

# CALIFORNIA BROKER

VOLUME 39, NUMBER 11

Serving California's Life/Health Professionals & Financial Planners

August 2021

## Cyber Attacks Hit Home

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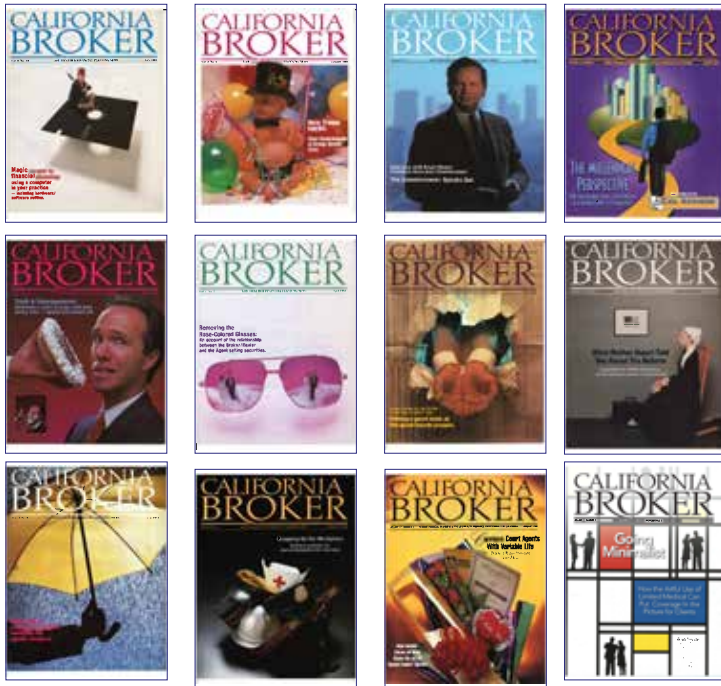
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# INDUSTRY/NEWS



## Cal Broker Is Having a Bday

We're about to celebrate a birthday! California Broker magazine will be celebrating its 40th year. We'll be toasting (and drawing for a \$500 winner for those who answered our reader survey) at the Welcome Back Happy Hour during the 9th Annual Senior Summit at Pechanga Resort on August 31. Don't forget to register for the 9th Annual Senior Summit: *Chart Your Course and Navigate Into the Future*, to be held in person at Pechanga Resort & Casino in Temecula, August 31-September 2. Online registration is open through August 19. More info at [IEAHU.net](http://IEAHU.net)

## Black American Life Insurance Ownership Increased During Pandemic

Newly released findings from the 2021 Barometer Study reveal the majority of Black Americans own life insurance (56%), up three percentage points from 2020 and four percentage points higher than the general population. Yet this still represents a 19-point gap from the 75% of Black Americans who believe they need life insurance.

## Extra ACA Subsidies Available to Unemployed

**Head's up: People who are receiving unemployment benefits this year are eligible to sign up for heavily subsidized health insurance plans through Affordable Care Act exchanges. Premiums may be as low as \$0 per month, according to the U.S. Department of Health & Human Services. Unemployed people who are already enrolled in a health plan should resubmit their data to see if they qualify.**

## Absence and Disability Made Fun

The Disability Management Employer Coalition (DMEC) virtual conference is coming up. There will be five days of live (but virtual) education (August 3, 5, 11, 18 and 25) featuring legal and industry experts, dynamic networking opportunities and on-demand access to all educational sessions. Plus we have a coupon code for you to save \$100! Register for the 2021 DMEC Virtual Annual Conference with the coupon code [AC21\\_EXCLUSIVE](https://www.dmec.org/AC21_EXCLUSIVE).

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## CVS Sees Bright Signs Post-Pandemic

The 2021 Health Care Insights Study by CVS Health® reveals some interesting trends.

The study found people are starting to seek new avenues of care, using the last year as an opportunity to work on health goals and reexamine priorities. In fact, 77% of people said the COVID-19 pandemic has led them to pay more attention to their health in general, and 50% indicated previous stay-at-home orders helped them achieve their health goals. Even as access to health insurance coverage (55%) and location of care (43%) remain among the top factors that influence consumer health care decisions, more people are exploring different avenues of care. For example, the study reveals shifts in the way people prefer to receive routine care, with a slight movement away from primary care providers (PCPs) to other health care resources. Routine care from PCPs has dropped since last year (56% versus 62% in 2020), and the use of online resources (19% versus 12% in 2020), community health centers (19% versus 15% in 2020), and local pharmacies (17% versus 11% in 2020) have all grown in preference.

The 2021 Health Care Insights Study surveyed 1,000 consumers and 400 providers for their thoughts on the state of health care and how they are navigating the evolving landscape. Other results from the study reveal people's changing viewpoints toward their own health as well as generational and gender preferences in how they would like their health care delivered.

## Ready For a \$653B Industry?

If you can believe it, the global health and medical insurance market is expected to reach \$653.4 billion in 2025. Wow.

Right now, according to the Health and Medical Insurance Global Market Report 2021, the market will go from \$385.24 billion in 2020 to \$390.54 billion in 2021 at a compound annual growth rate (CAGR) of 1.4%. This growth is mainly due to the companies rearranging their operations and recovering from the COVID-19 impact. The health and medical insurance market consists of sales of health and medical insurance by entities (organizations, sole traders, and partnerships) that are engaged in directly underwriting health and medical insurance policies.

## EVENTS

### BENEFITSPRO BROKER EXPO

In person, San Diego, August 16-18. Save 15% with promo code RIGHTPLAN. **Benefitspro.com**

### 9TH ANNUAL SENIOR SUMMIT: CHART YOUR COURSE AND NAVIGATE INTO THE FUTURE

In person, Pechanga Resort & Casino in Temecula, August 31-September 2. Online registration is open through August 19. **IEAHU.net**

### CALIFORNIA STATE MEDICARE EXPO: UNMASKING MEDICARE

Virtual, August 26-27. **CAHU.org**

### AMERICAN ASSOCIATION FOR MEDICARE SUPPLEMENT INSURANCE, NATIONAL MEDICARE SUPPLEMENT INSURANCE INDUSTRY SUMMIT

In person, September 8-10, Schaumburg Convention Center, Chicago area. **Medicaresupp.org**

### SIIA 41ST ANNUAL NATIONAL EDUCATIONAL CONFERENCE & EXPO

In person and virtual, October 3 - 5, JW Marriott, Austin, TX. **SIIA.org**





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# **CYBER ATTACKS HIT HOME**

**The Next National Emergency?**



# N

## Valuable cybersecurity tools to keep you safe

BY  
DOROTHY COCIU

**Most of us are still licking our wounds** from COVID-19. For the past nearly 18 months, we've all lost so much. From illness and death of family members and loved ones to the loss of income, food insecurity and massive amounts of stress, to dealing with Zoom learning for kids, and doing our jobs from home, we've been hurting. Most of us were looking forward to the predicted 2021 improvements, with vaccines available now for all who want them, infections down, and travel beginning to see new life. By June 15, 2021, California opened up its economy, and we had hope; we saw a glimmer of optimism and confidence that the future could be bright again.

However, just as we were beginning to smile more, feel comfortable going out to eat at our favorite restaurants with family and friends, and for many, hugging our parents for the first time in over a year, another cloud has begun hanging over our heads. And at times, this cloud has turned to pouring rain and then bolts of lightning. A new national emergency (my words, not the government's) seems to be claiming our freedoms and our hopes and dreams. This time, the emergency isn't about a virus. It isn't about quarantine or loneliness. It's about blatant attacks on our infrastructure, our pipelines, our airports, our healthcare, our food supply, our power plants, and our business operations.

This enemy isn't a single germ or microorganism or pathogen. It's a seemingly widespread and growing network of hackers and cyber criminals who exploit our weaknesses to infiltrate our networks and databases, quite often for profit. In some cases, it's just simply about knowing they can, and rattling our nerves. But often, in cases like Colonial Pipeline, JBS Foods and many others, it's about holding data hostage, and demanding cash payment or bitcoin in amounts of tens of millions of dollars, just so that companies can get their systems back up and running. And what has the federal government often recommended when someone is hit with ransomware? Quite often, agencies such as the FBI have said simply, "Pay it."

The only good thing that these recent nationally reported attacks have done is raise awareness, which I am grateful for. The question is, what will it take for people to take this seriously? East coast residents saw the results first-hand with the closure of gas stations. When they could finally find gas, there were miles-long lines waiting for the limited supply, and high prices (although sadly, those prices were often still less than what we pay daily for gas in California). We've all felt it in the raising of food prices, particularly meat prices, in our grocery stores, and in the inability to get the goods and services we need when we need them.

This storm has not passed. In fact, the clouds are darkening and gaining strength; at times it feels as though we're in the eye of the storm, and at other times, just on the outskirts. No matter where you are, you can still feel the rainfall, the humidity, and the ferocious winds. With limited laws and no national, combined effort to combat it, the storm will rage on, until we all take control and stop it ourselves.

### **The weakest link**

The problem is, in the simplest of terms, that systems can only be as secure as their weakest link. **In most cases, the weakest link is us.** Yes, the most common denominator is human beings. Humans are, as we all know, human. We make mistakes, and we sometimes have short-term memories. If not constantly reminded of something, we forget. Or at times, we just ignore things, because it's easier. In many cases, we simply aren't properly trained to protect one of our most valuable company assets: our data.

In many instances, it has taken only a single individual to take down an organization, although perhaps unknowingly. It may only take one misstep to throw the organization into turmoil, and subject it to a cyber attacker who is demanding millions of dollars. Can it be avoided? Yes, but at what cost?

Generally, the cost is doing a proper risk assessment, understanding your risks, and doing something to mitigate those risks. The cost is ramping up your network and database security, and taking the time, energy and effort to do one thing: Properly train your employees. In most cases, many of the largest breaches in the United States and across the world may have been avoided, if only the organization had spent some time, energy and financial resources protecting themselves with these steps.

### **Federal & state laws & regulations overview**

Unlike other nations, such as the European Union, the United States has no single federal law regulating cybersecurity or information security. We have instead a small number of laws

affecting certain industries, and little to protect everyone, such as:

- HIPAA Privacy & Security and HITECH (protecting medical records)
- GLBA (protecting financial records)
- Little-known laws such as the Computer Fraud and Abuse Act (CFAA) for prosecuting cybercrime
- Sarbanes-Oxley (applies to public companies)
- Federal Trade Commission (FTC), which, since 2002, has assumed a leading role in policing corporate cyber-security practices. In that time, FTC has brought more than 60 cases against companies for unfair or deceptive practices that endanger the personal data of consumers
- Also on the federal side, we have the Children's Online Privacy Protections Act (COPPA), and
- FDA regulations for the use of electronic records in clinical investigations and a few other little known federal privacy protections.

There is no single regulation or oversight. There is a hodge-podge of laws, and often the government agencies don't work together to fight cybercrime as other nations have.

Here in California, we have even more privacy laws in effect, including the Confidentiality of Medical Information Act, Confidentiality of Social Security Numbers, a Data Breach Notification Law, a Customer Records law, and of course the California Consumer Privacy Act (CCPA), to name a few.

Even though some of these laws, including HITECH, require electronic security, is that enough? Sadly, recent history has proven it is not. Even with these federal and state requirements, we continue to see hospital after hospital, medical group after medical group, and individual medical practitioners fail to fully implement the security measures required by federal and state laws. We see multiple businesses in all industries subjected to ransomware, and their email, data files and more are held for ransom. Nearly every week, we are hearing in

the news of another cyberattack that has slowed down meat production, fuel for automobiles and aircraft, and more.

I've been teaching seminars, webinars, hosted podcasts, written articles, etc. on

HIPAA Privacy & Security protections since 2002. This was just prior to the effective date of HIPAA Medical Records Privacy, along with HIPAA Security in 2005. When I wrote a HIPAA Manual in 2000 and updated it beginning 2002 and for many years after with all of the Privacy & Security applications, I did my best to teach

people how to protect their companies, mostly in terms of physical and administrative security. I did privacy training all over the country. I taught companies to lock paper records down, double-protect SSNs and mental health information, and assisted with creating written policies and procedures and creating internal processes.

HIPAA Security in 2005 brought to it the electronic component, but it wasn't until HITECH in 2009, however, that it was taken somewhat seriously. This is when HHS and OCR started treating business associates the same as covered entities. When penalties and enforcement ramped up, we began to understand the importance of protecting our data.

