

CALIFORNIA BROKER

VOLUME 36, NUMBER 11

SERVING CALIFORNIA'S LIFE/HEALTH PROFESSIONALS & FINANCIAL PLANNERS

AUGUST 2018

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- Reducing Eye Strain
- Medicare • COBRA

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Sept. 5th
11:00 AM & 2:30 PM

Maggiano's Restaurant
3055 Olin Ave. #1000
San Jose, CA 95128

Sept. 20th | 6:30 PM

Trianon Theatre
72 N. 5th St.
San Jose, CA 95112

SAN MATEO COUNTY

Sept. 21st
10:00 AM & 2:00 PM

Hampton Inn Daly City
2700 Junipero Serra Blvd.
Daly City, CA 94015

SOUTHERN CA

KERN COUNTY

Sept. 12th | 10:00 AM

Marie Callendar's Restaurant
3801 California Ave.
Bakersfield, CA 93309

LOS ANGELES COUNTY

Sept. 25th
11:00 AM & 2:00 PM

Public School Restaurant
15300 Ventura Blvd., Ste. 102G
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Sept. 27th | 11:00 AM

Brand New Day Regional Office
1405 N. Imperial Ave., Ste. C
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Sept. 28th | 11:00 AM

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El Centro, CA 92243

SAN DIEGO COUNTY

Sept. 13th
11:00 AM & 2:00 PM

Coco's Restaurant
3444 College Ave.
San Diego, CA 92115

Sept. 18th | 10:00 AM

Pala Casino
11154 Hwy. 76
Pala, CA 92059

ORANGE COUNTY

Sept. 10th
10:00 AM & 1:00 PM

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5455 Garden Grove Blvd. #600
Westminster, CA 92863

Sept. 24th

10:00 AM & 1:00 PM

Brand New Day Corporate Office
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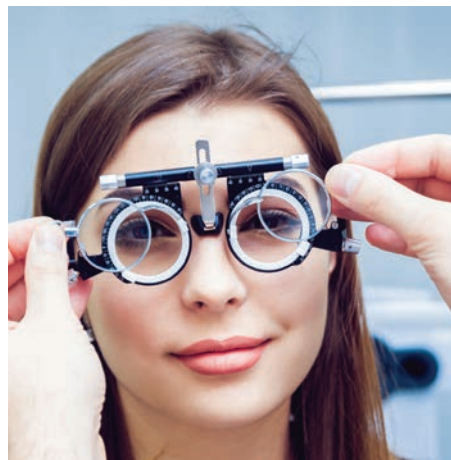
"It ant' your father's or grandfather's Medicare." After 48 years Medicare is changing its health care focus from treatment of acute diseases to caring for Medicare beneficiaries with chronic diseases. Why? Simple! Eighty-six percent of the nation's \$2.7 trillion annual health care expenditures are for people with chronic and mental health conditions.

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By Liza Tyler

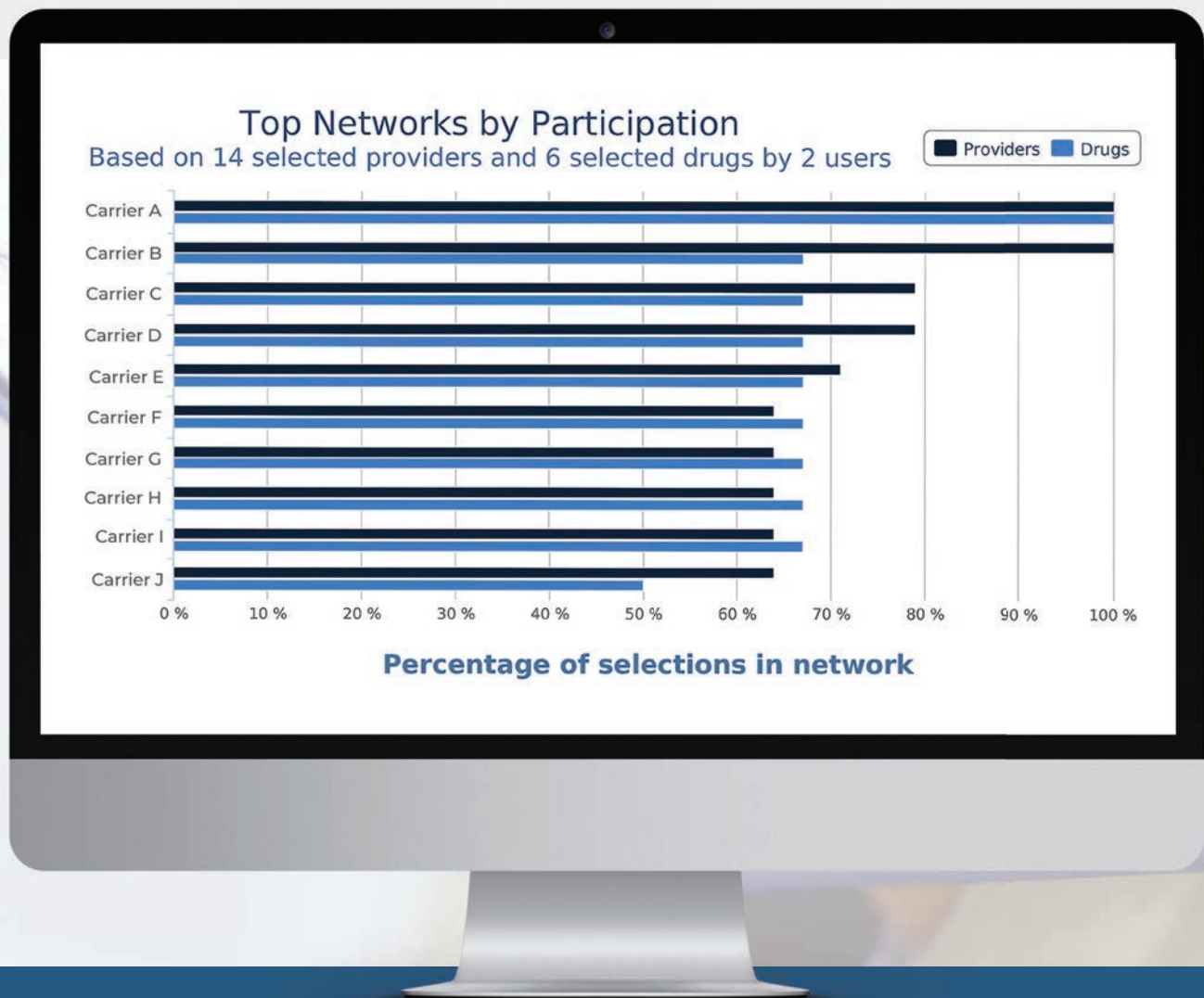
Longer life expectancies and rising healthcare costs are a major concern for anyone closing in on retirement. And when it comes to understanding how the savings accumulated over decades of working can translate into income that will last throughout their retirement, many pre-retirees are unsure. Here's one way to help with this scenario.

