180 days within which to file an appeal. What

If the national emergency goes on for several more months, this could be chaotic ... and may result in drastic adverse selection, which could affect future premium rates, for sure.

is the individual's appeal deadline? According to the rules, when determining the 180-day period within which the appeal must be filed, the Outbreak Period is disregarded. Therefore, the individual's last day to submit an appeal is 148 days (180 days minus 32 days following January 28-March 1) after June 29, 2020, which is November 24, 2020.

Internal appeal – Pension Benefit Plan

Example Seven discusses an internal appeal for an employee pension plan. An individual received a notice of adverse benefit determination from his/her 401K plan on April 15, 2020. The notification advised the individual that there are 60 days within which to file an appeal. What is the appeal deadline? When determining the 60-day period within the appeal must be filed, the Outbreak Period is disregarded. Therefore, the individual's last day to submit an appeal is 60 days after June 29, 2020, which is August 28, 2020.

SUMMARY CONCLUSION:
COBRA, SPECIAL ENROLLMENT and CLAIMS EXTENSION PROVISIONS

The main thing to remember regarding COBRA is that the key date is 60 days after the announcement that the national emergency has ended. In terms of making retro COBRA payments, my concern is that if someone was laid off for a period of time, as months accumulate in retro status, it will be that much more difficult to pay the past-due premiums, the longer the time accumulates. If you aren't able to afford month one payments, will you be able to afford months one through four and pay within the allowed time-frames? I think the intent is good, but we'll see how the reality of the financial situation plays into this. We all know how in the past, someone could wait until the end of the old 60-day election period, elect at the end, then have 45 days to pay the premium. Employees with knowledge (or help from someone who has knowledge) of how the COBRA timeframes work could wait and see if they had claims that needed payment during that 45-day window. If no claims, no need to pay the premium. Now, with these extensions, keep in mind, allowing those months to accumulate until the end of the national emergency just means that the COBRA participant will have even MORE MONTHS to make up premium payments for if they did have claims during that period. And if they were laid off or had a reduction in hours, that will not be easy. Again, great intent but I'm not so sure if it will actually help people who lost their jobs during this time. Perhaps enrollment in exchanges (with possible subsidies) may be the way to go.

The Special Enrollment extensions concern me because first, it's an administrative nightmare for the employers to determine how long someone has to enroll, and even more of a nightmare getting the enrollment documents in to the carrier or administrator and having claims paid retroactively, due to the retro-active enrollments. The examples, once again, assumed the end of the national emergency was April 30, but we're already in July and there is no announcement of an end. In fact, COVID-19 cases are rising. If the national emergency goes on for several more months, this could be chaotic, not to mention disruptive and costly for the insurance carriers, and may result in drastic adverse selection, which could affect future premium rates, for sure.

The claims rules will be chaotic for the insurance carriers and third-party administrators primarily, but employers will also be involved in these matters, causing HR departments to cringe.

Guidance for coronavirus-related distributions and loans from retirement plans under the CARES Act

The IRS released Notice 2020-50 which provides guidance relating to the application of the CARES Act for qualified individuals and eligible retirement plans. A coronavirus-related distribution is not subject to the 10% additional tax, including the 25% additional tax for certain distributions from SIMPLE IRAs. I suggest that you review this guidance if you have or plan to make distributions from your retirement plan.

THE CARES ACT, PPP FLEXIBILITY ACT and LOAN FORGIVENESS

Since my last article on this topic, so much has changed regarding the Paycheck Protection Program (PPP). As I'm sure you've heard, new legislation entitled The PPP Flexibility Act was signed into law, which gives businesses additional time to get their employees back to work so that they may qualify for loan forgiveness, or partial loan

> ***... the Paycheck Protection Program (PPP) was established, including provisions relating to the maturity of PPP loans, the deferral of PPP loan payments, and forgiveness of the PPP loans.***

forgiveness. The original 8-week period was extended to 24 weeks, so that businesses such as restaurants, which were not allowed to re-open during the 8 week period, were not eligible to have their loans forgiven may now have additional relief. In addition, the PPP Flexibility Act offers an option to change the percentages from at least 75% spent on payroll expenses to 60% for payroll-related expenses.

Before I go any further, I do want to emphasize that I am not an attorney or an accountant, and therefore I am not providing any legal, financial or tax advice here. I will give my standard disclaimer that I am only taking on the role of a quasi-reporter for this article. To assist me with some of the complexities of this, I did reach out to a tax accountant and an attorney for assistance in understanding these provisions. But again, I am only providing general, public information. Also remember that situations vary and the provisions I discuss here may have different applications depending on your industry, type of entity (corporation, independent contractor, sole proprietor, etc.), and more. So, as always, I recommend that you seek the advice of your legal and financial/tax professionals before you act. In addition, please understand that things are constantly changing, and I strongly encourage you to continue to monitor, read, and follow all updates, as they will likely continue to be released throughout 2020.

PPP Flexibility Act overview

Recently released guidance on the business loan program's temporary changes to the PPP, provides revisions to the first interim rule. What this does is add the PPP program to the SBA's 7(a) loan program, on a temporary basis.

The PPP Flexibility Act changed key provisions in the PPP, including loan maturity, deferral of loan payments and forgiveness provisions.

With the COVID-19 national emergency, many small businesses nationwide were experiencing economic hardship as a direct response to the federal, state and local public health measures taken to minimize the public's exposure to the virus. The CARES Act was signed on March 27, 2020, to provide emergency assistance and health care response for those affected by the coronavirus pandemic. The Small Business Administration (SBA) received funding and authority through the CARES Act to modify existing loan programs and establish a new loan program to assist small businesses nationwide that were adversely affected by the COVID-19 emergency. Through the CARES Act, the Paycheck Protection Program was established, including provisions relating to the maturity of PPP loans, the deferral of PPP loan payments, and forgiveness of the PPP loans.