It was at the beginning of HITECH that I knew I was out of my league. I had to find technology partners to assist with the complexities of HITECH, because, after all, it's all about IT functions and technology. Yes, it was taken more seriously, but not seriously enough. And today, it's not just about medical records. It's about our internal systems, our personal and business financial information, and people stealing identities. Also now, it's about having our data ripped from our systems and held in the hands of an invisible enemy.

Even with these federal and state

requirements, we continue to see data hacked. Often, companies just pay up, because they knew the risks, but failed to take the necessary steps. To many, it was an understanding that it

could happen, but an unwillingness to do the work, invest the funds, and implement strong company-wide policies to secure data. To some, they felt it was worth the risk. Pay now or pay later. They choose to put off what could have helped them avoid the dangers of today's cyber-crimes. Some are indeed paying later. And much more than they may have wanted or imagined, because the wide-spread

thought process is, it can't happen to me. We're starting to realize now that it can.

In 2021, the "new normal" is being reminded almost daily about the current storm, the "new national emergency" (my declaration), and that is cybercrime. We need strong cybersecurity measures to combat that emergency. The question is, are you willing to do what it takes to protect yourselves and your company's data?

### **The first steps toward data protection**

Now that this new national emergency is among us, what are we going to do to stop it, or at least slow it down, get a handle on it, and try to eventually end it?

First, take a step back and evaluate where you are. When was the last time you did a complete risk analysis — a true risk assessment — for your organization, including physical, technical and administrative security? Have you ever done so? Have you evaluated your systems, or done mock trials to find weaknesses? Or have you turned your back on it, thinking 'we'll get to it someday'? Well, folks, someday is here. You need to take action now, or you could be the next victim of cybercrime.

**A new national emergency (my words, not the government's) seems to be claiming our freedoms and our hopes and dreams. This time, the emergency isn't about a virus. It isn't about quarantine or loneliness. It's about blatant attacks on our infrastructure, our pipelines, our airports, our healthcare, our food supply, our power plants, and our business operations.**



## Real-world actions to keep you safe

To share additional perspectives, I asked the opinions of several reputable industry experts:

- Ted Mayeshiba and Ted Flittner, principals of Aditi Group, a technology and IT services and consulting firm (and in full disclosure, my company's technology partners)
- Zach Ayta, director of Partnerships
- Sidd Gavirneni, CEO and co-founder of Zeguro, a cybersecurity consulting and cybersecurity insurance company.

## Recent ransomware attacks in the news (Colonial Pipeline & JBS)

Recently large ransomware attacks like Colonial Pipeline and JBS Foods have shown us that hackers are exploiting security weaknesses and holding the data of many companies hostage, demanding millions of dollars to unlock their own data. This in turn, has shut down supplies for critical goods and services.

*What do we mean when we say ransomware is a form of malware targeting systems? What exactly do these malicious actors do in these situations?*

"Ransomware is encryption software loaded onto your machine or network, which is NOT of your choosing," explains Mayeshiba of Aditi Group. "It is loaded onto your machine by a bad actor. The bad actor then encrypts all of the data on your system so you can't read it. If you ever want to read or use any of your files again, they require you to pay them to give you instructions to decrypt the files."

Sidd of Zeguro was asked the same question, and responded as follows: "Ransomware has become increasingly prominent in recent years and has grown significantly during the COVID-19 pandemic. New ransomware samples grew by 72% in the first six months of 2020. This type of malware encrypts data in an information system and demands payment in exchange for regaining access. The payment is commonly demanded in cryptocurrencies due

to their untraceable nature. Though the malicious actors claim that they will unencrypt data after the ransom is paid, there is no guarantee that users will receive the decryption key. According to the Center for Internet Security (CIS), one ransomware variant deletes files even if the ransom has been paid."

Colonial Pipeline's recovery of part of the ransom reported in the news recently was the first time (at least that I've heard of) that the U.S. government has actually been successful in getting part of the paid ransom blocked on a major case. So I would not count on the government to help every company out there. This one affected our fuel supply and started a media frenzy. People were desperately looking for fuel for their vehicles. Frankly, that type of publicity is not good for a somewhat new Administration in Washington. So, I'm sure there was immense pressure to do something to show U.S. strength in fighting cybercrime. What about the other attacks? Did the government step in for those? Most of the time, the answer to this date has been no. You need to rely on yourselves and keep it from happening in the first place.

## No one is exempt from hackers

Public entities have also been breached, such as the Steamship Authority of Massachusetts, the Washington, D.C. Metro Police, the University of California, Michigan State University and others. People are wondering how they are supposed to protect their data when these large public entities aren't even able to protect theirs. What are some basic things that can be done to protect your company's data, and how do we convince organizations that this is serious?

"How do you protect yourself?" Mayeshiba queried. "This is malware, so you use good data hygiene practices we've spoken about on many occasions, like our training and in our podcasts. You must keep your software and browsers up to date, use Multi Factor Authentication, and most importantly, don't click on links you aren't expecting, etc."

## How can you protect data?

According to Mayeshiba, in the

case of a small library in Indiana, they had their card catalog hacked and encrypted. "What they do now is keep a backup of all their critical data offline," he explained. "If they get hacked, they wipe everything clean and restore from backup. For a small business, this is a very practical solution. For someone like Colonial Pipeline, they discovered it would take many days to do because the entire infrastructure was encrypted. For those larger companies, we would recommend a separation of systems to prevent the unrestricted spread of malware."

"Sierra Wireless (another very large Fortune 500 firm) was a victim of ransomware," said Mayeshiba. "Their administrative functions were attacked, but their operational functions were unaffected. The customers were unaware. Most administrative functions were back in days, fully functional within a week. AND no ransom was paid."

So, is the answer to just back up your data? Yes, that's a good practice, but you cannot rely entirely on your backups. As Mayeshiba said, this takes time that many companies may not have, particularly if they are an essential service or business. To many organizations, time is money. And no one likes to lose money. But would you rather lose your data?

*How does the COVID-19 stay at home scenario add to the risks of data breaches and cyber-attacks? What can be done to mitigate this, since many companies decided during COVID-19 that they can save money by having certain employees work from home for the long-term? What are some basic "must-dos" and "don'ts" that companies should be practicing?*

"The spread of ransomware throughout a connected network is the largest risk for a small business," replied Mayeshiba "Your machines in the office may be 'locked down.' Machines at home, less so. At home there are many areas of weakness. Family members. Open ports. Memory sticks may be inserted which are infected. Wireless networks can be hacked. IoT devices (Alexa, Nest, etc.) may be hacked. Multiple entry points, multiplied by the number of employees out of the office in coffee shops or other public places, multiplies the risk."

Mayeshiba continued: "What can be done? Work policies must be enforced at home. You should set up machines at home with a separated family account, work account and administrator account. No one but the employee should have access to the work account on a machine. You need to restrict rights to the various accounts so the work product cannot be breached or compromised."

You may be thinking, how do I do that? For that, I would highly recommend that you contact a reputable IT services company. Most individuals cannot do that alone. However, be sure if they are working with machines that are owned by your organization or contain any type of company data, that the IT service providers you use are compliant with HIPAA (for medical information) and/or GLBA (if you deal with financial information). Be sure if you sponsor a company health plan, that you get a HIPAA Business Associates Agreement signed. You may also need a GLBA vendor agreement in place.

### **Hacker groups in the news: Are they the only danger?**

Recent news reports have named certain hacker groups that have been linked to recent large breaches and ransomware schemes. We've heard about DarkSide, REvil group, Avaddon, Evil Corp, DoppelPaymer Gang and more. I asked Mayeshiba and Sidd Gavirneni if we should be worried only about these more infamous groups, or should we be focusing mitigation efforts on a wider range of hackers? Who should we be afraid of, and why?

"The larger hacker organizations offer Ransomware as a Service (RaaS)," said Mayeshiba. "This means they put kits together for any middle school whiz kid to use and distribute. They leverage servers and infrastructure where payments are processed and the heavy lifting of hacking is done. It's the democratization of evil. What this means, however, is that 'spear phishing' will become more dangerous. More

people, who are likely to know more about you, may send more enticing emails with links for you to click. Social media is now an attack vector. Therefore, it's important that you NOT use the same photo for business and

personal media accounts. Facial recognition software has progressed now, so hackers are able to associate facts on your Instagram account with facts on your LinkedIn account to give a good picture of enticements for the hacker to use against you."

"The most important goal is to protect your business — irrespective of the size or type of a malicious actor group," stated Gavirneni. "And this is because there are many, many more malicious actors that are not in the news, including newbies. The average cost of a breach for small businesses is \$3.6M, and we have now seen instances of ransomware attacks by amateur cyber criminals."

Keep in mind, many of these are faceless individuals, clicking away at holes, trying to find a way into your network. It could be someone next door to you. It could be a friend of your son or daughter. Social media, as Mayeshiba said, is now a major source for your personal information and a breeding ground for hackers, including, as Gavirneni mentioned, the newbies.

### **Healthcare and insurance group attacks**

Turning to something close to probably everyone reading this article, healthcare and insurance groups have always been a huge target for hackers and cyber-attacks.

*Are there certain things this industry should be doing more of to protect patient and customer medical data?*

"Healthcare related businesses usually are subject to federal HIPAA laws and local state laws that require them to 'de-identify' patient info or protect it," stated Flittner. "Protection falls on data when At Rest, In Motion, and Deleted. And we must control access to just the people who are

authorized to see data. Making all that happen is a lengthy topic and starts with knowing your company."

Flittner continued: "The most common statement made by Health and Human Services and Office of Civil Rights in HIPAA violation cases is a lack of adequate RISK ASSESSMENT by the companies. The first responsibility is to understand your own company risks of violating HIPAA privacy rules. The second responsibility is to make a plan to reduce or eliminate those risks."

Of course, Flittner is speaking my language, because as I said above, I've been doing HIPAA Privacy & Security Training since 2002. This is one of the most important things I tell my students, which are generally CFOs, CEOs, corporate presidents and partners, as well as Human Resources professionals and insurance agents. But telling them and having them listen isn't enough. They have to do something about it. They need to take action.

Flittner continued, "Number one: get an outsider's view of your business risk. The actions following a risk assessment are specific to the company."

Gavirneni added, "Cybersecurity is all about People, Processes, and Technology — making sure that businesses are looking at it holistically.

"Healthcare is extremely susceptible to cyber-attacks because of the amount of sensitive data, the third-party tools and products being used, and the proliferation of IoT devices."

Gavirneni continued, "So, we always recommend starting with understanding your ecosystem, and creating cybersecurity processes around that ecosystem. There are many things you need to do, but we'll talk about only a few things that healthcare businesses can get started with:

1. Ensure that you continuously maintain an inventory of all software and devices you are using, and patch them at least once a month with any software updates.
2. Encrypt all data
3. Make sure that you are backing up all data continuously, but also have a process to restore that data

**In most cases, many of the largest breaches in the United States and across the world may have been avoided, if only the organization had spent some time, energy and financial resources protecting themselves with these steps.**



4. People are the primary root cause of breaches. So, train all your employees, consultants, and contractors on cybersecurity best practices. This cannot be a “once a year” effort. It needs to be at least once per month, so it stays top of mind.

I can't agree with Gavirneni more. Too many companies, in my opinion, train their people once, and then forget about it. With technology changing, and employees being those human beings I mentioned, it just doesn't stick with them. Your best defense is to train your employees, your consultants, and contractors on privacy and security of all types, and keep doing it, over and over. It could be the difference between getting hacked and being safe. Know your business and talk to a consultant to help you determine what type of training and how often you need it for your employees, given your situation.

“It all depends on the type of ransomware attack,” says Flittner. “Some are simply caused by an executable file that just encrypts data. Some attacks are real breaches into a company's network AND the lock-up of their data. These situations are a lot more complex and mean the attackers may HAVE copies of some or all of the data. And of course, any payment of ransomware boosts the motivation of these pirates to attempt more plunders. Sometimes they even attack the same victim all over again.”

### **Software updates and patching**

One of the most important things I want to talk about today are software updates and patching and why that's important. Apple Mac OS recently released an update to address vulnerability that was allowing malware to work around privacy settings. Microsoft 365 had vulnerabilities in email applications. Microsoft also released patches for limited and targeted attacks.

*What should businesses be doing to assure that updates and patches are installed and used? How important is this?*

“Remember that HIPAA requires that ‘Covered Entities’ use computer systems and software that are still

supported by their makers,” responded Flittner. “That's because we know that weaknesses are continually bubbling up to the surface. And as they appear, companies scramble to push out patches as software updates.