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AUGUST 2018

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By Brendan Sharkey

Recently an insurance broker, whom I've known for over a decade, shared an interesting story. He asked to see a sample policy certificate for some international health insurance and was sent a scant, three-page document. That's a problem.



EMPLOYEE BENEFITS

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By Rachael Chesley

One of the most common threads running through all of our lives is financial stress, and for many people, unfortunately, that stress goes beyond the occasional worry. Brokers can play an integral role in helping employees get a grip on financial concerns.

COBRA

39 There's More Than Meets the Eye



By Dan Taylor

The COBRA (Consolidated Omnibus Budget Reconciliation Act) health insurance law has been a mandated burden for employers for over 30 years. It provides rights to health insurance to former eligible employees, spouses and dependent children if coverage was lost due to a specific qualifying event. What many employers still overlook, however, is how many other laws interact with or are affected by COBRA.

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I'm Disappointed with SEC's Proposed Best Interest Rule

Views expressed in our guest editorial are those of the author, not Cal Broker magazine.

By ROBERT C. LAWTON

Editor's note: If you have a strong opinion about this editorial or any other pertinent subject, please reach out. We welcome your comments. Please email editor@calbrokermag.com.

If you work as an investment advisor for a brokerage firm, bank or insurance company you may be relieved by the recent SEC ruling. But I had hoped the Securities and Exchange Commission (SEC) might do the right thing and issue a uniform fiduciary standard holding brokers, bankers, insurance company advisors and investment advisers working for Registered Investment Advisers (RIAs) to the same set of rules. That didn't happen.

Those who hoped the SEC might share a set of rules that were straightforward and easy to understand and apply were also let down. The proposal spans hundreds of pages.

Individuals seeking investment advice who hoped they wouldn't have to worry whether their broker, banker or insurance company advisor was sharing advice as a fiduciary were also disappointed. This didn't turn out to be a fiduciary rule.

Under the proposed rule, brokers, bankers and insurance company advisors are still permitted to share investment advice without being fiduciaries. Again, that may mean you're relieved. But I fear that's a short-sighted view. The less the public trusts, the worse for the industry. And as clients understand these matters, trust may be eroded.

WHAT THE PROPOSAL MEANS FOR RETIREMENT PLAN SPONSORS

Nothing. Absolutely nothing.

Any plan sponsor receiving investment advice from a broker, banker or



insurance company advisor will still be receiving advice from someone who is not required to be a fiduciary. If that's you, okay. But expect that some savvy clients may question you.

WHY "BEST INTEREST" ISN'T GOOD ENOUGH

The rule requires that advisors working for brokerage firms, banks and insurance companies provide investment advice that is in the best interest of their clients, subject to disclosure of all conflicts of interest.

This is confusing to me because if an advisor discloses a conflict, that doesn't mean that the investment advice is suddenly purified and becomes in the client's best interest. Rather, any conflict of interest would seem to indicate that the advice really isn't in the client's best interest.

I have friends working in other industries who are often "conflicted" out of business deals because they have a conflict of interest. The investment advisory business is the only business that I am aware of where government regulators encourage sharing of conflicts of interest and then say it is still

ok for an advisor to do business with clients by sharing conflicted advice.

WHAT???

My friends do not believe me when I tell them this. They think I am making it up. And, of course, it really shouldn't happen.

WHY IT'S IMPORTANT THAT AN INVESTMENT ADVISER IS A FIDUCIARY

I believe that the fiduciary status of the advisor/adviser determines whether the advice a client receives is essentially good advice. Here's an example that illustrates what I mean.

It is the difference between an advisor acting as a fiduciary who sits on the same side of the table with you, shoulder to shoulder, versus a non-fiduciary advisor who is seated across the table from you. The advisor on the same side of the table is your partner, while an advisor sitting on the other side of the table is just another provider.

Fiduciaries have legal liability for their recommendations. They get sued if you get sued if they give you bad advice. If you take investment ad-

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vice from someone who is not a fiduciary, and there is litigation, you get sued but the non-fiduciary does not.

Full disclosure: I feel strongly about this subject because I am an adviser working for an RIA, so I've always been required to share advice as a fiduciary that is in my clients' best interest. It's hard for me to understand why anyone would take investment advice from someone who is not a fiduciary. And why would anyone take investment advice from someone who openly acknowledges a conflict of interest?

WHAT PLAN SPONSORS MAY DO

The only investment advisers who will continue to be required to act as fidu-

ciaries for the investment advice they share are advisers who work for RIAs.

As more attention is drawn to this issue, though, plan sponsors may start asking what type of advisor/adviser they are working with, whether they are signed on to a plan as a fiduciary, and whether any fiduciary limitations exist. Don't be surprised if they ask advisors to state in writing the extent of their fiduciary relationship with their plan.

WHAT'S NEXT

These rules are not final. Investor advocacy groups hope they will be improved. A 90-day comment period will follow their publication. Regardless, much to my dismay, it appears

that there will continue to be two ways clients can receive investment advice, from those advisers serving as fiduciaries and from advisors that don't. ★

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.