PPP FLEXIBILITY ACT: SUMMARY OF CHANGES

Loan Maturity

Under Section 1102 of the CARES Act, certain provisions regarding the issuance and use of PPP loans are limited to the "covered period," which was originally defined as the period from February 15, 2020 to June 30, 2020. However, section 3(a) of the Flexibility Act extended the covered period until December 31, 2020.

Section 2(a) of the Flexibility Act provides for a minimum maturity of five years for all PPP loans made on or after the date of the enactment, which was June 5, 2020, and permits lenders and borrowers to extend the maturity date of earlier PPP loans by mutual agreement. The rule now reads "PPP's maturity of two years for PPP loans made before June 5, 2020 unless the borrower and lender mutually agree to extend the maturity of such loans to five years, or PPP's maturity of five years for PPP loans made on or after June 5." Therefore, it is important that you check the date of your loan to determine whether you will automatically have a 5 year maturity, or if earlier than June 5, understand that you must request this extension from your lender.

Deferral period for PPP loans

Section 3 (c) of the Flexibility Act extended the deferral period on PPP loans. If you submit to your lender a loan forgiveness application within 10 months after the end of your loan forgiveness period, you will not have to make any payments of principal or interest on your loan before the date on which SBA remits the loan forgiveness amount on your loan to your lender, or notifies your lender that no loan forgiveness is allowed.

Your "loan forgiveness covered period" is the 24-week period beginning on the date your PPP loan was disbursed; however, according to the Federal Register (Vol. 85, No. 116, June 16, 2020/Rules & Regulations) if your PPP loan was made before June 5, 2020, you may elect to have your

If you do not submit a loan forgiveness application to your lender within 10 months after the end of your loan forgiveness covered period, you must begin paying principal and interest after that period.

loan forgiveness covered period be the eight-week period beginning on the date your PPP loan was disbursed. Your lender must notify you of remittance by SBA of the loan forgiveness amount, or notify you that SBA determined that no loan forgiveness is allowed, and the date your first payment is due. Interest continues to accrue during the deferment period.

If you do not submit a loan forgiveness application to your lender within 10 months after the end of your loan forgiveness covered period, you must begin paying principal and interest after that period. For example, if a borrower's PPP loan is disbursed on June 25, 2020, the 24-week period ends on December 10, 2020. If the borrower does not submit a loan forgiveness application to its lender by October 10, 2021, the borrower must begin making payments on or after October 10, 2021.

Loan forgiveness
(8 weeks to 24 weeks and 75% to 60% provisions)

The original provisions of the PPP program under the CARES Act had a covered period of eight weeks, beginning on the date of the origination of the covered loan. Section 3(b) of the Flexibility Act extended the length of the covered period from 8 weeks to 24 weeks, while allowing borrowers that received PPP loans before June 5, 2020 to elect to use the original eight-week period (Flexibility Act Section 3(b)(3). This option to extend or not to extend will most likely be related to whether or not an entity was able to keep their employees on payroll from the loan origination date. If they were a restaurant, hair salon, gym, nail salon or other type of business that was not allowed to reopen, or they could only reopen with limited staff (such as carry-out service only from a restaurant), then they would likely gain from the extended covered period. In those instances, you should view favorably giving the businesses more time to use the loan proceeds as intended by the PPP in the first place since businesses that received a loan should not only have a better chance at survival, but also to help retain and hire employees. And of course, meet the forgiveness qualification standards. If your business was able to keep your employees on payroll during the eight-week period, you may want to stay with the original loan terms of 8 weeks.

Section 3(b) of the Flexibility Act also amended the requirements regarding forgiveness of PPP loans to reduce, from 75% to 60%, the amount of the PPP loan proceeds that must be used for payroll costs for the full amount of the PPP loan to be eligible for forgiveness.

PPP loans can be forgiven in whole or in part. The amount of the loan forgiveness can be up to the full principal amount of the loan and any accrued interest. An eligible borrower will not be responsible for any loan payment if the borrower uses all of the loan proceeds for forgivable purposes and the employee and compensation levels are maintained or, if not, an applicable safe harbor applies.

To receive full loan forgiveness, a borrower must use at least 60% of the PPP loan for payroll costs, and not more than 40% of the loan forgiveness amount may be attributable to nonpayroll costs, as allowed in the PPP.

Loan forgiveness safe harbor

There is a new safe harbor in the PPP Flexibility Act that provides that if a borrower is unable to rehire previously employed individuals or similarly qualified employees, the borrower will not have its loan forgiveness amount reduced based on the reduction in full-time equivalent employees.

Possible tax consequences from PPP loans

One concern that I and others have had was whether or not companies that receive PPP loans will be able to write off their expenses during the eight-week or 24-week period that they were using PPP proceeds. I asked John Piekarski, a tax accountant in Huntington Beach, Calif., to provide more details on this. "The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on payroll," commented Piekarski. "The Small Business Administration will forgive loans if all employees are kept on the payroll for 8 [or 24] weeks, and the money is used for payroll, rent, mortgage interest, or utilities. Upon forgiveness, the PPP has the look and feel of a non-taxable federal grant. Congress intended the PPP expenses to be fully taxable with no effect on deductibility of the expenses paid during the 8-week [or 24-week] period. All write-offs will be able to be used on your tax forms." Piekarski also stated that the loan proceeds would NOT be considered income for the businesses receiving the loans, at least not as of now. As we

Business owners are urged to keep meticulous records on how much and where PPP money was spent, taking care to note employee names, purveyors, landlords, and insurance carriers.

all know, this could change, so keep in close contact with your accountant and tax professionals!

Loan forgiveness application process

You may recall that when first enacted, the PPP program was supposed to be a simple process. You were supposed to complete the application, a loan would be generated, and the loan would be forgiven easily and simply. That is no longer the case. The process is cumbersome, tedious, and sometimes overwhelming. What makes it worse is that the process is changing seemingly every couple of weeks, and it's very difficult to keep up with the rules. So, I'm sure that by the time this article is published, the application and process will have changed again.