“Sometimes these weaknesses are glaring holes,” Flittner continued. “But most often they are rarely encountered combinations of keystrokes and commands that can unintentionally allow hackers to get in or take control of computers. Once a vulnerability becomes known about by hackers, they share with other hackers and malware code is written and deployed around the world. The most common way to spread those viruses is with ‘spammy’ emails with links we shouldn't click on.”

And how many times have we seen just that? Employees, again, your weakest link, should know better but they don't, or they forget. You must train them of the dangers, and you must do it frequently.

“Some exploits can be made on computer servers directly – like the ones in your office or running the stuff ‘in-the-cloud’ without any users clicking on email,” continued Flittner. “These are the kind of exploits that we see when a website is hacked, and you see ads for ED or cheap drugs. They are also the attack opportunities like Microsoft had with their Exchange email software this year. That one event allowed more than 30,000 Exchange email servers to be attacked by malware before patches were deployed.”

Hackers rely on the time window of opportunity between when an exploit is revealed and when software companies publish updates. But most importantly, before users — you and I — update our computers. Timing is everything. And often, only a short amount of time is enough to set the path towards data destruction or ransom attacks.

“Patching is critical, and should be done as frequently as possible,” stated Auta of Zeguro. “If an organization is unable to automate patches so that they are installed as they become available, then patching should be done on regular intervals, more often than just monthly.”

### **Travel industry vulnerabilities**

The travel industry has also been hit

hard recently after a devastating 15+ months.

*As people and businesses are now starting to finally start traveling again, for both vacations and business, what can they do to keep their information safe?*

“Lost or stolen phones are the number one way that data gets intercepted when you're traveling,” stated Flittner. So, I asked him for a list of “to-dos”:

- Backup your phone
- Secure your phone with a strong password – just a few thumb strokes or a 4-digit pin
- Only use public WIFI with a virtual private network or VPN. IT Service companies can set up a hardware VPN or you can subscribe to VPN software.
- Don't text or email secret info like your passwords to family or office while traveling. SMS and email are inherently insecure – like sending postcards. Set up password storage programs – LastPass, Dashlane, etc before you travel.
- Be mindful of who is watching or listening to phone calls when you tell someone your name, address, birthday, social security number, or credit card number over the phone. Use an ear bud and not a speaker phone.

Because these things are so common, I pressed Flittner for more information. “We also avoid downloading and installing apps which may be convenient but really are not necessary. These apps from travel companies and smaller businesses may have flaws and may not be updated as quickly as operating systems and big software programs.” Remember, we need to protect all devices, including phones and tablets.

### **Working from home dangers**

Another thing we should be concerned about, particularly now with more people continuing to work from home, are kids and online gaming, as there are always issues with security.

*What about the parents of those kids? What do they do to keep kids, as well as data, safe while playing online games?*

“The only real way to protect your

data and allow online and multiplayer games is to keep the gamers separate from any computers and phones that have your business data or sensitive personal info,” says Flittner. “Simply don’t allow games on your computers, and never on business machines. Use separate networks. Virtual Local Area Networks (VLANs) use the same internet provider, same wires, but special hardware creates separate virtual networks that can’t talk to each

other. So, kids can be on their own, and you or your work can be on another. Risky games on the kid’s network won’t affect you on the work network. It can be all inside your home. I recommend you call an IT Service company like ours to learn more or have us set it up.”

Auta had additional ideas on this subject. “Malicious actors will stop at nothing to creatively gain access to information or hardware through gaming platforms.

Parents should encourage the following:

- Avoid participating in chat, when possible
- Never share personal information about yourselves or your personal lives
- Avoid clicking links provided in chats
- Download gaming updates from app stores or within the game, never from external websites/sources
- Only add gaming friends/contacts that they know in real life (IRL)

## New cybersecurity regulations

The Dept. of Homeland Security is working on regulations. The Transportation Security Administration and Cybersecurity and Infrastructure Security Agency are getting involved.

*How much can the government help with this problem? Even if we have regulations, will that solve the problems?*

**“Rules don’t really change human behavior. Regulations may lead to more widespread use of security steps like 2-factor authentication (like when your bank sends a confirmation code to log in). But rules won’t prevent people from clicking on email links to malware. And we all know that people still have to follow the rules. Companies still routinely violate HIPAA rules.”**

**~Ted Flittner, Aditi Group**

“Rules don’t really change human behavior,” stated Flittner matter-of-factly. “Regulations may lead to more widespread use of security steps like 2-factor authentication (like when your bank sends a confirmation code to log in). But rules won’t prevent people from clicking on email links to malware. And we all know that people still have to follow the

rules. Companies still routinely violate HIPAA rules.”

That they do. All you have to do is take a glance at HHS/OCR’s “wall of shame,” which they seem to be very proud of, to see just how many entities violate HIPAA Privacy & Security rules, as well as HITECH, regularly.

“We still need to be aware, train our co-workers to be aware, and assess our risks, put measures in place to help reduce risk, and consider insurance for when the unexpected does happen,” continued Flittner.

“The increase in regulatory frameworks is unsurprising, but necessary,” stated Gavirneni. “One of the challenges is that passage of regulations is an archaic process. Often by the time they are instituted, the technology world may have evolved well beyond the scope of the regulations. Secondly, current regulations fail to motivate organizations to go above and beyond what is required of them.”

## Training for employees

Let’s talk about proper training for the front-line workers of businesses — those who sit at a computer all day. *What kind of training do employees need to help protect their company’s security?*

Flittner was more than happy to discuss this topic, saying, “Know company policies and why it matters to follow them. The key topic these days is email diligence. Don’t click on email

links or download files that you don’t really know the origin of. Slow down and take time to scrutinize. Teach people how to recognize fakes and legitimate messages. And train people on how to react if malware, ransom, or phishing attempts succeed. Who should they call and what should they do next?” That seems to be one of the glaring missing pieces in most employers’ privacy policies.

“Employees are often the first and last line of defense against security incidents and equipping them with the education they need to change their behavior is important,” says Gavirneni. “The key for any effective training is that it is not one size fits all. A robust training program should address both the knowledge gaps in an employee’s cybersecurity aptitude and risks that they face in their job functions. Additionally, many security awareness programs fail because every employee takes the same training at the same time, typically annually. Ongoing training on a monthly basis helps keep security top of mind.”

How do you train your employees? Every company and every industry is different. However, there are easy training tools you can use. Up-to-date video training is cost effective and easy for Human Resources. However, if you use video training, it’s best to incorporate live interactions within it. Personally, I like to create my training videos with stopping points in the video where you can literally hit pause and do role playing with your staff, or other interactions, to keep them engaged and aware. I also include statements in my videos, usually at the end, where I inform the employees that their employer will now distribute and review internal policies, to make sure that the employer is actually prepared to have the training.

I personally love in-person, live training, although I had to convert to web-based training during COVID-19. In-person training allows the trainer to look the employees in the eyes, see where they are confused and stop to see how to help.

I tend to shy away from on-line only training with no interaction, because people tend to not pay as much attention. If you are using an online only training tool, be sure to use one



that has tests that employees must pass. If using this type, also use double authentication to be sure that you are in fact training the person you think you are training.

The most important thing is to decide what groups need to be trained, and conduct training specific to each. In HIPAA Privacy & Security training, I generally prefer 4 to 6 hours for Privacy & Security Officers and privacy work group members. Most don't do that. But I do like to be complete, and it's far too complicated to do in an hour at that level. I also like to do supervisor and manager training, as they have specific roles in monitoring and enforcing the policies of your organization. This is usually about a 2-hour training the first time, with follow-ups ongoing.

I believe electronic training and cybersecurity training should be mandatory for everyone. If it's a provider group, then of course specific training is needed to address the requirements of a provider. Basic All Employee Training is also needed, which in my opinion, should include electronic security and cybersecurity training.

Each company's privacy officer and security officer should appoint a privacy work group to deal with day-to-day functions, including proper training. That group should determine the most appropriate means of training that meets the needs of your organization. Keep in mind, it's not just medical information (HIPAA Privacy & Security) you need to protect. It's all types of company, employee and customer data.

If you're not sure what type of training you need or how to go about it, you can certainly contact any of us involved in this article for assistance.

Cybersecurity insurance is now available, yet many employers still haven't even thought about adding it. Is it affordable and is it worth the price? I believe it is, and our experts agree, wholeheartedly.

"This is just like other insurance

**It's important that you NOT use the same photo for business and personal media accounts. Facial recognition software has progressed now, so hackers are able to associate facts on your Instagram account with facts on your LinkedIn account to give a good picture of enticements for the hacker to use against you.**

penalties for breach, and customer lawsuits for letting hackers get their data. We think insurance is a great idea.

"Cybersecurity insurance is a critical part of a robust cyber risk management program," Flittner emphasized. "Premiums are determined by a number of factors, including but not limited to an organization's industry, projected revenue, amount of sensitive/confidential information, and In security/process controls. In general, I would describe cyber insurance as being relatively affordable for what is covered, but those costs are rising as insurers realize that their underwriting models were not fit for the risks they were taking on. It is important that organizations work with insurers that have a deep understanding of cybersecurity and cyber risk and use more than financial modeling to evaluate premiums, so costs stay down over the long term."

### **The storm we're in**

In conclusion, I would ask that you think about the current storm we're in. The clouds have not yet begun to part. We are a long way from that. But you have tools available to you to help you take shelter and weather the storm, and hopefully, see clear skies ahead. You may have to invest financially and with administrative processes such as real training, but it would be money well spent. Let's combat the new national emergency with knowledge and action, and take control of our data, before it's too late.

questions," notes Flittner. "If you can afford not to be insured, ok. If you can't afford the potential loss or cost of being without coverage, get insurance. The cost of ransomware for example could include the ransom itself, cost of forensics investigators to determine if they took your data, the cost of bad press, possible legal

### **Author's Note**

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Advanced Benefit Consulting is also a CE provider for the California Department of Insurance. They recently launched their new education platform, Empowered Education Center, Powered By Advanced Benefit Consulting & Aditi Group. Coming soon are CE credit for agents on the platform (pending DOI approval at this time). Her firm and her technology partners also do live training and have a monthly subscription service available for employee privacy & security training, including cybersecurity.

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# The Power of Client Testimonials

BY JACK KWICIEN



I'm asking you to consider developing a proactive campaign to create client testimonials. Let's look at how this strategy can be implemented.

Hopefully you are ahead of your annual sales and client retention goals. However, if you are like the majority, you may be struggling to attract new client relationships while retaining your existing client base. That's why we want to talk about your marketing efforts and in particular the power of client testimonials.

I know, some of you are saying we already have a few one- or two-sentence quotes about how helpful our team has been. I'm talking about creating a small library of client testimonials that address specific capabilities, attributes, outcomes and results. I'm advocating that you proactively incorporate client testimonials in your marketing efforts.

Where should you start? Think about your best clients. That can mean the largest clients with local brand name recognition. Or that can mean your most loyal clients with the longest tenure with your firm. It could mean your fastest growing clients. Or it could mean the clients where your team performed at an extremely high level and created enormous value. Hopefully it's all of these and those clients perceive you as their trusted adviser.

But let me make it clear. I am not talking about passively waiting for client testimonials that are written by an occasional client or two. I'm asking you to consider developing a proactive campaign to create client testimonials. Let's look at how this strategy can be implemented.

Once you've identified who some of your best clients are as we just described, consider the story that can be briefly told about what you have done for them and their

employees. Consider it as a mini-case study. And you know best what you did on the client's behalf and what the results were. That's why you or someone on your team needs to draft the testimonial. What did I just say? You need to draft the testimonial since you know what you want to emphasize from a marketing perspective. After all, you are promoting your business. Plus you want to make it easy for your client to give you permission to use the testimonial and their brand name. So, do the work for them and develop the marketing message.

We're helping a few firms with their client testimonials right now. Here's our approach: Draft one or two paragraphs about what you did for the client and the end results. Once you've polished your draft, discuss it with your client and secure their approval to use it in your marketing outreach activities. In a short period of time, you will have a small library of testimonials that will promote your team's strengths from a number of different perspectives, one or more of which will likely resonate with current and prospective clients. The testimonials can be used on your web site, corporate LinkedIn account, in PPT presentations, e-brochures, etc.

The best part of this approach is that your clients will be "bragging" for you with real case study examples. Being endorsed as a subject matter expert and trusted adviser is very compelling. Now that's a winning marketing strategy.



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# How Can Wellness Programming Mitigate Risk for Employers?