▶ ANNUITY SAMPLER JULY 1, 2018

Company Name	Ratings			Product (Qual./Non-Qual.)	Type SPDA FPDA	Initial Interest	Guar. Period	Bailout Rate	Surrender Charges	Mkt. Val. (y/N)	Min. Contrib.	Comm. Street (May Vary)
	Bests	Fitch	S&P									
American Equity	A-	A-		ICC13 MYGA (Guarantee 5) (Q/NQ)	S	2.30%*	5 yr.	None	9%, 8, 7, 6, 5, 0	Yes	\$10,000 (Q) & \$10,000 (NQ)	3.00%, age 18-75 & 2.10%, age 76-80** 1.50% age 81-85**
				ICC13 MYGA (Guarantee 6) (Q/NQ)	S	2.45%*	6 yr.	None	9%, 8, 7, 6, 5, 4, 0	Yes	\$10,000 (Q) & \$10,000 (NQ)	3.00%, age 0-75 & 2.10% age 76-80** 1.50% age 81-85**
				ICC13 MYGA (Guarantee 7) (Q/NQ)	S	2.60%*	7 yr.	None	9%, 8, 7, 6, 5, 4, 3, 0	Yes	\$10,000 (Q) & \$10,000 (NQ)	3.00%, age 0-75 & 2.10%, age 76-80** 1.50% age 81-85**
*Effective 11/9/17. Current interest rates are subject to change on new issues. **Commission may vary by issue age and state. See Commission Schedule for details												
American General Life Insurance Companies	A	A+	A+	American Pathway Solutions MYG (*Guarantee Return of Premium) (Q/NQ)	S	3.30%* 3.00%*	5 yr.	None	8%, 8, 8, 7, 6, 5, 4, 3, 2, 1, 0	Yes	\$10,000 (Q & NQ)	1.5% age 0-75 .75% age 76-85
American General Life Insurance Companies	A	A+	A+	American Pathway Fixed 5 Annuity (*Guarantee Return of Premium) (Q/NQ)	S	2.60%* 2.40%*	5 yr.	None	9%, 8%, 7%, 6%, 5%, 0%	No	\$5,000 (NQ) \$2,000 (Q)	2.00% age 0-85 1.00% age 86-90
American General Life Insurance Companies	A	A+	A+	American Pathway Fixed 7 Annuity	S	2.50%* 2.30%*	7 yrs.	None	9%, 8%, 7%, 6%, 5%, 4%, 2%, 0%	No	\$5,000 (NQ)	3.00% age 0-85 1.50% age 86-90
*(Guarantee return of premium (NQ)) *CA Rates Effective 7/2/18.												
Great American Life	A	A+	A+	SecureGain 5 (Q/NQ)	S	3.10%	5 yrs.	N/A	9%, 8, 7, 6, 5	Yes	\$10,000	2.50% 18-80 (Q), 0-80 (NQ) 1.50% 81-89 (Q&NQ)
Effective 5/14/18. Includes .25% first-year bonus and is for purchase payments over \$100,000. Escalating five-year yield is 3.10%. For under \$100,000 first-year rate is 2.95%. Escalating rate five-year yield 2.95%.												
Great American Life	A	A+	A+	SecureGain 7 (Q/NQ)	S	3.20%	7 yrs.	N/A	9%, 8, 7, 6, 5, 4, 3	Yes	\$10,000	3.50% 18-80 (Q), 0-80 (NQ) 1.50% 81-85 (Q&NQ)
Effective 5/14/18. Includes 1.00% first-year bonus and is for purchase payments over \$100,000. Escalating seven-year yield is 3.09%. For under \$100,000 first-year rate is 3.10%. Escalating rate seven-year yield 2.99%.												
North American Co. for Life and Health	A+	A+	A+	Guarantee Choice II (Q/NQ)	S	2.95%* ^a 3.30%* ^b	5 yr.	None	8%, 7.15, 6.20, 5.25, 4.30	Yes	\$2,000 (Q) \$10,000 (NQ)	2.00% (0-80) 1.50% (81-85) 1.00% (86-90)
*CA rates effective 6/12/18 - a (less than \$100k) b(\$100k or more)												
Reliance Standard	A+	A		Eleos-MVA	S	3.15%*	5 yrs.	None	8%, 7, 6, 5, 4	Yes	\$10,000	2.50%**
*Effective 4/17/18. Min. guarantee is 1.00%. **Reduced 20% ages 76-80, and 40% ages 81-85												
Reliance Standard	A+	A		Apollo MVA (Q/NQ)	S	4.85%*	1 yr.	None	9%, 8, 7, 6, 5, 4, 2	Yes	\$5,000	4.00% to age 75**
Includes 2.00% 1st yr. bonus. Min. guarantee 1.00% **Reduced 20%, ages 76-80, and 40% ages 81-85. Effective 4/17/18												
Symetra Life, Inc.	A	A	A	Custom 7 (Q/NQ)	S	3.65%*	7 yrs.	N/A	8%, 8, 7, 7, 6, 5, 4, 0	No	\$10,000	Varies
*Effective 5/3/18. 3.15% base rate with no guaranteed return of purchase payments. Plus 0.50% bonus for \$250,000 and above.												



AGENT'S VOICE



HOW TO MOVE FROM PROCRASTINATION TO ACTION

By PHIL CALHOUN

What we learn from others can make a huge difference in our careers and lives. Scott's story will help most health brokers facing key decisions.

Scott's insurance career may sound similar to many brokers. From a try at a non-insurance job to making the decision to get licensed and enter the business, we all know how the process works. After talking with hundreds of brokers I've found very few decided as teenagers they wanted to sell insurance. Scott did get a hint he had sales potential when he won a sales award for paper delivery at age 10. As he recalls fondly, his award was a flight to Catalina Island paid in full by the LB Press Telegram as the contest winner.

Scott first worked as a captive agent with a carrier, then his desire to keep more of what he sold and manage his own business moved him to set up an agency in 1995. As his income grew, Scott tried to find ways to keep the growth going. Eventually he looked for a cross coverage partner and found several pitfalls. After some trial and error, Scott finally solved the commission protection problem by joining a unique agency model with a sole purpose to protect commissions in all life events.

Scott is like many brokers who spend considerable time building their com-



Scott went looking for a commission continuation solution

missions and once they realize this income is at 100 percent they turn their focus to how to keep their hard-earned commissions protected. As time passes, brokers often bust through their procrastination and move to take action usually when they grow older and/or once they see their book grow. Today's broker may come to key decision points sooner than ever before as the combined impact of one's life journey with the numerous changes in the industry can cause one to seek new solutions to both stay competitive and keep clients. Many solo brokers look to align with another friendly broker or agency so they can cover their clients if something happens to them and provide protection for their commissions.

Scott graduated from Garden Grove high school, he joined the military and served our country for three years, used his GI Bill to help pay for college, completed a business management degree at Northern Illinois University, and discovered his first job out of college did not meet expectations. He remembered his experience while in college when he purchased a life insurance policy to help save for his future. Scott applied to this carrier and was offered a sales job and he joined the same faith-based company from which he purchased his first life policy. Scott learned he was one of several new hires. He discovered during

training that if he could work hard he would make a living while helping others. "I called my mentor Flash as Mr. Gordon strategically spelled out how to get through the low points when multiple calls resulted in constant rejection," remembers Scott.

Scott's first insurance job was with Fidelity Union Life and as he started to sell he grew to enjoy the process. He sold whole life insurance mostly to college seniors from nearby Cal State Fullerton using promissory notes. Scott liked the owner and management team and soon discovered why he made it past the first year and most others did not: he liked helping graduates get started in life on the right course. "My motto is 'Your peace of mind is my greatest asset,'" states Scott.

Scott was 29 when he started his insurance career on what was called a Convenience license in California, which was allowed for 6 months until one passed the license exam. Things do change!

From early on, Scott's determination is a great example and reminder to all brokers that to be a success in sales requires a consistent commitment to use proven sales systems. Scott knew the system. It was clear that the system could work for him: the required lead-to-sales conversion numbers made sense. While whole life policies for college grads was his primary focus for the next 11 years, when Scott had his first taste of residual commissions selling a Blue Cross medical policy in 1972, things began to change. "I had that 'aha' moment when I found I could sell a health plan and get paid monthly until the policy lapsed," Scott remembers.

Although it did take several more years to find his current passion with Medicare plans, Scott's lead system flourished. With several clients on group plans, others on IFP plans, and combined with his active involvement in the Chamber of Commerce, doors were opened and leads followed -- especially for Medicare.

Scott's life sales commissions grew due to the good leads he was provided as well as his consistent application of the phone pitch he learned. "It was the typical numbers game, but it

worked," recalls Scott. Soon Scott also expanded into financial management as his clients asked for his help.