The Loan Forgiveness Application has two options: a long form or a short, easy form (but neither are easy), with detailed instructions that will cause some business owners to stare cross-eyed. You can find the loan applications and instructions online.

PPP regulations and guidance: what's next and where do you go from here? Has the PPP been worth It?

I want to end by coming back to what I said in the beginning of the PPP section. The Flexibility Act has many important points that must be closely considered and understood by all borrowers, and this latest guidance is certainly not the last. You can expect additional regulations and guidance to be forthcoming between now and the end of the year. I suggest that if you borrowed money from the PPP Loan program, that you closely follow all of the related releases, guidance and rules published by the IRS and SBA. You should prepare and maintain all of your documents used to apply for the loan and show a detailed spreadsheet on how you spent the loan proceeds. You should also consult with your accounting and tax professionals, and if necessary, your legal counsel, to be sure that you strictly follow your lender's requirements related to the Forgiveness Application. "Moving forward," commented Piekarski, "business owners are urged to keep meticulous records on how much and where PPP money was spent, taking care to note employee names, purveyors, landlords, and insurance carriers."

The PPP Program has been materially flawed from the start, but we can hope that despite the way in which the program was pushed out and the complexities that followed, that many businesses and employees will survive and remain or become employed in part because of the PPP. So, I suggest you look at it in the positive light that it was intended, and I think you'll probably see a better result.

"In my opinion," says Piekarski, "the PPP loans are positive in this business climate, because it puts money into the hands of employers, who are held accountable by the SBA to spend on what matters in business: payroll, and immediate expenses."

Yes, it's been challenging, but to some businesses, it's been a lifeline."Many businesses are having difficulty bringing employees back to work because of the lucrative unemployment benefits offered by the state and federal governments," notes Piekarski. "So now, the small businesses can concentrate on keeping open, for when employees finally run out of unemployment benefits. Other businesses should be able to keep all of their employees on payroll because of the PPP loans. The best part of the PPP program is the opportunity for businesses to get back on their feet or to continue in their chosen professions. The hardest part of the PPP program has been the lack of information and misinformation given out with no clear-cut way forward. Accountants and taxpayers alike were subject to the lack of information available with nowhere to find assistance."

So, do your homework. Don't wait until the last minute, and please, continue to review all of the updates from the IRS and SBA, to make sure you can get the most financial help possible for your business.

Author's note: *Thanks to the following for their assistance with this article: Marilyn Monahan, Monahan Law Office (Marina Del Rey) (310) 989-0993 or marlyn@monahanlawoffice.com; MaryAnn Wessel, EBA&M Corporation (Irvine), 714-668-8920 x101, or maryann.wessel@ebam.com; Jeffrey Strong, Sterling Administrators, Oakland, (800) 617-2729 x 280 or jeff.strong@sterlingadministrators.com; John Piekarski, tax accountant (Huntington Beach), 714-296-5677 or johnptehtaxman@gmail.com; Marc Floyd, US Benefits Stop Loss, (Irvine), 949-468-3023 or mf@usbstoploss.com; and David Green, general counsel, Cetera Financial Group (El Segundo).*

Dorothy M. Cociu, RHU, REBC, GBA, RPA, LPRT, is CAHU VP communications and president of Advanced Benefit Consulting & Insurance Services, Inc. (714) 693-9754 x3, email: dmcociu@advancedbenefitconsulting.com.

INSURANCE INDUSTRY TECH: FROM SILICON VALLEY TO THE SILICON PRAIRIE

A conversation with four leading authorities

BY SUSAN HATTEN

A little more than 10 years ago, the term "insurtech" was coined, referencing a surge in activity of nontraditional startups which were emerging within the insurance industry. Now, after a decade of evolution and maturation, the insurtech sector has risen to become one of the key drivers of innovation and insurance value-chain transformation on a national and global stage.

Silicon Valley plays host to many of the world's largest high-tech corporations and tens of thousands of startup companies, many of which are creeping into the insurtech space. This said, there is a hotbed of insurance innovation taking place in the heartland of America—a region coined as the "Silicon Prairie" (with all due respect to its counterpart region of innovation in California).

In response to the need to harness this innovation, BrokerTech Ventures (BTV) was founded in 2019. BTV provides a venue for the best minds in insurance and technology to collaborate and bring to market leading-edge ideas and solutions. BTV is the first broker-led investor group and accelerator program focused on delivering innovation to the insurance agent-broker industry. BTV invests in the research and testing for each of the chosen startups, provides access to veteran industry mentors, and helps scale the technology to market through broker distribution channels.

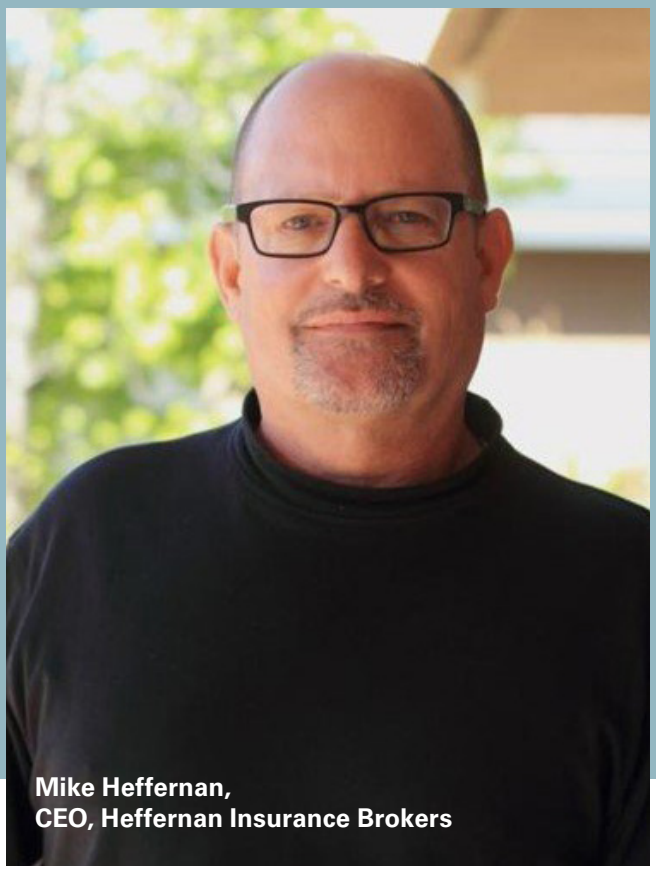
Headquartered in the Midwest are the two founding firms of BTV—Holmes Murphy, located in Des Moines, Iowa, and M3 Insurance, located in Madison, Wisconsin. Des Moines ranks as the global hub of insurance, on the coat-tails of Hartford, Conn., and New York City, NY.