BY TYLER AMELL

A key differentiator among many employers these days is the benefit package they offer to their people. These benefits offer up a means of attracting talent, then engaging and retaining people on an ongoing basis to maximize the effectiveness of the two-way employment relationship. As the U.S. economy comes to life in the post COVID-19 pandemic world, as evidenced by a preliminary real gross domestic product (GDP) annual growth rate of 6.4% for Q1 2021, competition for people to help drive this growth is increasing.

To add fuel to the fire, people are emboldened with a new “work from anywhere” approach and are more likely to move to an employer with a benefit strategy offering that matches their current, near term and future needs. Many people have been holding on during the pandemic and are now looking to make a move to a different employer for a wide variety of reasons. These reasons include continuing to be able to work from home, work-life blending options, and more attractive benefit plans supportive of these needs. Brokers, as the trusted advisors that employers rely on for various solutions, should be focused on understanding these trends to best serve their clients.

One benefit strategy that is of particular interest to people when they consider whether to remain at their current employer or look at making a move elsewhere these days is the employer’s wellness program. Some employers do not offer such solutions at all, while other programs are just getting off the ground. Further, some others are well developed and comprehensive. As the wellbeing of people who are part of organizations became a focal point during the pandemic, suddenly health and wellness were top of mind for many human resources practitioners. These programs need to be implemented or refreshed in the near term to ensure they are meeting people’s needs and those of your clients.

Specific areas of focus for wellness programs that address people’s needs right now include mental health assessment and support. These include stress, anxiety and depression as well as resiliency and mindfulness solutions, behavioral health, access to life guides or employee assistance programming, and a digital, virtual user experience that drives engagement in all senses of the term.

Millennials, defined as those 25 to 40 years of age in 2021, now make up the largest proportion of the U.S. workforce. They are followed by Generation X, then baby boomers, who are decreasing as rapidly as millennials are increasing in proportion. Members of the millennial generation embrace mobile and digital solutions and expect them for all aspects of life, including the workplace. There is a lack of interest in



any wellness programming requiring in-person, physically present offerings, although as many people return to the office during the next quarter, that may change somewhat. The longer-term outlook for in-person solutions, given the baby boomers exiting the workforce, is not positive.

### **Wellness as a risk mitigation strategy**

Aside from decreasing turnover as a risk mitigation strategy using wellness programming, which as described earlier should be top of mind for many employers these days, there are numerous other benefits of wellness programming as a risk strategy. These include reducing absenteeism and presenteeism. Presenteeism is when people are at work, but not as productive due to health issues. The connection here is that people who are healthy are absent less often, and impacted by presenteeism less.

Other benefits include reduction in disability and leave durations, thereby improving productivity and engagement. Reductions in insurance premiums or self-funded costs are common, as well as the cost of pharmacy, medical and other health benefit related expenses. These improvements are all predicated on a healthier population of workers. This is where wellness programs are of most use, focused on prevention, chronic disease risk reduction, and healthy lifestyle improvements. This is particularly applicable to your clients' workplaces right now as the health of members of the millennial generation is deteriorating at a faster rate than previous generations.

Research published this year in the American Journal of Epidemiology concluded that "the worsening physiological and mental health profiles among younger generations imply a challenging morbidity and mortality prospect for the United States." If you'd like to check out that academic research yourself, just search up the study title: *Are Recent Cohorts Getting Worse? Trends in U.S. Adult Physiological Status, Mental Health, and Health Behaviors across a Century of Birth Cohorts*.

### **Are people ready to change?**

Some of your clients may have

**I like to define culture by imagining your client's organization as a fish tank—the people are the fish, and the culture is the water the fish live in. It could be a clean, transparent and supportive environment, or it could be toxic.**

questions about the return or value on investment in controlling risks to the health of their people. My advice is to ask a series of questions that will help focus the conversation. For example:

Do you believe that:

- smoking is bad for your health?
- physical activity is good for your health?
- stress reduction leads to better health?
- fruits and vegetables are better for you than fast food or processed foods?
- people can make meaningful changes to their health and wellbeing?

Wellness programming is designed to change behaviors through engagement so that people take ownership of the role their decisions have on their health. A positive response to these questions will help set up a foundation for further integrated health and wellbeing strategies that will benefit your clients, and your relationship with them.

### **Workplace culture as a risk**

Perhaps most importantly for today's employers is a culture, not just of wellness, but of an overall conducive workplace culture. Culture can not only make or break your client's wellness program in terms of success, engagement and longevity, value on investment and return on investment, but also impact the organization's overall success.

The benefits of a positive workplace culture include characteristics such as values, traditions, beliefs, behaviors and attitudes. This can be supported by policies and processes that nurture camaraderie, respect and organizational goals. I like to define culture by imagining your client's organization as a fish tank—the people

are the fish, and the culture is the water the fish live in. It could be a clean, transparent and supportive environment, or it could be toxic. A significant organizational pitfall is having a culture evolve organically, without direction or influence.

Strong positive cultures are linked to high engagement, as well as lower turnover. They impact happiness and satisfaction and ultimately work performance. When people feel that their employer cares about their wellness, they are more engaged at work and more likely to go above and beyond minimum requirements. This has implications for overall business success, customer experience and retention, and profitability — among many other positive attributes. To be successful, strong leadership is required.

Finally, your risk mitigation strategy that leverages wellness for your clients must have purpose and support. These do not need to be extensive investments, although a strong argument can be made that the health of your people is worth the investment.



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# Errors & Omissions

## What Insurance Agents Need to Know About Errors & Omissions Insurance

BY RAKESH GUPTA

**FROM A HOMEOWNER DEALING WITH PROPERTY** damage to a business owner facing a liability lawsuit, insurance agents and agencies are in business to protect their customers from risk. But in much the same way that airlines urge passengers to secure their own oxygen mask before helping a fellow traveler with theirs, insurance agents should address their own risks before engaging with customers.

### Vital coverage for insurance professionals

One of the most crucial types of business coverage for insurance professionals is what is called errors and omissions insurance, or E&O. Also referred to as professional liability insurance, it is designed to protect people who make their living providing the type of professional advice that agents give customers every day. It can cover damages and legal costs if a customer or someone else sues an agent or agency.

“Insurance agents are particularly vulnerable to lawsuits since it’s difficult to define what’s ‘right’ and ‘wrong’ in many scenarios involving the advice they give to customers,” says Peter Shelley, president at biBERK, part of Warren Buffett’s Berkshire Hathaway Insurance Group.

“For example, a customer might feel that the limit they were advised to have on a policy was inadequate, leaving them with a large out-of-pocket expense, even though any experienced agent would recommend the same amount,” he continues. “But either way, if they sue, the agent must defend their actions, and that can be costly.”

### What’s covered by E&O insurance?

Insurance professionals are required to adhere to certain standards and best practices for the insurance industry. Failing to do so opens an agent up to a professional liability lawsuit.

E&O insurance covers three general types of errors and omissions claims:

**Unfulfilled duties.** This is a situation where the agent is expected to take certain actions but fails to do so. For instance, they are supposed to file forms related to a claim by a specific deadline and do not.

**Negligence.** An agent is negligent if they fail to use proper care when performing a task. For example, they do not advise a client about important coverage and that individual or business is left with a wide gap in protection.

**Errors.** Here, an agent makes a mistake like providing a customer with incorrect information about a policy.

E&O insurance can cover the cost of damages, subject to policy limits, including punitive damages if allowed by state law. This is important, as punitive damages are assessed on top of other damages, and can be very high. E&O also covers legal defense costs, even if the claim is eventually determined to be meritless, and many insurers will provide an attorney to represent the policyholder.

### Professional liability tips for insurance agents

In advising clients about getting insurance coverage, agents stress that time is of the essence. After an incident has occurred, it is too late. That is sound advice for agents and agencies as well.

“The reality is that an insurance agent never knows when an unhappy customer is going to file a lawsuit against them. It may not happen ever or they may be contacted by a lawyer tomorrow,” adds Shelley. “Every day that an agent puts off obtaining E&O insurance is another roll of the dice, as is failing to confirm periodically that they have adequate



coverage.”

Before making a purchase, however, it is important that agents do their homework. While many insurance companies offer E&O insurance, not all policies are the same. Insurance professionals must review a policy from start to finish before signing.

In particular, it is very important to understand the policy exclusions. Nobody wants to find out from their insurer that the company will not cover a particular type of lawsuit that has been filed because of an exclusion that is clearly spelled out in the policy they did not read.

Beyond insurance, a great way to prevent the financial burden of a professional liability lawsuit is to reduce the risk of an error occurring. Insurance agents and agencies can do this by:

#### **Always using written contracts with clients:**

- Get a signed waiver when a client declines a recommended coverage.
- Have clearly defined, well-documented processes for how they run their business
- Provide training and refresher courses as needed on their business operations, paying

particular attention to processes where liability is the highest

By ensuring that they do their work carefully and consistently, and that they have proper errors and omissions insurance in place, insurance agents can be confident they have minimized the professional liability risk to themselves and their company.

#### **Beyond E&O insurance: other important small business coverage**


The risk of professional liability claims is a big one for insurance agents, but it is not the only one. Agents and agencies should consider policies for other exposures.

These include:

- ~Workers’ compensation insurance, which is often mandatory for businesses with employees and provides coverage for on-the-job injuries or illnesses
- ~General liability insurance to provide protection in the event of incidents like client slip-and-fall accidents in the office
- ~A business owners policy (or BOP), which combines general liability with company property coverage
- ~Commercial auto insurance to cover business-owned vehicles
- ~Umbrella insurance for added

protection, up to policy limits, for claims that exceed the limits of another liability policy

~Cyber insurance for security breaches that result in the loss of sensitive information.

With everything they know about the consequences of not being properly insured, insurance agents and agencies should be the most proactive businesses when it comes to being fully protected from liability and loss. 



#### **RAKESH GUPTA**

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**T**he pharmacy benefit management (PBM) industry began in the 1970s, with PBMs adjudicating prescription drug claims manually by paper. It's also when commercial publishing of average wholesale price (AWP) drug pricing data became commonplace. In those early days, healthcare spending averaged around \$350 per capita in the U.S. (according to [www.statista.com](http://www.statista.com)). Even then, it was common for a doctor to prescribe a medication, indifferent to its price, and have it paid for by consumers or third-party payors that had little influence over the drug chosen or the price paid.

Forty years later, large molecule biologic drugs were a staple in the marketplace, and U.S. health care spending jumped to about \$8,400 per capita. A doctor could write a prescription for a new medication that could cost an employer-sponsored pharmacy plan \$5,000 a year, which was a considerable amount when you multiply it by the number of employees. Fast forward to now: per capita health care expenditure hovers over \$12,000. With the stroke of a pen or tap of a button, a doctor can now write a script that could impact a plan by a million dollars a year.

Undoubtedly, there is a very real problem of prescription drug affordability for both plan sponsors and their members that must be addressed. Understanding the various factors driving this market shift is important in order to be able to identify the pharmacy pitfalls negatively impacting your self-funded employer clients and their members — and how you can overcome those obstacles to deliver a more affordable pharmacy benefit year over year with a competitive contract, expert data-driven clinical oversight, and an improved member service experience.

### How we got here

The prescription benefits landscape has changed a lot over the last 20 years. Today, the three largest pharmacy benefits management (PBM) companies — CVS/Caremark, Express Scripts and Optum — predominantly manage prescription drug benefits for roughly 75% of the U.S. population. Those large entities serve diverse populations of Medicare, Medicaid and self-funded employers. Because of the scale required to achieve a competitive deal with these large vertically integrated carriers, it can be quite challenging for a small employer to



## What History Tells Us About Pharmacy Benefits and Why HR Leaders Have Been Forced to Make Wrong Decisions

BY RICK SUTHERLAND

navigate the pharmacy market and secure the best value out of the PBM.

Did you realize that what used to be the 80/20 rule two decades ago, is now a 98/2 rule? In other words, where roughly 80% of members accounted for 20% of Rx costs, now roughly 2% of members account for the majority of costs incurred by the pharmacy benefits plan. According to [rxbenefits.com](http://rxbenefits.com), this shift is primarily being driven by the rise of specialty drugs. In today's market, it's not uncommon for a brand drug to cost \$400 and a specialty medication to cost \$5,000.

It no longer makes sense to take a "wait and see" approach to solve the pharmacy benefits affordability issues facing your clients. Specifically, the specialty drug shift is a problem that you and your clients can't afford to ignore. Now more than ever, employers should be paying attention to specialty drugs and taking action to ensure prescription drug utilization isn't having a detrimental impact on their pharmacy plan spend. The first step is recognizing the hidden — but avoidable — costs deceiving most pharmacy benefit plan sponsors today.