Scott's advice is to find your groove as it helps when you get distracted. Scott found his groove or his "why," which was to "meet my client's needs." This focus helped him avoid chasing after new products or high commission plans. "I tried to avoid insurance crusades which distract me and didn't meet my client's needs. After all, when I offered what a client asked me for they would often be open to some other programs I offered, which could help them too," Scott shares.

Moving from a 100 percent focus on growth to spending more and more time on keeping clients is a key transition point for many brokers. Scott's initial plan for this transition to protect his growing income was to work with a broker to service his clients if something happened to him. "I knew early on I needed to protect my commissions if a life event prevented me from working. I thought I would have my broker friend pay my wife if I got sick or when I died," Scott recalls. Within a short time Scott realized the other broker did not have the skills or team to handle customer service and that client retention would fall off quickly and end up costing him significantly over time and leave little for his wife in the future.

Commission protection is important to most brokers. On his earned commissions Scott raised a family, helped his son build and grow a company, and he was able to save retirement. Scott at age 76 remains active today even though in 2014 a medical condition required Scott to have a lung transplant.

Both Scott's career and his struggle to protect his hard work are great lessons for others. When Scott became licensed in 1971 he sold his first policy after calling on lead lists for hours. After years building his health insurance renewals, Scott began his search to find a way to protect his hard work and he considered selling or finding a partner, but Scott's research led to another program, which for him offered an ideal solution: he could join the agency and decide when to move

from active to inactive and when he passed the survivor benefit would pay his spouse.

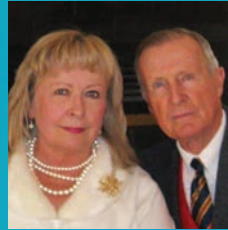
Scott's story has something for all brokers. Brokers in the growth phase are working hard to find enough leads to hit their goals while balancing service with searching for new cross selling opportunities. Brokers who have reached their personal capacity look to find ways they can add new insurance lines, work more efficiently or extend current staff, and hunt for the ideal new sales or service person. Brokers who know they have reached the point where they need to find solutions to protect their commissions or prepare to sell someday often reach out to colleagues. Scott did the same and found out about Lambda Insurance Services and the Commission Continuation Plan. He learned how the program offered a way to stay active with Medicare and IFP. Scott states "I moved my entire health book and now write under Lambda Insurance Services and Lambda pays me monthly close to 100 percent of earned commissions and includes a detailed statement of clients and payments. I plan to stay active as long as possible. The Lambda program is there for me at any time I decide to retire. My clients will be serviced by Lambda when I decide to retire. They have a client database system to back me up now. The Survivor payout will work to pay my wife at least one times my annual commission. Compared to selling for a small multiple of annual gross I get far more with the Lambda program and they have all the legal and logistics lined up to my satisfaction." ★



Phil Calhoun, MBA, is licensed in life and health and P&C. He writes on commission protection for brokers with a special focus on success stories. He founded Lambda Insurance Services and developed the Commission Continuation Plan. To learn more about Lambda, contact David Ethington, director of broker planning: david@commission.solutions. Or Carmen Ponce, director of customer service, at 800-500-9799. Watch our video on our website at commission.solutions. Scott, featured in this story, also invites email questions: srdclu@gmail.com.

IN MEMORY OF LEE FREEMAN

By PHIL CALHOUN



Lee Freeman was a friend and the first broker to sign on with Lambda's Commission Continuation Plan. He recently passed. Lee enjoyed helping people and solving problems involving both health insurance and protecting savings from inflation and market instability. He was a leader and great partner. Lee eagerly jumped on Medical Savings Accounts before most brokers

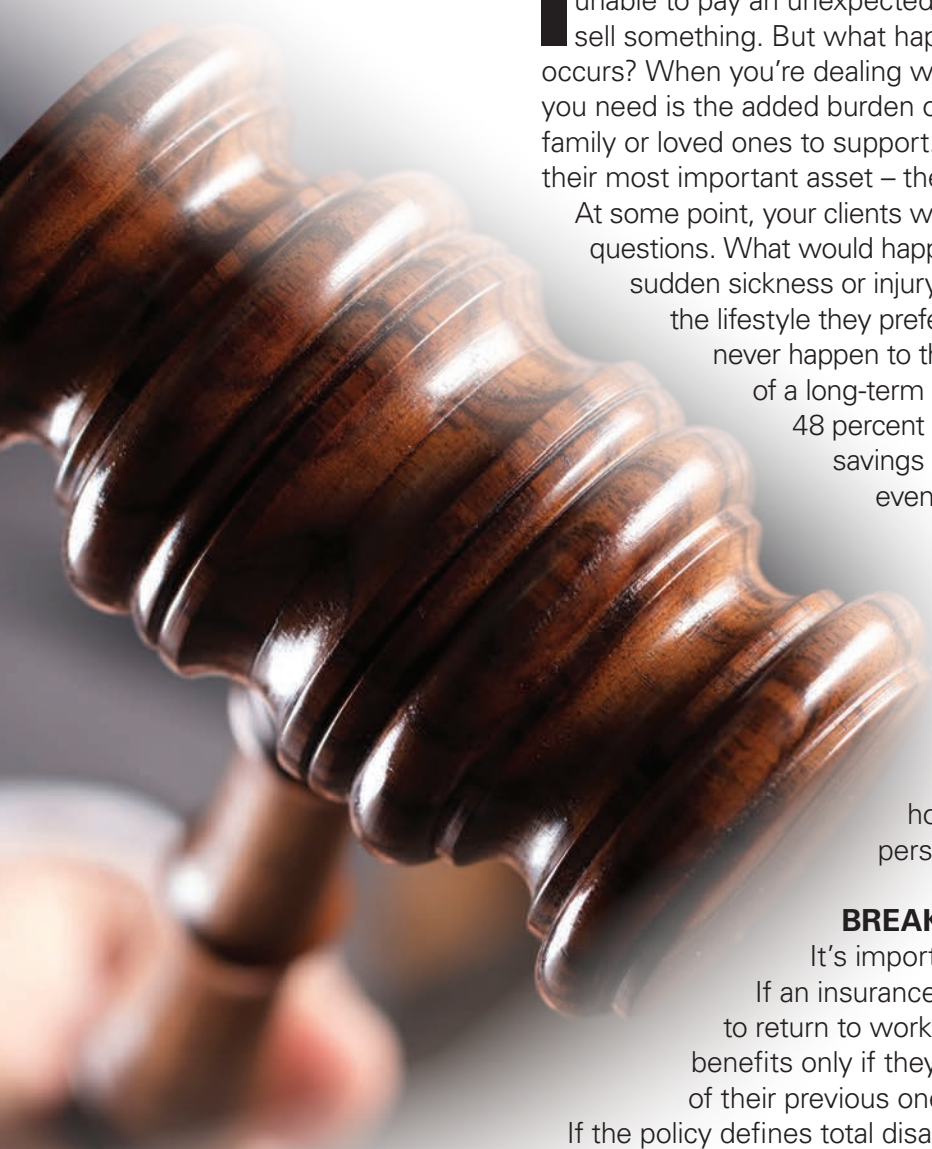
gave it any thought and he was rewarded. Lee won a top award from Wells Fargo Bank for opening the most MSA accounts the first year these accounts became available. Lee was featured with client Dr. Carson and Cal Choice director Ron Goldstein in the OC Register due to his efforts to bring Cal Choice to many clients when Cal Choice first started. Lee's personality was well known by his friends and colleagues to be consistently cheerful and optimistic. Lee grew his book of group clients rapidly as he moved from telemarketing part time for other brokers to earning his license and doing presentations for doctors about MSAs and then HSA plans. About 10 years ago Lee began to spend more time traveling with his wife. After just a couple years of not nearly enough fun adventures, Lee suddenly faced a new battle. For the past six years Lee fought a serious threat to his health and life which gravely challenged what was before a very healthy and health-conscious man. With cancer weakening his body, Lee had many up and down rides on his journey to regain his health. Although Lee had reached remission for the last two years, the fight took a toll on his body and made it difficult for Lee to fight off other medical side effects. Lee passed in early April. Lee's wife of 50 years, Linda, was his angel and stood by his side throughout his battle. One can only hope to have a wife as loyal and supportive as Linda was to Lee.