While COVID-19 may be impacting capital raise results, the insurtech ecosystem is hotter than ever. From Silicon Valley to the Silicon Prairie and across the seas, our BTV team is closely monitoring activity. We've captured voices from some of the most reputable privately held brokerage firms in California, all of which are instrumental leaders tied to the transformational platform of BTV.

Q: How does Silicon Valley view the innovation taking place in the Midwest (the Silicon Prairie)?

Brian Hetherington—Chairman, The ABD Team

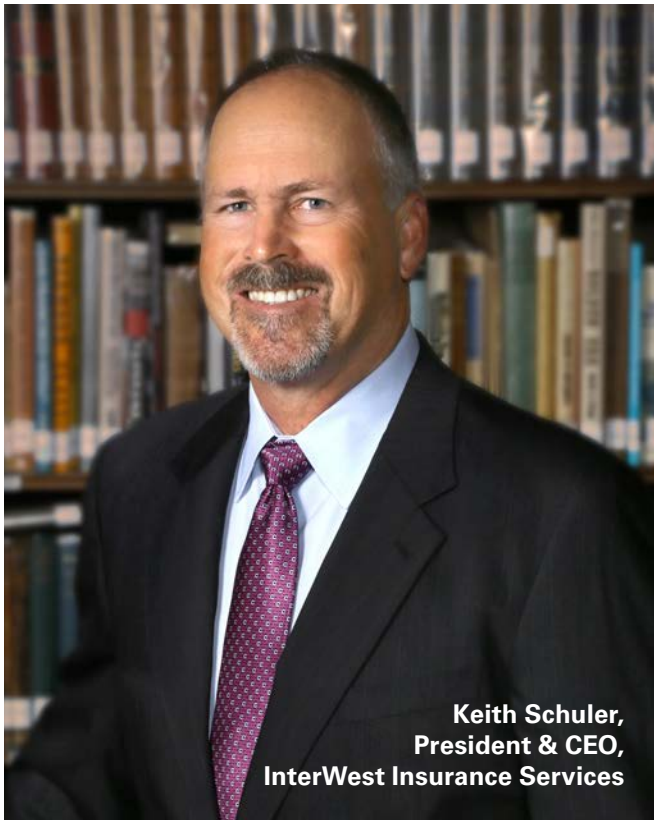
"Innovation and insurtech have gone global, where ZIP codes, and even regions, are of lesser importance. In thinking about what is happening in the Silicon Prairie region, the access to capital, quality education, welcoming tax structure, palatable cost of living, etc., matter now more than ever. As we experienced on a recent trip to Iowa for BTV, a friendly



Mike Heffernan,
CEO, Heffernan Insurance Brokers

Andy Barrengos,
Chairman & CEO,
Woodruff Sawyer

Brian Hetherington,
Chairman, The ABD Team



Keith Schuler,
President & CEO,
InterWest Insurance Services

> ***The Midwest offers competitive access for growth, to talent and capital, along with a 'business-friendly' environment that is not consistently available across Silicon Valley.***

government and a warm welcome from the Iowa Economic Development Authority carried tremendous weight in terms of my view of innovation and economic opportunity in the Heartland."

Mike Heffernan—CEO, Heffernan Insurance Brokers

"Being located in the Valley, we don't always hear about the innovation and insurtech activities taking place in the Midwest. This being said, I believe that while California is host and home to many of the most reputable tech companies and the startup ecosystem, the insurtech movement has been taking place and flourishing in the Heartland and East Coast at a much more rapid pace. COVID-19 may have also accelerated the activity for the insurtech movement and growth in the Midwest."

Keith Schuler—President & CEO, InterWest Insurance Services

"The ability to work from anywhere with remote access has created immediate change and will continue to evolve. No longer is innovation housed in one central area of the country."

Andy Barrengos—Chairman & CEO, Woodruff Sawyer

"The Midwest offers competitive access for growth, to talent and capital, along with a 'business-friendly' environment that is not consistently available across Silicon Valley.

In the latest review, the insurance industry accounted for 16–18% of the employment opportunities in the Silicon Prairie region, including states such as Iowa, Wisconsin and Nebraska. As referenced by our BTV agency CEOs, the attraction by the insurance community to this region is likely driven by the favorable tax structure, healthy economic opportunities, and access to quality schools and universities for talent."

Q: What advantages do you see in taking the learnings of being centered in Silicon Valley and watching the transformation following the dot-com bust or the Great Recession?

Hetherington, The ABD Team: "The lessons learned from these events are transferable to the Silicon Prairie or any environment that exists to cultivate opportunity. There are pretenders, then there are contenders. This business of insurance is cyclical. There will be highs and lows. You must learn to weather both in order to remain relevant and to rise above."