### Misconceptions and hidden costs

The challenge for HR managers has always been balancing competing directives. Their CEO or CFO directs them to lower the cost of the benefits, and they also want to do the right thing by their employees. However, there continues to be a false perception among HR leaders that lowering pharmacy benefits costs means lowering coverage, and in effect reduces the benefit and creates member disruption. They think they have to stop covering medications or increase the member cost-share. Actually, this is what the large health insurance carriers and integrated pharmacy benefit managers (PBMs) want them to think, and it's really a false perception.

The reality is that there is a lot of waste inside of the pharmacy system — and the large carriers and PBMs benefit from keeping it that way. It's a costly cycle for HR leaders who unknowingly fall into the trap without realizing that the pitfalls they continue to experience can be avoided, that it's possible to gain visibility into their prescription drug spending and take steps to address them proactively without jeopardizing member satisfaction.

Self-funded employers need to feel certain their



pharmacy benefits provider can deliver on new, innovative strategies to match the new challenges they face managing costly prescription drugs. When HR leaders operate under the false premise that a reduction in cost is a reduction in benefit, that's an immediate barrier to moving forward. There are several avoidable costs that could be impacting the pharmacy plan and worth exploring to ensure the plan is optimized in all areas:

### 1. Unscrupulous Drug Pricing Practices

We should all take issue with drug manufacturers using shortcut methods, like evergreening and parity pricing, to drive higher margins and capture more market share. These legal practices introduce costly, wasteful low clinical value drugs to the market, catching payers unaware. This according to rxbenefits.com.

Impact: If not managed appropriately, problematic drug pricing practices present unlimited financial threat to employer-sponsored Rx plans.

### 2. Bundled Pharmacy Arrangements (Remaining Carved-In)

Bundled, or carved-in pharmacy arrangements, put self-funded plans at a cost disadvantage. These plans pay more because of one-size-fits-all benefit plan designs, hidden higher rates, lower rebates, and misaligned clinical decision-making. For non-Fortune 100 companies, carving out pharmacy is a critical component of managing the drug benefit to lowest net cost, by having visibility into drugs that drive plan cost, plan spend before and after rebates, and clinical decisions made on the plan's behalf.

Impact: Staying carved-in with the medical carrier leaves significant dollars on the table, with plans averaging 28% first-year savings in a first-time carved-out pharmacy contract.

### 3. Misaligned Contract Terms

Common pharmacy contract pitfalls include being locked into a multi-year arrangement that loses value year-over-year, ignoring rebate yield and how Rx utilization impacts rebate dollars, lack of client-level guarantees, unspecified specialty and limited distribution drug exclusions, and vague drug definitions. An annual contract that contains the best rates, rebates, and terms allows plans to experience continued year-over-year cost savings.

Impact: Misaligned, long-term contracts cost plans an average of 14% per year.

### 4. Inadequate Clinical Oversight

To ensure employers are not overspending on inappropriate prescription drugs, they need data-driven clinical strategies that address their plan's specific risk areas and monitor for appropriate Rx utilization and won't jeopardize member access to needed medication.

Impact: Not having a comprehensive, targeted clinical solution in place costs plans up to 10% every year.

### 5. Poor Member Experience

In today's competitive job market, it's important that members have access to a customer service team staffed

with compassionate, knowledgeable people who treat them with respect and deliver a personalized service experience to resolve their benefits questions on the first call. Doing right by the employees means improving benefits value, not settling for subpar service.

Impact: Poor service has unacceptable human implications and results in lower employee satisfaction, higher turnover, and a greater volume of complaints to HR.

### Pharmacy benefits strategies for modern times

Employers who provide their employees with affordable access to medications want to help them improve or maintain their health while shielding them from risk. It's hard to debate the cost of care versus the value of life, and none of us can ultimately make the decision for plan sponsors. As trusted advisors to HR leaders, we never want the organization to be in a situation where the cost of the benefit has exceeded the value. What we can do is advise when these prescriptions are medically necessary and appropriate with the goal of reducing total cost of care.

Eliminating waste and increasing value necessitates that you and your clients both understand the financial and clinical risks, as well as the member impact, involved in any decision about their pharmacy benefits plan before making it. But with all the complexity surrounding prescription drugs, it can be challenging to know where to start.

They need help in understanding what levers exist that they could pull, with the right partner, to balance the benefits value equation. A good place to start is taking steps to identify and address the hidden costs slowly draining their pharmacy benefits budget.

We've already seen employers move the needle on these areas in order to find more dollars to save jobs during the pandemic. Because they chose to act instead of wait, they flipped their unsustainable spending trajectory and are positioned to maintain a more affordable pharmacy benefit year over year. They secured a more competitive pharmacy contract independent of the Big Pharma machine and eliminated wasteful spending on unnecessary medications to preserve their financial resources to cover those that matter — without sacrificing member satisfaction.

Imagine if you could deliver tens to hundreds of thousands of dollars, or in some cases millions of dollars, in pharmacy savings to your clients each year while maintaining the benefit value. What impact would that have for them and their employees in the next year, 3 years or even 5 years, and beyond? **CB**




**RICK SUTHERLAND** works in business development for RxBenefits, the nation's first Pharmacy Benefits Optimizer. He supports brokers in the California and Hawaii regions, guiding them through the pharmacy benefit contracting process to help them evaluate their clients'

prescription drug plans for optimal savings, clinical management, and service. Rick is also the current Board President for the Employee Benefit Planning Association of Southern California (EBPA). He can be reached at [rsutherland@rxbenefits.com](mailto:rsutherland@rxbenefits.com).

# Addressing Unexpected Legal Issues *in the Wake of Natural Disasters*

## How to be Prepared

BY DENNIS HEALY



**W**e are always told to expect the unexpected. But what do we do when our worst expectations become reality? Are your clients and their employees prepared when disaster strikes?

Some people are still working through the disaster that is COVID-19. The COVID-19 pandemic devastated the United States and left many individuals with resounding physical, emotional and financial effects. And now a pandemic-weary population may be facing the added impact of one of the myriad natural disasters plaguing the country.

Already this year, there has been arctic cold in the Southwest, several tornadoes in the Midwest, flash flooding in the deep South, and historically extreme heat waves from the Pacific Northwest to Southern California. With high temperatures 30 to 35 degrees hotter than average, conditions are perfect for sparking wildfires. In fact, a natural disaster dubbed 'Lava Fire' burned over 4,000

acres of land in California in June 2021, causing about 10,000 individuals to be

evacuated from their homes.

And of course, who can forget the Midwestern derecho, a storm that Iowans had the displeasure of learning about last August?

In 2020, there were a record 22 climate or weather-related events that exceeded \$1 billion in losses, according to the National Oceanic and Atmospheric Administration. For context, the five-year average is approximately 17.

In the aftermath of one of these types of natural disasters, your clients and their employees may encounter a number of legal and financial issues. Here are some ways employers can support their employees' efforts to recover and rebuild – or better yet, be more prepared going forward.

### Recovering from a disaster

There are a few key considerations affected employees should keep in mind when dealing with the aftereffects of a natural disaster.

### Where to go for help

Depending on the scale of the event, it may be best to lean on local and federal organizations that specialize in disaster relief. For example, when tornadoes hit communities in suburban Chicago, impacted residents were directed to Resource Centers, a multi-agency source of supplies, food, information and relief services.

In addition to groups like the Red Cross, churches and civic organizations, employees can also reach out to:

**Federal Emergency Management Agency (FEMA):** a government organization

comprised of both regional and national offices that boasts close to a 50,000-strong workforce during a natural disaster. Their mission is “helping people before, during and after disasters, and our guiding principles help us achieve it.” FEMA provides information on current disasters as well as tips on how to prepare for the future.

#### **Disasterassistance.gov:**

another resource that can help individuals find assistance and shelter during a disaster. They can also create an account to help securely view messages from FEMA, upload important documents in order to receive assistance, and more.

#### **The Disaster Distress Helpline:**

a 24/7 resource for individuals experiencing emotional distress ([www.samhsa.gov/find-help/disaster-distress-helpline](http://www.samhsa.gov/find-help/disaster-distress-helpline)) provided by the U.S. Department of Health and Human Services, in the wake of a natural or human-caused disaster like floods, drought or incidents of mass violence. The helpline also answers calls and texts related to the COVID-19 pandemic.

**Insurance providers** — health, life, home, auto — will also be important sources of information and relief in a recovery effort. Again, depending on the magnitude of the event, some insurers, like Allstate and State Farm, will bring Mobile Claims Centers onsite to facilitate communications and the claims process.

#### **Is it safe to return home?**

This may be one of the biggest questions on the minds of individuals who were displaced by a catastrophic event. The most important thing for them to do is to wait for the all-clear by authorities, whether they’re the local fire department or the state emergency management agency. Even though the disaster event itself may have passed, it’s not safe to enter a damaged building unless deemed ok by a building inspector and at times, an electrical inspector. Together, they can identify potential dangers like live wires and mold from water damage.

Additionally, it’s possible that a storm could have washed hazardous

debris and materials into harm’s way. The National Response Center is a great resource to rely on that can forward reported pollution incidents to a local response agency.

#### **Surprising legal implications**

Your clients may ask you how a natural disaster could possibly turn into a legal matter for their employees. After all, who thinks to call their attorney after a hurricane? Unfortunately, legal issues have a way of cropping up even when we least expect it.

Identity theft, for example, can be an unexpected consequence of a natural disaster, especially if an individual’s home was severely damaged, their belongings were displaced, or they were required to evacuate. Tracking down possible identity thieves and restoring damages can be difficult and time-consuming without counsel or resources.

It’s also not uncommon for consumer scams to surge after a natural disaster, in the form of price gouging, refinancing schemes, or shoddy home repair work and subsequent contractor disputes.

Natural disasters can also end in personal disaster, causing individuals to lose loved ones, as they’re trying to put their own life together. Coping with unexpected loss and being tasked with death arrangements is a heavy legal burden, in addition to the obvious emotional burden.

If your clients’ employees are experiencing problems, be sure to remind them of any voluntary benefits offered that might help them, such as legal insurance, which can connect affected individuals with attorneys who can provide advice and representation should they need it.

#### **How legal insurance can help**

Like most types of insurance, legal insurance is designed to help members prepare for and recover from the unexpected. For employers that offer legal insurance benefits to employees, the members impacted by a natural disaster can:

- Take advantage of identity theft resources and have a network attorney manage their identity restoration case.
- Rely on a network attorney to

help with contractor issues or insurance disputes when rebuilding their property.

- Set up an irrevocable trust to protect property and reduce taxes when the owner of the property dies.
- Talk to an attorney about setting up or contributing to a relief fund.
- Enjoy 100% paid-in-full attorney fees for most covered matters.
- Legal insurance enables your clients to use it for real-time assistance and as a preparation tool, meaning your clients’ employees can use this voluntary benefit to get their affairs in order before the next disaster strikes.

#### **Members can get ahead of a disaster by:**

- Reviewing one’s homeowner policy with a network attorney.
- Crafting an updated will via DIY Docs or with an attorney’s help.
- Talking with an attorney about Living Will and Power of Attorney privileges.
- Calling an attorney for general legal advice or legal disaster preparation tips.

By providing legal insurance to your clients, you are helping give their employees access to justice in the moments they need it most, whether that be in the wake of a global pandemic or after a devastating natural disaster. **CB**



**DENNIS HEALY** is a member of the ARAG executive team. Healy is a passionate advocate for legal insurance because he has seen firsthand how it helps people receive the protection and legal

help they need. He has nearly 30 years of insurance industry experience, with a primary focus on the sale of group voluntary benefit products to employer groups of all sizes through the broker and consultant community.





# MEDICARE

## Preparing for Annual Open Enrollment Period (AEP)

BY MARGARET STEDT

**A**nnual Enrollment Period (AEP) continues to provide the biggest opportunity for growth of the Medicare focused agent's business, for the retention of their book of business. It's also the greatest challenge for time management and for their health and sanity!

This is the time that the people covered by Medicare Advantage can enroll or move to another Medicare Advantage Plan (MA/MAPD). Or, if certain criteria are met, they can apply for a Medicare Supplement Plan on a Guaranteed Issue basis. It is also the time that covered persons can enroll into or change their Stand-Alone Prescription Drug Plans.

To be your best, make sure to complete your certifications and product trainings, finalize your marketing plan for new acquisitions, prepare and send letters to your existing clients and schedule meetings for AEP.