Lee's career as a health benefits broker showed he consistently jumped on opportunities as he had a knack for finding ways to solve problems with new ideas and tools like MSAs and Cal Choice. He would often tell clients, "I don't know why anyone would not pick Cal Choice and the owner and management not go with a MSA." Lee consistently shared that his decision years ago to participate in Lambda's Commission Continuation plan was one of his most important. He knew he had done what was necessary to protect his commissions. Lee's decision then is now helping his beloved wife Linda access the Lambda program's survivor benefit and Linda will get paid for Lee's hard work for the next several years.

Linda asks that we remember Lee for his quick wit and the laughs shared with Lee. Lee would like us to know gold and silver mining company stocks need to be part of our portfolios. We hope Lee's example of being ready to seek new solutions to solve problems will help others.

MAKING A CASE FOR DISABILITY INCOME INSURANCE

By STACY MCCANN



It's a sobering fact that nearly half of American adults say they would be unable to pay an unexpected \$400 bill without having to take out a loan or sell something. But what happens when a tragic event or the unexpected occurs? When you're dealing with a debilitating illness or injury, the last thing you need is the added burden of financial uncertainty, especially if you have family or loved ones to support. Still, most people often overlook insuring their most important asset – their ability to earn an income.

At some point, your clients will have to face some difficult but necessary questions. What would happen if their income were to stop because of a sudden sickness or injury? How long could they pay bills and maintain the lifestyle they prefer to live? Before your clients say this could never happen to them, remind them of this: the average duration of a long-term disability claim is 2.5 years. What's more, only 48 percent of American adults indicate they have enough savings to cover three months of living expenses in the event they stop earning any income.

Disability income (DI) insurance can help replace income if one becomes too sick or injured to work — it's an essential tool that provides protection against the unexpected. Disability can happen to anyone at any time. Remind clients that if they can no longer work, DI provides income that can be used to keep a household running, as well as help a newly disabled person adjust to changed circumstances.

BREAKING DOWN DI

It's important that clients know the different definitions. If an insurance policy defines "total disability" as the inability to return to work in any occupation, then it would typically pay benefits only if they were unable to perform any job, regardless of their previous one.

If the policy defines total disability as an inability to work in their own occupation, it typically pays benefits if they cannot perform the duties of the occupation they were engaged in before becoming ill or injured. Emphasize that not all disabilities will result in a total disability. Sometimes an injury or

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illness results in a partial disability, in which case benefits would be paid in an amount that is proportionate to the loss of income they suffer due to such partial disability. This also includes recovery benefits, which support financial recovery even after one is physically recovered. It's important to note that these benefits are not available with most employer-sponsored plans.

IS WORKPLACE DI ENOUGH?

One of the best, most reliable ways for individuals to protect their income before they are disabled or unable to work is to obtain individually owned DI insurance. Some employers offer group disability coverage that can serve as a good foundation, but it's typically not owned by the employee or customized to their income needs. If a disability occurs, it can leave employees under-protected. A good solution is to assist clients who have a work-based policy in obtaining an individual DI policy. An individual policy stays with the client throughout periods of transition between benefits coverage or workplaces. It can help make up the difference from the employer's group disability coverage and is personalized to provide enough coverage to maintain the employee's lifestyle.

A common misconception that clients have about DI insurance is that its sole purpose is to cover against catastrophic injuries resulting from an accident. Most disabilities aren't caused by accidents; instead, they're caused by illnesses like cancer, depression or multiple sclerosis, or by a debilitating heart attack or stroke. In fact, 90 percent of disabilities are caused by illness. That said, it's important to suggest protecting income through both offensive and defensive strategies. And DI is one of the best defensive tools one can have.

WHAT CLIENTS CAN DO NOW

Clients and prospects in their 20s, 30s and 40s may think it's too soon to start thinking about disability insurance -- they may believe they're too young to be afflicted with an illness or that an injury won't happen to them. But that's not always the case. One in four of today's 20-year-olds will become disabled before they retire. It's in their

best interest to plan for their long-term security early on -- and act now -- for several reasons:

- **Apply while healthy:** Get the most favorable terms by buying DI insurance before it's needed. If you are too sick or injured to work, you may not be able to get the protection you need at an affordable price. It's important to note that the cost of individual DI protection is age-based. You can lock in a lower rate by buying while young and healthy.
- **Lock in the cost:** Assuming it's a non-cancellable and guaranteed renewable policy, the amount participants pay each month is guaranteed, and the insurance company can never cancel coverage if payments are made on time.
- **Customize coverage:** There are options that allow increased coverage as an individual's income grows, to help keep pace with the cost of living. There is also coverage that helps replace retirement plan contributions or protects the ability to repay student loans during a period when someone can't work because of sickness or injury.
- **Assure portability:** Between jobs, individuals may have to go a few months without disability coverage offered by an employer. Having your own policy ensures that you'll always be covered, no matter where, or for whom, you work.

Another benefit of owning DI protection is that benefits can be used for anything. Benefit payments can cover a mortgage, gas, medical bills, groceries, and auto or personal loans. Many leading providers offer advanced features that include increased protection for policy owners. These features include faster benefits for hospice or serious illnesses, repayment of student loans and even funding for retirement contributions. Help your clients determine how much coverage they need and which options they should consider, tailoring policies to each person's unique financial situation.

Remind clients that by taking the initiative to plan for the long-term protection of their income, they're taking the initiative to continue their lifestyle and stabilize their family's financial future. With individual DI insurance, the

concern becomes less about "how long you maintain your lifestyle without a paycheck" and more about how disability income replacement can help individuals focused on healing continue to live the kind of life they've worked so hard for.