Heffernan, Heffernan Insurance Brokers: "We're involved in several startups that we chose to transfer out of the Bay Area, after COVID-19 hit. We could not cost-justify keeping them tethered in the Valley, given the cost of living, working and doing business in the region. Living here (in Silicon Valley) certainly offers you an appreciation for other areas of the country where cost of living is less and you have the ability to cushion for downturns."

Schuler, InterWest Insurance Services: "There will be an immense amount of failure taking place during this stretch of uncertain time in our country and world. Insurtech is such a broad term, which creates a challenge in terms of finding those insurtechs who have solid solutions that will survive. BTV allows us to better vet these technologies to ensure the opportunity is lasting."

Barrengos, Woodruff Sawyer: "Specific to the Valley, one of the greatest lessons learned from either of the downturns is the ability to embrace resilience and create new solutions to difficult problems that users value. There's also an ability to gain confidence to rise above if you surround yourself with good people and solid capital. We see the timing for BTV to be quite perfect in the midst of COVID-19. With the varied universe of people solving a varied universe of problems, BTV allows us to do so much more—quickly and efficiently. BTV has been forming and developing critical mass, becoming smarter, figuring out how to work together. And it's just getting started."

Q: What are you seeing and hearing on a national and global scale as it relates to insurtech?

Hetherington—Chairman, The ABD Team: "Buyer beware. While Lemonade and other notable insurtechs have recently enlisted significant IPOs, there is still a degree of volatility in these companies. As a combined industry sector, by and large, insurance can be more stable—while tech is less stable. Ultimately, when you blend the two, overall as-

sessment of insurtech solutions becomes more challenging. BTV affords all of us an opportunity to leverage collective intellectual bandwidth. We have an opportunity to enhance our agency processes and procedures, become better, more nimble, and more accurate. This ultimately allows these efficiencies to make our customers, and our industry, better. There will continue to be the M&A trend, and BTV allows us to stay abreast of the latest insurtech innovations and to coalesce around the infinite game mentality. While the Valley does bring us unique insights in the heartbeat of tech, there are still 13 sectors of insurtech—and an even greater swath of global capital interested in playing in the space."

Q: Do you see BTV playing a pivotal role in shaping innovations in insurtech, as well as adding value to your firms and the greater insurance industry?

Hetherington, The ABD Team: "Strong alliances win wars, ultimately, winning the infinite game. BTV is this for our industry."

Heffernan, Heffernan Insurance Brokers: "We can vet products and services for our clients and agencies, and convene with one another to scale further, faster. It would be nice if there were fewer technologies in our industry rather than more. Where we are headed with BTV, we see a great opportunity in coalescing around a tighter stack of technology."

Schuler, InterWest Insurance Services: "We are unearthing diversity of thought in our industry. BTV has brought us a listening ear and learning environment. We may all come to the table with a wide variety of unique opportunities, as well as common problems and challenges. BTV enables us to make swifter decisions, where our chances of success are far greater together than going alone."

Barrengos, Woodruff Sawyer: "BTV offers insights and a portal through which we can vet ideas and concepts. We are in the room where it happens. BTV also provides a knowledge base for those of us who are trying to play the infinite game to make our capital smarter and the startups smarter. We offer added value to our customers and stakeholders all the while. We bring benefit to everyone involved in BTV—a rising tide lifts all boats."

Q: What are your predictions for the future of insurtech?

Hetherington, The ABD Team: "The strongest companies come out of downturns. The auto industry went through a downturn in the Midwest in 2003. Tesla came out of that downturn. Technology baked into cars has now changed the auto industry. Midwest technologies will emerge much the same. The pace of innovation will continue to escalate at a much more rapid pace."

Heffernan, Heffernan Insurance Brokers: "I'll start with one concern that I believe we may be solving for. Think of the abundance of new technology solutions we are introduced to and, as a result of curiosity, we are asking our internal teams to review, beta, pilot or vet. At what point is it too much, so much so that we risk missing the greatest technology? As we see it, BTV allows us a solution to this overabundance of inbound tech interest in the form of a baked-in vetting platform."

Schuler, InterWest Insurance Services: "We've removed the word 'challenge' from our nomenclature at InterWest and replaced it with 'opportunity.' Through BTV and the aggregation of thought leaders, we will be able to meet and exceed the expectations of our customers and stakeholders. We need to show that we are innovative and trying to make their worlds better."

Barrengos, Woodruff Sawyer: "When you think about innovation and where we are, innovation happens where ever people can develop their ideas with access to capital and mentorship. Contrary to how people feel, I don't know of a better time in my life to start a company to solve a tough problem with a great solution. There's no better time for BTV to be a facilitator, educator, and user, while also adding capital to move technology forward. We were purpose-built for this time."

As insurtech continues to flourish, the barriers to entry will only become greater. What is clear is that access to quality amenities and distribution are not only necessary to compete, thrive, and scale, but may be the reckoning differential in selected geography to plant startup seeds.

One thing is certain—the future before us is unknown. As Simon Sinek thoughtfully introduced us all to the infinite game philosophy, such is the advantage of playing the game with spirit, gratitude, and a mindset of abundance between worthy rivals. After all, whether insurtech or otherwise, aren't we all simply trying to remain relevant in this infinite game called life?

Susan Hatten is Chief Operating Officer of BrokerTech Ventures and oversees corporate and community engagement at Holmes Murphy. Prior to joining Holmes Murphy in 2014, Hatten led marketing & business development for an advertising agency and media company for more than 10 years. Hatten has been an active mentor in the insurtech space and is also active in several women's initiatives including Holmes Murphy's Women Optimizing Women (WOW), Lead Like A Lady and Million Women Mentors. Hatten was named the 2017 Meredith Corp. Emerging Business Woman of the Year and is a member of the 2011 Forty Under 40 class by the Business Record, among other honors. Hatten is a graduate of Iowa State University. Contact: shatten@holmesmurphy.com. Learn more: =www.brokertechventures.com, or on Twitter @BrokerTechVen.