### Certifications/product trainings

Now is the time to complete your certification trainings. Depending on the companies you are contracted with, make sure to complete your AHIP, NAHU or company certifications and then move onto each companies' product's training. The trainings continue to be offered online with a few companies starting to open up to face-to-face trainings.

Review the plans carefully and note any additions and changes, withdrawals and additions of plans in your targeted sales areas. This is especially important to your retention efforts. AEP is the opportunity for covered individuals to move from a Medicare Advantage Plan to a Medicare Supplement Plan. Creating a grid of the plans for my own use has been a helpful tool to note the highlights of each plan. (Note that these are never to be used with the clients as it is not an approved marketing piece.)

### Marketing outreach

There are many marketing approaches to use for AEP for the

acquisition of new clients. These can include mailers, the use of social media outreach, advertising on radio or TV outlets and in circulars or local newspapers. In person events are very effective as things open up, such as holding community meetings, "camping" at provider offices to provide information and enrollment opportunities, hosting booths at community fairs, senior centers, and local pharmacies.

As there can be substantial costs involved, explore programs with the companies and with your Field Marketing Organization (FMO) or General Agency (GA). Many provide marketing dollars and lead programs on a shared cost basis or dedicated product basis. They may require the submission of a marketing plan and a financial commitment especially for focused mailings. You may want to use their giveaways or order your own. Create a budget and stick to it!

Make sure to follow the Medicare Marketing guidelines for meetings and materials.

- Remember to always file your sales meetings with the respective companies for the products you will be representing.
- For your mailers, presentations and collateral, most agents use the companies' or the FMO's Medicare approved materials.
- If you want to use your own design, remember these must be filed and approved by Medicare and there is a lead time for the approval process.
- Check with the companies' sales executives and your FMO/GA for opportunities and costs.

### **Meetings may be scheduled in person or using a virtual platform such as Zoom.**

Strive to create long term relationships with local independent pharmacies, physicians and senior centers. You may also want to reach out to faith-based communities and organizations such as VFW's, the American Legion and American Veterans. Many of your clients have community contacts and may be involved in organizations and would be willing to assist you to reach the right people to arrange for your involvement and marketing efforts.

### **Client retention**

Reach out to your clients during this important enrollment period to help them determine if they wish to remain on their current plan or consider changing. Marcello Castro, an agent in Orange County with a substantial book of business, recommends doing two mailings. The first is to reach out to all clients to remind them of AEP as well as their options. He asks them to contact him if they have had any changes in their health, prescription drugs, provider relationships or have other concerns.

The second mailers are plan specific which provide guidance and recommendation for consultation regarding their specific plan's changes for the coming year. Marcello says, "I find this approach proactive and provides confidence and an annual routine for my clients. It helps me to manage and retain almost all of my clients. In addition, I receive many, many referrals not only during AEP but

throughout the year!"

The review of the prescription drug coverage and plans are handled differently by agents. Many prefer to assist their clients with the plan changes and review the coverage with their clients and prospects. There are some agents that prefer to refer the clients to the Medicare or company's website. You need to determine what is best for your clients and your business model.

### **Changes from Medicare Advantage to Medicare Supplement plans**

There are a number of Guarantee Issue (GI) situations that apply during AEP. Make sure to review the Medicare Supplement company's GI outline to specifically see:

- which Medicare Supplement plans may be offered
- what is required to qualify
- what must be submitted for proof of prior coverage such a copy of the specific change from the MA/MAPD Plan's Annual Notice of Change or a print out from the Medicare Plan finder
- A copy of their current Plan ID Card and a signed Replacement form must also be submitted with the Medicare Supplement application.

The two most used Guaranteed Issue situations during this period are:

**Trial Period:** The MAPD covered person is within the first year of joining the plan and was first eligible for Medicare when they joined the plan, or they dropped a Medicare Supplement plan to join a MA/MAPD plan.

### **Medicare Advantage Plan**

**Change:** There are two scenarios that can qualify a person for the change to a Medicare Supplement Plan:

1. The covered person may change from their company's MA/MAPD plan to their company's Medicare Supplement Plan if the MA/MAPD plan increased the premium, copayments, reduced the benefits or terminated its relationship with their medical provider for reasons other than good cause relating to the quality of care.

2. If the company offering the MA/MAPD plan does not sell Medicare Supplement plans and one of the following criteria have been met

- (a) increased premiums or copayments by 15% or more
- (b) reduced the benefits or
- (c) terminated its relationship with their medical provider for reasons other than good cause relating to the quality of care.

Note that the individual must disenroll from their MA/MAPD plan by contacting the company or enrolling in a Stand-Alone Drug plan. For prescription drug coverage they should enroll in a Stand-Alone Drug plan during AEP.

**BIRTHDAY RULE:** Many agents are confused by the Medicare Supplement Birthday Rule. Remember it only applies to the persons covered by Medicare Supplement plans and not to any changes from MA/MAPD Plans.

### **SELF CARE is a MUST**

Lastly, during Annual Enrollment Period take care of yourself. It is a grueling and challenging period for seven weeks and the weeks leading up to and following. Make sure to plan well, to get rest, and take snacks and beverages with you if you are out on the road. We have had agents wind up in the hospital from dehydration/exhaustion or suffered heart attacks during this period. Your family and your clients need you! Don't be afraid to hire help or to partner with other agents and your FMO.

With planning, study and commitment you should have a successful AEP and feel confident that you have done the best you can for your clients, your business and your family. Good Selling!



**MAGGIE STEDT** is an independent agent that has specialized in the Medicare market for the past 21 years. She is currently president of California Association Health Underwriters (CAHU) and is a past president of her local Orange County Health Underwriters Association (OCAHU) chapter. Reach her at **maggiestedt@gmail.com**.

# Nutritional Benefit Program Aims to Turn Sick Care Into Health Care

*Food is nature's medicine*

BY ASHLEY TYRNER

**A**s the founder and CEO of produce delivery service Farmbox Direct, I truly believe that food is one of the most powerful tools we have at our disposal for promoting better health. When you choose to eat healthy foods, the body reacts almost instantly by making you feel better, giving you more energy, and supporting clearer thoughts. As Hippocrates once said, "Let food be thy medicine and medicine be thy food." I view the food at the end of the fork as an opportunity to give the human body the nourishment it needs to heal and thrive! Food is nature's medicine and should be treated as such.

Unfortunately, the current healthcare system has been failing to approach the prevention and treatment of illness for members from a health-focused angle, and instead has adopted a predominantly sick care approach, which

leaves us in a precarious position. Americans are not educated on nutrition and healthy lifestyle practices as children. Instead, we unknowingly go into adulthood making food decisions that negatively impact our health outcomes later. Based on the sheer mass availability of junk food found in grocery and corner stores, and the ease and affordability of fast-food restaurants, Americans are vulnerable to poor eating choices. Metabolic health conditions have reached crisis level in American food deserts, places where people don't have access to fresh, healthy food options. It seems that poor food choices have become so ingrained in our society that as a people, we have accepted the reality that our country, albeit one of the most influential nations in the world, is also one of the unhealthiest. According to the CDC, more than one-third of our citizens

are considered obese, and of these people most of them are likely to have one or more other diet-related illnesses including diabetes, high blood pressure and/or heart disease. There's a serious problem here.

It's critical that we turn sick care into health care.

With the trillions of dollars our country spends on healthcare costs each year, I'm still shocked at the fact that we are choosing to approach these issues from the same non-effective angles. Wait for a patient to become sick (an almost inevitable endpoint in a nation known for fast food chains and huge portions of processed foods,) treat them using pharmaceutical drugs or surgery, and have them on this cycle for the rest of their lives. All while advancing the extremely high costs associated with modern-day medicine and hospital visits. The CDC goes on to state that an astounding 90% of the \$3.5 trillion in annual

health care expenditures are spent on people with chronic health conditions. We need to realize that this system is not sustainable.

The number of obese and chronically ill Americans is on the rise and projected to continue to grow considering the generational trends in learned eating habits. There is a lack of education and conversation in the family-unit and classroom, as well as in the healthcare system entrusted with keeping us well today.

Fortunately, the current system does believe in providing medicine as a way to reverse unpreferred health conditions. This is a good starting point! The problem here is that

1. the treatment comes after an issue
2. it's expensive
3. it does NOT lead to proactively solving the why for how the issues arose in the first place.





People go to their doctors seeking immediate solutions in the form of a pill or prescription even though these solutions are usually short-lived and involve hard work and lifestyle changes. The current system relies too heavily on the “magic fix” prescription drug or pill rather than teaching people how to make the changes necessary to facilitate long term change.

When it comes to the question of “how to be healthy,” I don’t think it’s about dieting or the latest health fad. It boils down to choosing to eat the foods that we know are good for us and viewing food as medicine. From an early age, some of us are introduced to the food pyramid and

the idea of making sure to eat five servings of fruits and vegetables a day. And unfortunately, this minimal level of education doesn’t always reach the schools located in lower income communities whose people are the most susceptible to poor eating habits, setting an entire population of people at a disadvantage early on in their lives. We need to go back to our roots and lay a good foundation of nutrition education with ALL of our youth to begin breaking down the barriers that our current system has built.

We have built a nation that has a nutritional comfort zone of fast food, large portions, and an excess of salt and refined sugars. It would take a complete 180°

turnaround to put Americans on a track towards optimal health and longevity, with proper financial support to help facilitate eating more fruits and vegetables, exercising regularly, and drinking water. This is simple formula to ensure a healthier mind and body.

#### **Diet & Health Link**

There’s no doubt that there is a strong correlation with the foods that we eat and our current state of health. After all, an apple a day keeps the doctor away, right? People trust their doctors to prescribe the right medicine, but what about healthy foods? Health insurance companies are quick to cover the costs of medicine when they

should also be covering healthy foods for their members as a way to help treat metabolic and chronic conditions. This should be given major consideration when focusing on the overall wellness and well-being of a patient. Insulin, for instance, is prescribed to those diagnosed with diabetes and covered under health insurance because it’s expensive to purchase without health coverage. On the other hand, we know that proper nutrition and eating healthy can also help reverse type 2 diabetes. But depending on where you live, you may not even have access to the right foods that are good for you, a factor that can easily throw you back into the cycle of

needing medicine. We truly need to rethink how this system works, and if it is working at all.

After this last year, the conversation around health is being had at more and more tables. Since 2014 my company **Farmbox Direct** has offered a subscription service to deliver farm-fresh fruits and vegetables directly to doorsteps nationwide. We want to encourage people to make healthy food choices, and that starts with us making it accessible.

In early 2020, we entered the healthcare industry to expand upon Farmbox Direct's mission of making healthy foods accessible to all by partnering with Medicare Advantage programs through one of our Farmbox initiatives. This branch of the company is revolutionizing the future of healthcare by offering qualifying members a fresh box of fruits and vegetables under their health insurance coverage or member benefit programs. Since then, we have partnered with In COMM's OTC (over the counter) Network card to offer our FarmboxRx fresh produce delivery benefit to more health plans across the country, delivering food as medicine nationwide. The benefit will be available through participating Medicaid and Medicare Advantage plans, who can easily manage it alongside multiple benefits on a single card thanks to InComm Healthcare's multi-wallet program.

We are excited to be partnering with the OTC Network to help keep plan members eating healthy while addressing social determinants of health (SDOH) issues like food



**It would take a complete 180° turnaround to put Americans on a track towards optimal health and longevity, with proper financial support to help facilitate eating more fruits and vegetables, exercising regularly, and drinking water. This is simple formula to ensure a healthier mind and body.**

insecurity, food deserts, managing chronic health conditions, and other challenges faced by many plan members. Our first-of-its-kind nutritional benefit program is offering a solution to help reverse diet-related chronic illnesses through lifestyle change.

Having launched the

initial FarmboxRx program with Vibra Health Plan of Pennsylvania, a division of the Capital Blue Cross Company, we have been able to get our fresh produce boxes into thousands of homes as a way to help combat chronic and diet-related illnesses. This includes boxes that cater to our diabetic and healthy-snack-seeking audiences, as well as those suffering from chronic inflammation, a condition which is often found at the root of many diseases.

Our goal is to offer a food as medicine approach by focusing on delivering nutrient-dense produce with a total wellness experience including registered dietitian nutritionist (RDN)-approved recipes, diet-specific produce options, exercises and activities for mental health, as well as tips for healthy eating on a budget. Our educational magazines provide plan members with easy RDN-approved recipes, produce spotlights featuring the nutritional benefits of the foods, plus wellness activities and tips to support a healthy mind and body. We hope to reignite and redefine the fire and desire around food, cooking, and positive lifestyle practices that aid in feeling good for years to come! As an entrepreneur, but mother first, I'm always thinking of how I can help assist my daughter, while giving her the tools to be autonomous at the same time.