WHY EMPLOYERS SHOULD OFFER DI

Employers can play an important role by offering disability insurance. Small to midsize employers also may seek ways to enhance their existing disability insurance benefits while controlling costs. Supplemental income protection helps protect sources of executive income, which are often uninsured, such as bonuses and 401(k) contributions. It provides an easy way for employees to sign up for DI insurance at work, with portable, discounted rates and simplified underwriting. These types of offerings make up a strong benefits package that helps to attract and retain employees.

You can be the driving force in helping individuals and businesses with this planning need. Be their advocate. DI insurance offers the security and protection of knowing exactly where income will come from and that, if or when a disability occurs, life plans can still be realized. Know and recommend companies that have high-quality products, years of experience delivering disability insurance, and premier customer service that wins accolades, such as J.D. Power or DALBAR recognition, year after year. ★



Stacy McCann leads the national distribution sales team for individual disability income insurance at The Guardian Life Insurance Company of America®. She has been with Guardian since 2010 and in the insurance business for over 25 years. Her team helps Guardian agencies, disability income specialists and producers with case consultations, illustrations, training, sales and prospecting.

Guardian offers a free online tool to help you determine how much a DI insurance policy would cost. View it here: www.guardianlife.com/disability-income-insurance-calculator.

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WHY MEDICARE'S FOCUS IS CHANGING TO CHRONIC CONDITIONS

By RON STOCK

“It ain't your father's or grandfather's Medicare.” After 48 years Medicare is changing its health care focus from treatment of acute diseases to caring for Medicare beneficiaries with chronic diseases. Why? Simple! Eighty-six percent of the nation's \$2.7 trillion annual health care expenditures are for people with chronic and mental health conditions. About 65 percent of Medicare beneficiaries have two or more chronic diseases, and 43 percent have three or more. Reducing chronic expenses is the fastest way to bring the exploding Medicare costs under control.

CHRONIC DISEASES

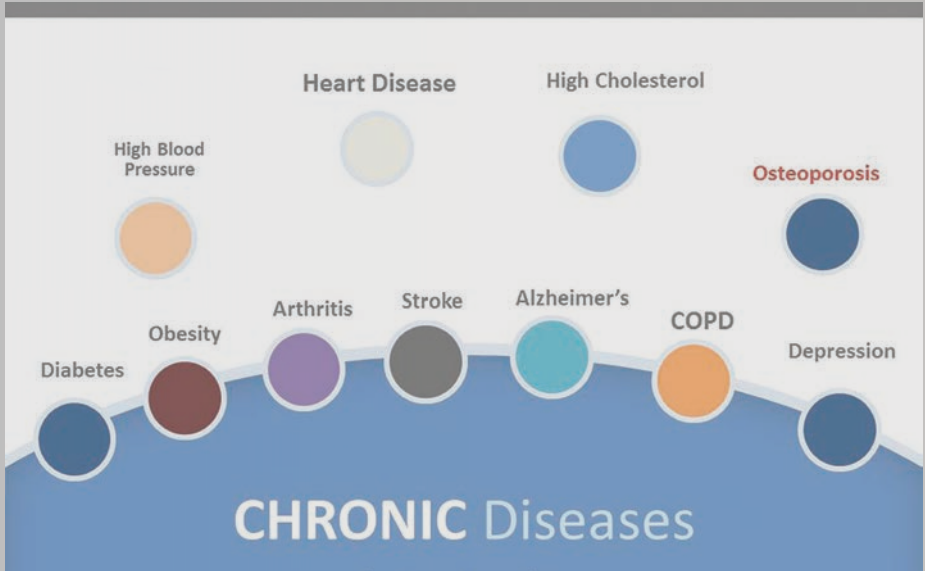
Chronic diseases are often caused by unhealthy behaviors that increase the risk of disease—poor nutrition, inadequate physical activity, overuse of alcohol or smoking. Social, emotional, environmental and genetic factors also play a role. As people age, they are more likely to develop one or more chronic disease.

How ill is America's health? The picture isn't pretty:

- During 2011–2014, more than one-third of adults (36 percent), were obese.
- 36.5 million adults in the United

are key chronic diseases. Chronic diseases are painful diseases; example quotes of chronic patients taken from an online site:

- “Sitting down in the shower to shave because it's easier on my joints. I sometimes forget that many people stand to shave.”
- “I have a habit of collecting my hospital bracelets after I get out of the hospital as it reminds me that I won yet another battle. It seems odd, but for some reason, I hold onto the bracelet feeling empowered that I walked away from what tried to



States (15.1 percent) said they currently smoked cigarettes in 2015. Cigarette smoking accounts for more than 480,000 deaths each year.

- 90 percent of Americans aged two years or older consume too much sodium, which can increase their risk of high blood pressure.

Of course, obesity, smoking-related disease and high blood pressure

defeat me again.”

SELLING C-SNP MEDICARE ADVANTAGE PLANS

You better get to know how to present C-SNP plans as ‘chronic’ is the new buzzword with Medicare. The Center for Medicare and Medicaid Services (CMS) has opened the door for health plans to add Value-Based In-

insurance Design (VBID) benefits such as air conditioners for asthma patients, home health benefits, healthy groceries, home-delivered meals and installing safety items like grab bars.

As an example of a health plan's preparation for the expansion of VBID, Humana recently purchased Kindred Healthcare. Kindred Healthcare owns an array of businesses including home health, hospice, long-term care hospitals and inpatient rehabilitation facilities. Humana has a significant business administering Medicare health benefits for the elderly, and the Kindred deal helps Humana form closer ties with a provider of home care and related services predominantly used by the elderly.

Starting in 2019, health plans in California and other targeted states can expand their benefits to include more Medicare beneficiaries with

chronic conditions than previously identified by CMS, such as diabetes, congestive heart failure, chronic obstructive pulmonary disease (COPD), past stroke, hypertension, coronary artery disease, mood disorders, and combinations of these categories. The new chronic list will include beneficiaries with lower back pain, chronic kidney disease, obesity/pre-diabetes, asthma, and tobacco use. Beginning in 2018, CMS also allowed benefits for enrollees with dementia and rheumatoid arthritis.

Medicare Advantage plans can cover adult day care services, and in-home help with activities such as dressing, bathing and managing medications. Seema Verma, the administrator of CMS, told insurance company executives at a recent conference that "CMS hopes its new 're-interpretation' of the Medicare Advantage program benefits rules will help unleash private-sector innovation and creativity."

CMS further states, "Plans adding benefits based on the supplemental benefits interpretation must make sure the benefits are 'primarily health-related,' and not primarily for a patient's comfort. The services covered must be recommended by a physician or other licensed medical professional as part of a care plan. The new benefits must not include items or services used to induce enrollment."

THE CHRONIC CARE ACT OF 2018

The primary contributor to the shift in focus to chronic diseases is Con-

Health and Human Services (HHS) Secretary must update the list of chronic conditions eligible for participation. The list must include HIV/AIDS, end-stage renal disease and chronic/disabling mental illness.