INSURANCE AGENTS ARE THE EXPERTS NEEDED NOW

Treat mental health with the same care as physical health

BY TARA DRISCOLL

Mental Health. Let's talk about it. We have been dancing around the conversations with our employer groups for years. We sometimes cover it on the client review spreadsheet, with a copay and elaborate if there is a known client with mental health needs. It's time we treat the mental health of our client's employees with the same care that we do for their physical health.

When all of the old rules and ways of engaging no longer seem to apply, if we let go just long enough, a new pathway is forged. That path is where we create the future.

For the duration of my nearly 20 years of group insurance sales, brokers have been defining and redefining their value, particularly when things get disrupted. Most agents were petrified when the Affordable Care Act was instituted. Many of them feared their role being displaced by the new rules and guidelines. Come to find out, the Affordable Care Act turned out to be less of a threat and more job security as small businesses and large companies navigated the new health insurance world. This only solidified the role of the insurance agent when it comes to helping American companies continue to demystify health

The attention on healthcare and health insurance has multiplied, creating another new opportunity to solidify the relationships brokers have with their clients. This is the time to truly be an expert.

insurance, provider networks, and a deductible.

Today, COVID-19 is the most recent shock to the American system. Shutting down companies, reducing work hours, and new restrictions changed how we exist in society. The attention on healthcare and health insurance has multiplied, creating another new opportunity to solidify the relationships brokers have with their clients. This is the time to truly be an expert.

Today's world challenges the health insurance broker to think beyond group health insurance, and institute a philosophy of being the expert and advising clients in terms of what is happening in the current employee benefits environment. Far beyond medical proposals, spreadsheets, and rate comparisons, clients are looking to you as their advocate for how to protect their greatest asset, their people.

Our customers look to us as health insurance professionals to make sure we are taking the best care of their employees. Our entire environment has changed due to COVID-19. Twenty-one million employees have seen a reduction in work hours and many are now unemployed and collecting unemployment. Most states want their citizens to avoid social environments. If employees were not terminated, some have reduced work hours, without less bills to pay. Americans are concerned about their physical, financial, and mental well-being. Many schools have been closed and those children are home with their families, learning new technology to be educated while the pandemic ensues. The economy has suffered, the stock market took a crash and many of us were impacted by loss of investments and retirement. If ever there was a time for an increased focus on mental health care, now is that time.

This is one of those pivotal moments in a health insurance broker's career. You are the expert in the eyes of the client. They look to you to provide tools, products, and solutions to support them in taking care of their employee's well being. Most companies invest a significant portion of the operational budget to provide healthcare to their employees. It's time we start including the mind of the human body as significantly as the rest of the human body.

What the numbers tell us

Let's talk about statistics for a moment. According to a recent Kaiser study called Mental Health and Wellness Care, A Better Way to Take Care of Business, March 2020, "Three out of four employees have struggled with an issue that affected their mental health."

This is afflicting people. The same Kaiser study found over 60% of missed days can be attributed to mental health conditions. To quantify that even more, untreated depression can cost more than $9,000 per year in absenteeism and lost productivity. To round out the impact mental illness has on the workforce, currently, the study states: "mental illness is the single greatest cause of worker disability worldwide."

Here's where you come in.

Talking about mental health initiates a conversation with your client you may never have had before.

Mental health is not only a health issue, it is a financial issue. This is exactly what a broker is here for, developing an approach to care for the employees of the organization, while looking out for ways for the client to save money.

We talk about medical groups, and the hospitals and facilities in our network. I wonder if anyone knows the local psychiatric hospital in that carrier's portfolio. Nobody is going to bring it up. But as the expert they look to you to provide them with the information they need. By talking

> ***It's time we start including the mind of the human body as significantly as the rest of the human body.***

about it, we are helping our clients make choices that can improve the lives of their employees, or protect against the costs of absenteeism and long-term disability.

Addressing the ongoing effects of the pandemic on emotional health

COVID-19 hasn't gone anywhere, as we can see in these national surges in COVID-19 cases. The fears that plague the country when this first went into place in March continue to concern Americans as we keep an open mind to what happens next with the pandemic. In the meantime, this leaves most of us with a sense of concern as to when this will all end. If it doesn't, we are all required to adopt a new normal which will continue to flare up emotional and mental health related concerns. This is your opportunity to be the expert and present the tools and resources available to the employees through their current vendors, or explore other vendors.

Employers look to you to provide all of the guidance they need to navigate through the COVID-19, and the subsequent changes as a result. Some clients will have to warm up to mental health as a business expense. Start by asking your sales representative from your favorite carriers to advise about their organization's resources for self-care and wellness. Some of the carriers already have resources that you can provide to your client to help encourage good lifestyle choices, and self-care which can positively contribute to one's mental health. This is a natural gateway to talking about mental health.

Brokers are leaders in the field of health insurance. They are the person the client trusts to help them make fully informed decisions that provide quality at an acceptable price. You are the expert in this field, and with great power, comes great responsibility.

Make it real

One in five Americans have a mental illness. There is a high probability that you yourself have had a personal experience with mental illness, or know someone who suffers from this. The client may also have a personal experience to draw upon, or knows someone who has been affected.

We know mental health is ripe with stigma, so it is completely understandable if the thought of this client conversation seems uncomfortable. They may feel the same way as you do. Start with the financials of the discussion and it will be simpler to make a connection. Sharing personal experience can also model how to destigmatize mental illness. And sharing how common it is can also ease the discussion.

My vote is to take advantage of the moment we are in to help our clients grow during this unprecedented time in their business. COVID-19 may be here for the foreseeable future, and companies are still navigating unprecedented hardships that may continue for the next 12 months.

Carpe Diem! Lean into a different conversation with your clients. Establish yourself as an authority in this new world, and be the expert your clients think you are. Take this opportunity to boost the level of your service and your resources by integrating mental illness into the conversation, reinforcing your role as trusted partner, when your client needs it the most.