This is where my company Harlow's Harvest was launched! Named after my little human (and actually started by her, too) we offer monthly subscription boxes for children as a way to reinvent nutrition and food education for young ones

to help inspire a lifelong love of cooking. As many home economic programs have been taken out of the educational system, it is critical that our kids still learn the kitchen-based skill set that provides a foundation of fostering healthy eating habits. We offer hands-on cooking kits to help teach culinary skills to families, children, teens, and young adults who want to embark on a journey of kitchen confidence.

Through Farmbox Direct, FarmboxRx, and Harlow's Harvest, I am dedicated to shifting the way the healthcare system approaches the discussion of member health and wellness by pioneering, and as a result revolutionizing the food as medicine initiative all across the nation. **CB**



**ASHLEY TYRNER** is the founder and CEO of Farmbox Direct, FarmboxRx, and Harlow's

Harvest. Ashley has gone from being a single mom on food stamps to the CEO of a national brand that aims to eradicate the food desert problem America faces. With a clear conviction that all people should have access to healthy food, Ashley works tirelessly to disrupt the health and food policy space. She can be reached at **ashley@farmboxdirect.com**.

Visit **www.FarmboxRx.com** for more information.



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# Enhancing Human Relationships

INNOVATION THAT FOSTERS REAL CONNECTIONS

**BY SUSAN HATTEN**

**WITH BRIAN HETHERINGTON, CHAIRMAN, THE ABD TEAM  
ANDY BARRENGOS, CHAIRMAN & CEO, WOODRUFF SAWYER  
GARRETT KOEHN, PRESIDENT, CRC INSURANCE SERVICES**



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*With insurtech valuations surging in Q1 and Q2, we brought together three of our California-based thought leaders, to have them weigh in on innovation and industry topics driving decisions we make within our agencies, insurance companies and wholesale businesses.*

– Susan Hatten

**Question 1: Behavior based price modeling is becoming more abundant in the personal lines space. Do you see behavior-based pricing impacting the commercial business, P&C space, if so - how?**

**Brian Hetherington:** Yes – it is already happening with driving by the mile (Root, MetroMile) by modifying driving behaviors. It is riskier to turn left into oncoming traffic than right-right turns. Certain apps are helping modify behaviors for shared economy deliveries – taking breaks, not speeding, obeying traffic signals. Life insurers (for example, John Hancock) have offered special pricing for those willing to monitor healthy habits. With its Vitality Program, you can earn points and rewards for your health-positive lifestyle and use it to get cash back on your annual premiums.

If you're a smoker, John Hancock's Quit Smoking Incentive program can help you secure lower rates as you quit the habit. Companies like Make-U-Safe monitors employee environments to

make sure they are in safe working environments. As data becomes annualized, carriers may make decisions to provide pricing based on using these types of wearables. Our ring is another data-analytic wearable that will help manage health costs through sleep, activity readiness and temperature.

**Question 2: What are your predictions on the risks of the future, creating a need for additional coverage and risk mitigation?**

**Brian Hetherington:** The ability to “see around corners” will help predictive analytics and accident avoidance. Leveraging data to make our clients and employees “super-human” will also be leveraged to help our clients become better risks over time.

**Garrett Koehn:** Currently, crypto is a hugely growing space and it is widely underserved within insurance. We have all heard about the risks of crime with crypto assets being lost or stolen and carriers are usually uncomfortable with most types of “crypto companies” due to these headlines. Yet, the potential reshaping of the international financial world with decentralized crypto assets and the Defi movement, in particular, cannot be ignored. Exchanges, lending companies, and even insurance companies structured in a decentralized, crypto-backed,

borderless model will continue to become more common. Regulation is complex as international boundaries, and central authority becomes antiquated. Liability, similarly, becomes complex as ubiquity grows. Therefore, new insurance products will need to be developed to protect the entities, investor interests, and specific projects.

**Brian Hetherington:** As technology becomes more ubiquitous with insurance – insurtech should be seen as a “cooler” place to develop a career. It looks like taking data and putting it into action can help people live better, more successful and happier lives. Who doesn't want that? ABD has engineers developing next generation technology to help us take care of our clients and employees. BrokerTech Ventures helps bridge that gap with BTV Labs, and insights about the future of our business with next-gen start-ups.

**Andy Barrengos:** While I think the next generation of talent will lead using some similar approaches to the current leadership generation, I believe many will be different. One key difference will be in more effectively leveraging the knowledge, experience, and ideas of team members throughout our organizations to develop better solutions for a variety of needs. Our teams represent an under-utilized innovation resource which will be critical to innovating impactful solutions to needs we can





anticipate and those we cannot. BTV's "labs" concept is experimenting with this by building a group of innovation thinkers within member firms to road-test a variety of ideas and POC's (proof of concepts). This is to accelerate both solutions and, probably more importantly, the develop innovation skills and muscle at scale.

**Question 4: Where do you see the greatest opportunity for collaboration between the broker and insurance company/wholesale relationship? How and when does insurtech play into this collaboration?**

**Brian Hetherington:** Working with BTV has really helped us see that there are a number of innovative, forward thinking, altruistic companies that are working together for the benefit of the whole industry: brokers, carriers, service providers, technology companies and partners.

**Andy Barrengos:** I think bringing more simplicity, ease of use, and efficiency to our delivery systems is one of the most impactful areas of collaboration for insurers and brokers in the retail and wholesale channels. While technology, and InsurTech specifically, are a critical part of this opportunity, collaboration between risk providers and advisors in the insurance ecosystem will create better and longer

lasting improvements. BTV is one example of how collaboration among these constituents can work quickly and effectively by providing a venue for brokers and insurers to collaborate with InsurTech firms and one another to address many complex issues like inefficient delivery models.

**Garrett Koehn:** Collaboration in insurance is nothing new. Collaborators built the insurance industry, filling a need for shared and syndicated risk spread amongst multiple players. Today cooperation is prevalent between our market players as brokers and insurance companies design the best ways to incorporate technology into our process. For us (a sizable wholesale broker) technology allows us to leverage data and better connect with our trading partners. The most significant current opportunities may relate to these areas. Think about API integrations or AI for data analysis, underwriting, and client benchmarking. In working with Broker Tech Ventures, we can source technology companies that may help with these efforts. Additionally, we benefit from groupthink in that retail brokers and carriers who participate in the group can garner insight from our partners. **CB**



officer of BrokerTech Ventures and oversees corporate and community engagement at Holmes Murphy. Prior to joining Holmes Murphy, Hatten led business development for

a marketing communications and advertising agency for more than a decade. In addition to mentoring within the insurance industry through The Global Insurance Accelerator, CPCU and more, she dedicates much time to community involvement through fundraising and volunteering for several organizations. 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 others. Hatten is a graduate of Iowa State University.

Learn more about BrokerTech Ventures at **[www.brokertechventures.com](http://www.brokertechventures.com)**, or follow on Twitter (@BrokerTechVen), LinkedIn, or Facebook.

**SUSAN HATTEN** is chief operating

# Offering Cryptocurrency Investments In A 401(k) is Irresponsible

BY ROBERT C. LAWTON

Recently, a 401(k) provider, hoping to capitalize on the cryptocurrency fad, announced that it was going to allow 401(k) plans it works with to access cryptocurrencies as investments. This is a horrible development for 401(k) plan participants. Here's why.

## Cryptocurrencies are not investments

Most cryptocurrencies have no intrinsic value and have prices that are based completely upon speculation of future values — not earnings potential, future enterprise value, ability to pay dividends or anything rational, but on speculation that they may be worth more in the future.

Without a perceived willingness by someone to pay more for them in the future, most cryptocurrencies would be virtually worthless.

**Motley Fool** characterizes investing in cryptocurrencies as, “not entirely safe” and goes on to say “you could also lose all of your money.”

**The Wall Street Journal** says, “Bitcoin is a highly volatile, almost completely speculative investment. Wild price swings are commonplace.”

**CNBC contributor** James Ledbetter says Bitcoin is a, “highly volatile, highly risky investment.”

**Mark Cuban** compares Bitcoin to gambling and says you should only invest as much as you can afford to lose.

Does this sound like the perfect investment option to add to your 401(k) plan?

## Cryptocurrencies are not currencies

All true currencies are backed by the full faith and credit of the issuing authority (usually countries). Cryptocurrencies are not backed by anything.

Cryptocurrencies are better thought of as electronic tokens that can be used in limited places to purchase selected items or services — similar to Chuck E. Cheese tokens. Except that Chuck E. Cheese tokens are backed by the full faith and credit of Chuck E. Cheese.

Keep in mind that all that stands in the way of Chuck E. Cheese tokens becoming an effective alternative currency is their acceptance somewhere other than Chuck E. Cheese. If Elon Musk were to begin accepting Chuck E. Cheese tokens for Teslas, they might turn out to be a better investment, and alternative currency, than Bitcoin.

## Cryptocurrencies are a questionable store of value

Think of cryptocurrencies as most like a precious metal, such as gold. Gold is generally thought to be a store of value and an inflationary hedge during troubling or inflationary times. It only functions as a store of value because people believe it will be a store of value.

In other words, if investors suddenly concluded that gold no longer provided a hedge against inflation, and no one demanded or invested in it, its value would plummet. The price of gold would then reflect its use as an industrial metal and for jewelry.

Gold does have some intrinsic value outside of its value as an inflation hedge. What is a cryptocurrency's intrinsic value? Possibly nothing for most cryptocurrencies.

## Cryptocurrencies are intangible

You can hold your gold, if you would like, in the form of coins that, if times became very bad, you could trade for food, water, whatever. Gold has been thought of as an alternative currency acceptable anywhere in the world. It can be tangible. You can carry it around in your pocket or put it in your safe at home, if that makes you feel better.

And there is hope that after the power grid comes back up, you will be able to convert your gold back into something more useful, like dollars.

Unfortunately, you can't carry a cryptocurrency coin around in your pocket. They are electronic files stored on a server. And if you forget the password to access crypto, you are out of luck. It is gone. You also aren't going to have much luck trading your crypto for food or water if the power grid goes down.

## Cryptocurrencies are extremely volatile

Every reputable investment adviser I know who works with 401(k) plan participants knows that volatile investments are not good for participants' mental health.

**“Unfortunately, you can’t carry a cryptocurrency coin around in your pocket. They are electronic files stored on a server. And if you forget the password to access your crypto, you are out of luck. It is gone. You also aren’t going to have much luck trading your crypto for food or water if the power grid goes down.”**

Explaining why account balances dropped significantly due to a crash in the stock market is difficult. How do you explain to participants that the value of their cryptocurrencies dropped by 50% over the weekend because of an offhand tweet? What does that mean their remaining investment in cryptocurrencies is actually worth?

Eventually, after a number of these experiences, even the most risk-seeking **participants would wonder why cryptocurrencies are offered as investments in their 401(k) plan.**

#### **Governments around the world**

Both the United States and China are working on their own digital currencies. That makes a lot of sense. Neither of these economies will allow its monetary policy to be hijacked by a cryptocurrency.

What do you think Bitcoin and many other cryptocurrencies will be worth when we have a digital dollar and yuan? I would think a lot less.

Governments around the world also know that heavy users of cryptocurrencies right now are criminal enterprises. It seems like every ransomware attack is payable in Bitcoin. It is just a matter of time before the United States, and many other countries, decide that the amount of taxes forgone in cryptocurrency transactions is unacceptable. What do you think the value of Bitcoin will be after most countries begin taxing cryptocurrency transactions?

#### **Will the fad end?**

Are cryptocurrencies just another investment fad? Will we be looking back five years from now and wondering how anyone could have been duped into investing in them?

It’s possible. If a significant number of the major economic powers around the world decide to develop and use digital currencies, it would seem likely that we wouldn’t need all the 200-plus cryptocurrencies that now exist.

If you invest in a cryptocurrency now, what are the odds that it may be around five years from now? How do you know that it is even legitimate? Clearly there is a frenzy associated with cryptocurrencies at the moment.

Keep in mind what Warren Buffet says: “Be fearful when others are greedy...”

#### **High likelihood of being sued**

Plan sponsors that decide to offer cryptocurrencies in their plans would seem to have a high likelihood of being sued by participants losing money investing in them. I do not believe that any responsible investment adviser who has or shares fiduciary responsibility for investment decisions would recommend the addition of such a risky investment with questionable future prospects.