Tara Driscoll is a regional sales manager for Covered CA, in Oakland, Calif. Driscoll has worked in employee benefits for more than 18 years and is a thought-leader in the mental health arena. She believes mental health is a pillar in a person's total wellbeing, integral to maintaining a healthy and productive lifestyle. As an ambassador for health insurance in Northern California, she looks for ways to make a meaningful impact.

THE FUTURE OF HEALTH INSURANCE

Some Predictions

BY ALAN KATZ

The first rule in writing columns is to avoid starting them with caveats. This article will be controversial, however. As it addresses the November elections and "Medicare for All," how could it not be? So, before we begin …

The observations presented here are my OWN and do not necessarily reflect those of California Broker Magazine, my company (NextAgency), nor anyone else. They are my predictions and mine alone. And even I hope some of them do not happen. I just predict they will.

I write this around the first of July. Anything can happen before the election. A lot will happen. Based on the tea leaves at hand today, this is what I predict.

Election 2020

Former Vice President Joe Biden will be elected president of the United States.

He will win with more electoral votes than President Donald Trump won in 2016 (306). This will make the president's inevitable claims of a "rigged election" neither credible nor convincing beyond his most devoted followers.

President-elect Biden will claim a mandate for his ideas and policy proposals. He will be wrong.

The election will reflect a rejection of President Trump. By November 2020, many voters who supported then candidate Trump in 2016 will grow weary of his personality and style. Voters will also blame the incumbent for downplaying the severity of the coronavirus and perceive he failed to sufficiently address the crisis.

Democrats will win control of the United States Senate. Democrats will retain a majority in the House of Representatives. For the first time since 2012, Democrats will control the White House and both Chambers of Congress.

Healthcare Reform

Support for a single payer system among American voters will be at an all-time high.

In January 2021, tens of millions of Americans will be out of work and without employer sponsored health insurance. Most will find individual coverage. For many, the Affordable Care Act (ACA) subsidies will make that coverage free or nearly so. Many will find coverage in states that expanded Medicaid under the ACA.

By January 2021, inequities in America's current healthcare system will be clear, controversial and, for many, unacceptable. Too many Americans will be uninsured. Healthcare charges will bankrupt too many families. The linkage between income and health outcomes will be a proven fact. At the same time, the wisdom of the link between employment and health insurance will be extremely suspect.

Pundits on the far right and far left will declare Medicare for All inevitable. They will be wrong.

At the start of the new year, the Affordable Care Act will be more popular than ever. Enrollment in the plan will be high. Americans will realize it is an important part of the nation's safety net.

The fight for Medicare for All

Advocates of a single payer system will argue that the pandemic has proven the need for their approach.

Opponents will contend strengthening Obamacare is a better alternative.

Fortunately for opponents, the argument will not be whether Medicare for All is better than a return to the health care coverage status quo of 2010. Instead, the debate will be between an untested experiment and the popular ACA.

As I wrote in my January 2020 column, pundits do not determine the outcome of health care reform battles.

Neither does the president. Or the House majority or even the majority of Senators. All of them influence the outcome of health care reform. It is the 60th vote in the Senate that determines the outcome.

In 2021, the 60th Senate vote will be a Republican. And that Senator will prefer improving the ACA over enacting a single payer system.

Republicans will learn from the 2018 and 2020 election results that seeking outright appeal of Obamacare is a losing issue. In 2021, they will embrace fixing the ACA.

In 2021, Medicare for All will be more popular than ever. It will not be popular enough, however, to become law.

Meet the public option

Congress will change Obamacare. For example, Congress will put increased pressure—and offer bigger carrots—to states to expand Medicaid. There will be technical fixes and popular tweaks to the law. Congress' biggest new health care reform, however, will be passage of a public option. A government-run health plan—modeled on Medicaid—will be offered in all ACA exchanges by 2023.

The public option will compete with traditional insurers and HMOs. These plans will be given many advantages. Taxpayer dollars will be used to promote them. Government subsidies will prop up their operations for several years.

Will the public option pay broker commissions? Yes, but they will be similar to Medicare broker compensation.

Another major ACA reform: Employers will be encouraged to offer individual plans to their employees—including the public option. These will go beyond expanded HRAs. In 2021, opposition to tying health insurance and employment will be at an all-time high. Congress will not have the votes to completely sever the linkage. However, lawmakers on both sides of the aisle will find ways to loosen that connection.

Will I be right?

Making specific predictions about the November election and its impact on healthcare reform in July is foolish. However, as the election gets closer, health insurance agents will feel increased stress. And that is on top of the stress caused by, oh, I don't know, the pandemic, economic collapse, killer hornets, Saharan sandstorms, riots, asteroids coming uncomfortably close to Earth, and whatever else the next few months bring.

I do not hope all my predictions come true (only some of them). I do hope they serve as a starting point for what you can realistically expect. As is usually the case, things will turn out worse than we hope for and less than we fear.

Whatever happens, I am confident professional health insurance agents will continue to thrive. Just as we managed the seismic shift caused by passage of the ACA, we will get through whatever challenges come next as well.

Alan Katz has been deeply engaged with the health insurance industry, health care reform, politics and government for decades. He is a past president of the National and California Associations of Health Underwriters. He testified before congressional committees on the Clinton Administration healthcare reform proposals. He was deeply involved in shaping California's small group health care reform, AB 1672. Alan served as chief of staff to the California Lieutenant Governor and on the Santa Monica City Council. He has held leading roles in insurance agencies, general agencies, carriers and software companies. Follow Alan on Twitter (@AlanSKatz) or connect with him on LinkedIn (www.linkedin.com/in/alankatz44).

Editor's Note: Views expressed here are those of the author.
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RACE AND OUR HEALTHCARE SYSTEM

BY GILBERT SIMON, M.D.

Undeniably, deep rooted institutional racism is the root cause of Black American's poor health. Our failed health care system is one factor, but not the main one. To be more accurate, we don't really have a healthcare system. We have a fragmented collection of public and profit-driven private programs mired in paper work that squanders one trillion dollars yearly oblivious to over-utilization, predatory pricing and rampant fraud. The coronavirus pandemic made all this clear. If we had a real healthcare system, like other wealthy countries, COVID-19 wouldn't have taken the lives of 130,000 (and growing) Americans. But that does not say that racism does not exist in health care.

Overt racism is rare among health care providers but most, if not all, are implicitly racist. How else can you explain why we offer a lower tier of service to our Black patients? There are many examples. African Americans are less likely than Caucasians to be evaluated for kidney transplants, coronary bypass surgery and early-stage lung cancer curative surgery. Black Americans get less screening for cancer and are more prone to high blood pressure and its complications as well as diabetes and its complications. Unconscious stereotypes undoubtedly were at work.

You name it. Blacks are more likely to get it at an earlier age and die from it. A Black male's life expectancy is five years less than a White; for Black women it's three years less. Without question, the quality of medical care given to Black Americans plays a role, but as stated above, it's a small one.

It's the social determinants of health, the conditions in which people are born, grow, work, live and age that play the larger role. That's where we find the structural racism that has deprived African Americans of wealth, education, employment, housing, income and healthcare. Let's look back to a few generations ago when two laws were enacted that laid the basis for much of the wealth disparity and resulting health disparity.

For many, home ownership makes up the biggest component of one's wealth. White home buyers benefited greatly by two federal programs that excluded African Americans. The Servicemen's Readjustment Act of 1944, known as the GI Bill, enabled returning veterans to obtain grants for school and college tuition, low-interest mortgage and small-business loans, job training, hiring privileges, and unemployment benefits. But the practice of redlining kept Black veterans from taking advantage of the housing provisions of the GI Bill.

Banks generally wouldn't make loans for mortgages in Black neighborhoods, and African-Americans were excluded from the suburbs by a combination of deed covenants and informal racism. The FHA, the other racist policy-maker, considered non-Whites to be a "far lower level of society or an incompatible racial element" and were not worthy of receiving a loan and hence relegated to inner-cities. By denying mortgages based upon race and ethnicity (lower-class occupancy, and inharmonious racial groups) it legalized covert

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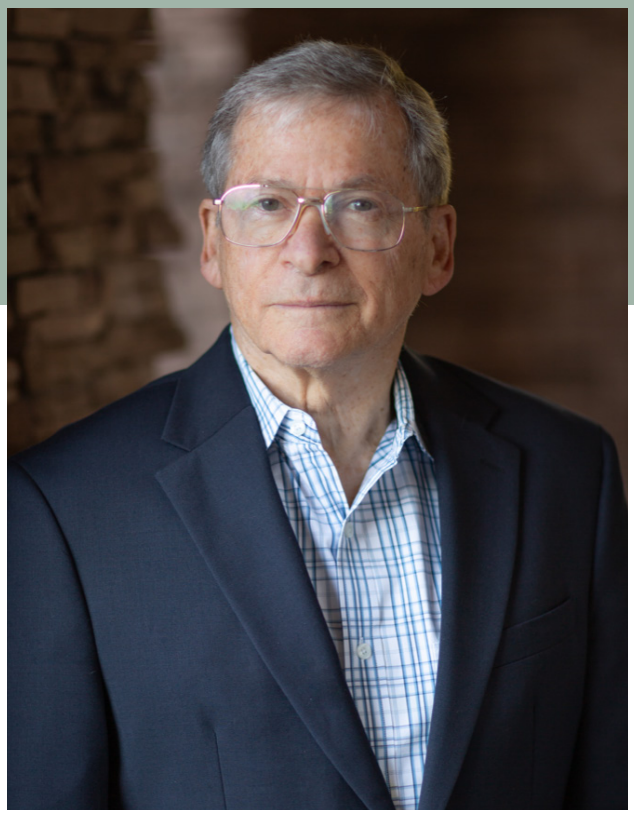

racism. Suburbs and a White middle-class flourished. Their homes greatly increased in value over the years and that allowed the owners to send their children to expensive colleges and get high paying jobs. It worked out well for the Whites. Not so much for anyone else.

This was the law of the land until the Fair Housing Act in 1968 but for many, the damage had been done. Blacks were faced with insurmountable wealth gaps, couldn't get mortgages and had to live in crowded apartments. In our current lockdown, how does one shelter in place, maintain social distancing and frequently hand wash when space at home is lacking and access to hot water is limited?

Blacks, unable to afford higher education, took the low-paying jobs without health care insurance and got to work by public transportation. Six foot spacing at work is impossible when jobs involve close human contact and getting there means being squeezed into buses or subways.

Is it any wonder that African Americans are twice as likely to contract, get hospitalized and die from COVID-19 as Caucasians? Color-blind COVID-19 spreads freely when social conditions make mitigation impossible. It kills people weakened by chronic poorly controlled health conditions. That leads me to the final factor.

Black children, being twice as likely to grow up in poverty as White children, are at greater risk of experiencing emotional physical or sexual abuse, emotional and physical neglect, witnessing a mother being treated violently and having an incarcerated household member. We now recognize the role of these events, collectively called Adverse Childhood Experiences on subsequent health. By prolonging activation of the stress response systems early in life, stress related diseases are made more frequent well into the adult years. As the twig is bent, so grows the tree.

We need to confront this reality and ask ourselves if we are ready to commit to addressing these social inequities that take their toll on minority health.

Gilbert Simon, M.D., is a professor at California Northstate University College of Medicine and the author of "Ripped Off! Overtested, Overtreated and Overcharged, the American Healthcare Mess" by Paper Raven Books 2020, available on Amazon.

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