Participants trust their employer to offer solid, safe investment options in their 401(k) plans. They don’t expect to experience a money-losing, neck-breaking roller coaster ride.

#### **Participants are already confused**

After working with 401(k) plan participants for more than 35 years, I can tell you that most are too busy with their lives to spend the time required to fully understand their 401(k) plan and its investment options.

As a result, they trust their employer to offer well-researched and understood investment options that do not put their account balances at high risk of loss.

Right now, offering a cryptocurrency investment option in 401(k) plans is irresponsible. No plan sponsor should consider doing so.

Let your employees explore cryptocurrency investment strategies using their personal investments or in their IRAs. **CB**



**ROBERT C. LAWTON, AIF, CRPS** is the founder and President of Lawton Retirement Plan Consultants, LLC. Lawton is an award-winning 401(k) investment adviser with over 30 years of experience. He has consulted with many Fortune 500 companies, including: Aon Hewitt, Apple, AT&T, First Interstate Bank, Florida Power & Light, General Dynamics, Houghton Mifflin Harcourt, IBM, John Deere, Mazda Motor Corporation, Northwestern Mutual, Northern Trust Company, Trek Bikes, Tribune Company, Underwriters Labs and many others. Lawton may be contacted at (414) 828-4015 or **bob@lawtonrpc.com**.



# When to Sell, When to Retire

The best time for a health insurance broker to sell and retire is very personal. Key considerations include industry and economic trends as well as health concerns. Most of the brokers we work with are looking to sell within a short time period. The more time one has to plan their succession the higher the price they will receive and the better the transition will be for the buyer.

**BY PHIL CALHOUN, MBA**

**I**f you think your book of business is too small or perhaps too large for buyers consider this: in 2018 over 10,000 businesses were sold. For insurance agencies, deals averaged \$104,000 in annual commission and the buyers considered mid-sized agencies ranging from \$1.2 to \$5 million. With the average annual commission total at around \$100,000 it is likely you will find a buyer even if your annual commission totals less than \$100,000. Any amount higher becomes highly attractive to mid-sized buyers.

As far as timing goes, begin your transition planning at least one year and at best 5 years out. Most business brokers tell owners to give the planning process 3 to 5 years. We suggest health brokers who want to stay active start the planning process with a commission protection agreement and include a purchase price in the agreement.

Many brokers love what they do and over time they ride out their commissions. Over a short time, they end up with a fraction of what they once had. We have seen brokers who end up with \$2,000 a month but had \$10,000 a month just a few years prior. Doing the math at a value of three times the annual, the difference is huge: \$72,000 versus \$360,000 which leaves \$288,000 on the table. What complicates many plans is illness and the impact on staying current with clients and carrier changes.

From what we have seen it is best to have an "inside" buyer or one lined up. Usually someone who is your active successor will protect your health commissions. This is the best one to work with as they know you and your business. They have an idea about your clients and are lined up with the

carriers you work with. If you do not have employee successors, you will need to look for someone to pick as a successor. Check out our website or mail me for a Successor Tip Sheet.

In general, the options for brokers without a successor or a buyer is to:

- Continue to run the business. Instead of retiring, you would ride out the commissions with no intention to retire and eventually leave the commissions to your estate. Know the commissions will not last long, so this is not a best or viable solution.
- Dissolve your business. With no competent leadership or successor identified you will dissolve the business and sell the assets. This also is not a best or viable solution as it will leave you with limited revenue.
- Sell the company with a liquidity event. This will most likely create a less than desirable payout, an insignificant retirement income, and no stability for potential heirs of your estate.

To avoid these solutions and plan for a better result, take the time to prepare. Speak with your carrier rep colleagues, association friends, or FMO and GA contacts. Now is the time.

To prepare, the key items you need for a sale are:

1. Know the agreement terms you need to have, those you hope to have, and those you wish to have. Deal breakers fall into "need to have." Get everything in writing so nothing is assumed.

2. Prepare a detailed report including your commissions paid by carrier and insurance type. Buyers need to know what they are buying and may not want certain lines of business.

3. If you have staff, you will need to have employment agreements in place to hold key employees through the sale. Incentives you can afford that will assist with client retention is vital.

4. Prepare a client communication plan that leans into your retirement and gradually communicates your planned exit. This process should take six months minimum. It progresses from an affiliation with the agency (buyer) to help you help clients, to joining closer with the agency to offer more resources.

5. Transfer of commissions takes patience and persistence as carriers are likely to stall through errors or neglect. Determine what the buyer will pay to facilitate the transfer. **CB**



**PHIL CALHOUN**

earned his MBA from California Polytechnic University Pomona in 1984. He began his career in health care and started his first insurance agency in 1993. He helped

launch Golden Outlook, a private label Medicare HMO. He sold his FMO in 2016 to focus his efforts on educating brokers on commission protection and growth through acquisition. He operates Integrity Advisors in Tustin and his book, "The Health Insurance Broker's Guide: How to Protect, Grow and Sell Your Commissions" which launched in 2020 is available free online at **www.healthbrokersguide.com**

# When Screen Time Is All the Time



of employees spend more time in front of their computer screen now than before the pandemic and **85% frequently experience digital eyestrain while working.**



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# Relieving Eye Strain

Offering the Right Eyewear Options Helps

BY JONATHAN ORMSBY

**A**s many employees continue to work in remote or hybrid situations, many are also finding it hard to break away from their computer screens, digital devices or both. This means more exposure to unwanted side effects — such as increased digital eye strain and harmful blue light — which can take a toll on vision and ultimately impact how employees feel and perform.

The silver lining? Premium eyewear options, often covered in full or in part by vision benefits plans, can help to alleviate symptoms —further boosting employee wellness and productivity, while improving an employer's

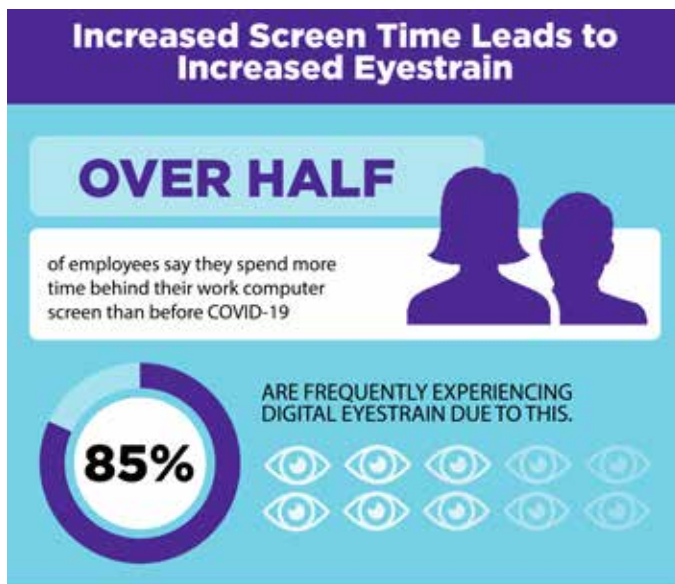
bottom line. According to the 2021 Transitions Workplace Wellness survey (conducted online among 1,300 nationally representative U.S. adults, ages 18-plus, who are employed full time or part time and whose employers offer vision benefits):

- since the beginning of the global pandemic, an increasing number of employees report looking toward eyewear as a potential solution for digital eye strain and blue light filtration
- additionally, nearly nine in 10 agree that wearing lenses that help protect against harmful blue light will make them more productive
- an equal amount say they would be more likely to enroll in a vision plan that specifically covers eyewear that helps protect against harmful blue light.

## The visual impact of the digital age

This interest in premium and protective eyewear options is in part because over half of employees report spending more time in front of their work computer screens than they did before the pandemic, according to the 2021 survey.

Among these employees, nearly nine in 10 (85%) are experiencing more digital eye strain — with many also experiencing corresponding



Transitions  
2021 Transitions Workplace Wellness Survey Conducted by Wakefield Research for Transitions Optical



symptoms, such as headaches (51%), dry eye (48%), and light sensitivity (29%).

As a result, employees are becoming more concerned about their eye health than ever before, with the survey finding that almost half are more concerned about digital eye strain in general; half are more concerned about light sensitivity and one in three is more concerned about eye damage from harmful blue light.

**Seven out of 10 employees indicated that protecting their eye health is more important today than it was before the global pandemic...**

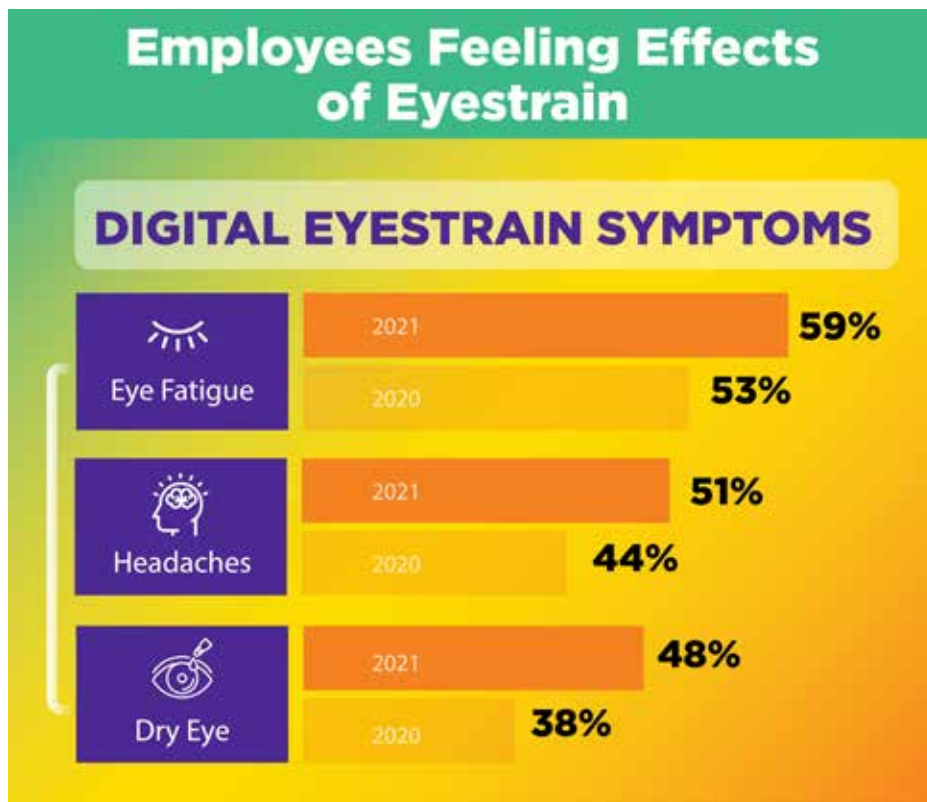
#### It's all about the eyewear

While cutting back on screen and digital device time can also arguably help, it's not an option for many employees. Facing increasing visual demands, employees are looking to their vision benefits plans for eyewear options to help protect their eyes and enhance their overall vision. According to the 2021 survey, one-third of employees say they will actively seek out information about blue light eyeglasses, update their prescription, and/or buy new glasses.

Beyond this, the survey revealed a growing interest in photochromic lenses, which adapt to changing light, indoors and out, while offering protection from digital eye strain, harmful blue light and harmful ultraviolet rays. More than eight in 10 employees say that they would be more likely to enroll in a vision benefits plan that specifically covers Transitions® brand lenses.

#### Time for a vision benefits upgrade

With seven out of 10 employees indicating that protecting their eye health is more important today than it was before the global pandemic — employers who offer premium vision benefits that cover both annual, dilated eye exams and eyewear options that employees both want and need can




Transitions

2021 Transitions Workplace Wellness Survey. Conducted by Wakefield Research for Transitions Optical.

help them stand out in the crowd.

Known for being low in cost to both employers and employees, vision benefits offer a high return-on-investment for employers. Some of the returns that employers may see include **medical cost savings** — since eye health is connected to several sight-stealing eye disease and serious medical conditions, such as diabetes and hypertension — and **improved employee productivity**. (Studies have found that even slightly miscorrected vision can impact productivity by upwards of 20%.) Simply offering an attractive vision benefits plan can even help employers with attraction and retention of top talent.

To help elevate the importance of comprehensive eye exams and quality eyewear available through vision benefits, many vision plans and optical companies offer complementary resources that brokers and employers can access free-of-charge. A variety of employee- and employer-focused tools and education can be accessed at **HealthySightWorkingforYou.org**. 



**JONATHAN ORMSBY**  
is a senior key account manager for Transitions Optical. Reach out to him at [jormsby@transitions.com](mailto:jormsby@transitions.com)

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