CDC AND THE STATE OF CALIFORNIA

The Centers for Disease Control and Prevention (CDC) established a comprehensive chronic disease program. The four major components are:

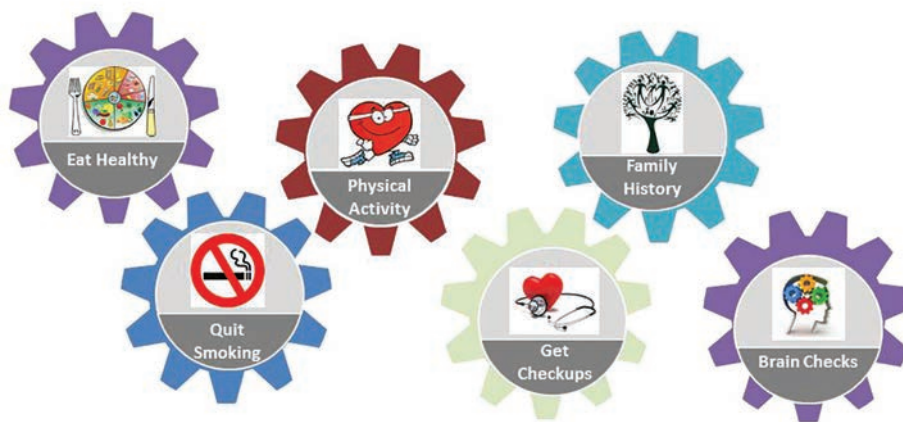
1. Implemented systems that track chronic diseases and their risk factors.
2. Promotes health and support healthy behaviors across the nation, in states and communities, and in settings such as schools, child care programs, work sites and businesses.
3. Developed programs and policies that allow doctors to diagnose chronic diseases earlier and manage them better.
4. Established community programs linked to clinical services to help patients prevent and manage their chronic diseases, with guidance from their doctor.

The State of California Chronic Programs, <http://www.cahealthierliving.org/programs/>, includes services for health self-management, fall prevention and physical activity, and caregiver and memory programs.

The VBID benefits cannot cure chronic diseases but can aid in reducing the hospitalizations due to chronic illnesses. CDC recommends six healthy aging suggestions (as seen by the graph on this page).

VBID BENEFITS

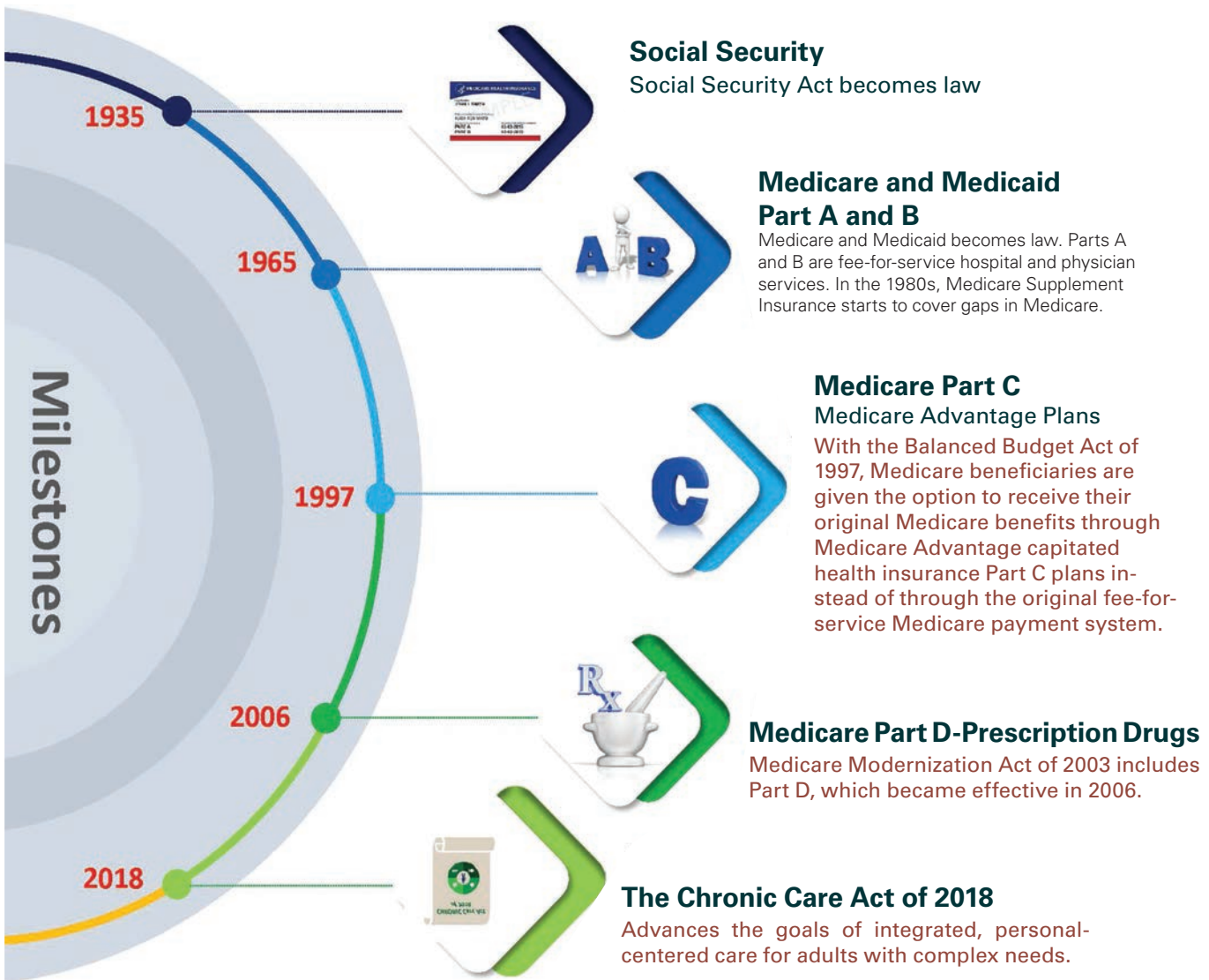
The New Medicare and You has a chronic condition focus. You can count on the majority of your Medicare clients having one or more chronic diseases and they would probably



Six Suggestions to Healthy Aging

gress passing "The Chronic Care Act of 2018," February 9, 2018, which opened the doors to the inevitable expansion of C-SNP or "Look-Alike" C-SNP Medicare Advantage Plans that provide VBID benefits. Two of the main sections of the bill that impacts health plans and the brokers that sell them are:

1. Allows MA plans to offer an expanded set of supplemental benefits to the chronically ill enrollee. Enables MA plans to experiment with different types of benefit packages to meet the needs of chronically ill beneficiaries.
2. Permanently authorizes three types of SNPs: D-SNP (dual eligibles), C-SNP (those with severe or disabling chronic conditions), and I-SNP (those in institutions). C-SNPs must meet additional care management requirements starting in 2020. By 2022, and every five years after that, the



like to hear about the VBIID benefits of a C-SNP or an MA plan with VBIID benefits. Already, there are MA and C-SNP health plans with added benefits, such as:

- Health Coach
- Acupuncture
- Chiropractic
- International Travel
- Gym Membership
- Quit Smoking Programs
- Care Management
- Telehealth
- OTC Supplies
- Lower Cost Tiered Copays
- Transportation
- Nutritional Programs

The emphasis on chronic and C-SNP plans also creates a yearlong enrollment opportunity for brokers. Eligible Medicare beneficiaries can enroll anytime during the year into a C-SNP plan with their PCP’s confirmation of their chronic illness. ‘Lock-

in’ --where you can only enroll new to Medicare beneficiaries – is becoming antiquated given C-SNPs. With the new OEP now January 1 to March 31 and AEP October 15 to December 7 and C-SNP’s and New-to-Medicare, enrollments are now a full-time enrollment opportunity. Oh, not forgetting D-SNPs for Dual Eligibles and I-SNPs for Institutional members, brokers have unlimited enrollment opportunities.

THE ‘NEW MEDICARE AND YOU’

The ‘New Medicare and You’ is Beta Benefits’ title for our Medicare educational classes in which we discuss Medicare’s milestones (see chart) and the benefits each milestone provides Medicare beneficiaries.

With CMS’ emphasis on chronic diseases and VBIID benefits, shouldn’t you rethink how you present Medicare to your clients? ★



Ron Stock, president, Beta Benefits, FMO Medicare Health Plans, with over 25 years in Medicare, also conducts broker continuing education unit (CEU) classes, “How to Build Your Own Agency,” helping brokers create an agency to build value and provide for their succession plans. Beta Benefits also offers Nippylinks (nippylinks.com), a mobile app with the broker’s embedded UserID and Passwords, for quick access to provider broker portals. Questions? Contact ron@betabenefits.com or sales and marketing manager Bronson Lee, bronson@betabenefits.com.

PHONES, SCREENS AND EVERYTHING IN BETWEEN: TIPS TO REDUCE DIGITAL EYESTRAIN

By ALICIA LANDI

Computers, smart phones and TVs have taken us into the 21st Century with convenience, entertainment and knowledge. We've moved from looking unfamiliar words up in the dictionary, to just typing them into Google. It's no secret that technology has made life easier, but like with every convenience, there's a conflict.

As employees spend more time in front of their many screens, digital eyestrain is becoming an increasingly important concern for employers because of the potential loss of productivity that occurs because of the symptoms incurred from digital eyestrain. However, while most employees admit that their eyes bother them throughout the day, few are taking appropriate steps to alleviate digital eyestrain and fatigue. And of everything they could be doing, taking multiple breaks throughout the day to rest their eyes is what employees are doing the most—according to the 2018 annual Transitions Optical Employee Perceptions of Vision Benefits survey (comprising 1,300 U.S. adults, ages 18+, employed full- or part-time, whose employers offer vision benefits).



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Other steps—ranging from sitting far enough away from the computer, to wearing the right eyewear to help reduce eyestrain and fatigue caused by factors such as glare—are critical in helping employees both see and perform their best. Brokers can play an important role in providing education to employers to help ensure employees are seeing, feeling and performing their best.

DIGITAL EYESTRAIN DEFINED

Digital eyestrain can occur when a person stares at a digital screen for long periods of time—whether it’s a computer screen or a digital device. It is a common issue among office employees because of how much time they spend working in front of computers. Often referred to as Computer Vision Syndrome, digital eyestrain affects nearly 65 percent of Americans, according to a survey by The Vision Council. If left untreated, it can potentially lead to the following short-term symptoms:

- Eye fatigue
- Blurred or double vision
- Dry or irritated eyes
- Headaches
- Neck or backaches

Naturally, many of these symptoms lead to productivity loss—because when you can’t see well, you don’t feel well, and therefore can’t work as well. But despite the prevalence of digital eyestrain, many employees are unaware or unsure of what it is—with one-third of employees overall (34 percent) and nearly half of Boomers (45 percent) saying they do not understand what digital eyestrain is, according to the Transitions Optical study.

Furthermore, employees may feel symptoms of digital eyestrain without understanding what it is or how to fix it. For example, when asked if their current corrective eyewear offers protection from digital eyestrain or fatigue, only half of eyeglass wearers in the study said they are confident it does, and just one in five said they are very confident. The survey also revealed a generational gap—with millennials saying they are significantly more confident that their eyewear protects them from digital eyestrain (64 percent), and boomers



saying they are the least confident (43 percent).

So why is having the right eyewear, information and vision benefits solutions so important? Consider this—according to the American Academy of Ophthalmology, the average person blinks about 15 times per minute. When a person is staring at a computer screen or other digital devices, the number of times he or she blinks reduces to just 5-10 times per minute. Blinking helps moisturize the eye. So, when you are not blinking as much, your eyes are not as moisturized—which may lead to symptoms of digital eyestrain.

Additionally, digital eyestrain can also be caused by an uncorrected vision problem or a change in eyesight—like developing presbyopia.

Receiving yearly, comprehensive eye exams from an eyecare professional can help make sure changes in eyesight are detected—along with other sight-stealing eye diseases. Because of the lack of understanding of digital eyestrain and its prevalence among Americans, it’s important for benefits brokers and employers to understand this topic and provide education about it, as well as solutions available to help employees manage this issue and reduce future problems.

EDUCATION CHANGES PERCEPTIONS

It’s important to educate employees on the best ways to combat digital eyestrain—especially since the Transitions Optical survey revealed that employees are significantly more likely to

take steps toward protecting their eyes after learning more about the subject.

In fact, 85 percent of employees agreed they'd be likely to take steps toward protecting their eyes from digital eyestrain or fatigue in the next 12 months. The survey prompted respondents with the phrase: "Eyestrain—or fatigue of the eyes—can be caused by activities, such as reading or looking at a computer screen or digital device, for a long period of time. Eyestrain related specifically to digital or electronic devices is often called digital eyestrain." After learning more about the eyestrain/fatigue and blue light—which can contribute to digital eyestrain—nearly all employees surveyed (94 percent) said they would be likely to take steps within the next 12 months to protect their eyes from digital eyestrain—an 11 percent increase prior to this minimal education. Oftentimes, people feel symptoms of digital eyestrain, but do not know how to define it or how to treat it—so providing education on the need for routine eye exams and asking about the right eyewear options can be an important factor in helping your clients achieve a healthier, happier and more productive workforce.

Here are a few steps that you can share with your clients to help employees avoid or relieve symptoms from digital eyestrain and fatigue.

1. Offer vision benefits to employees.

Offering comprehensive vision benefits that fully or partially cover eye exams and eyewear options that can help alleviate digital eyestrain is the most important step employers can take to help combat the issue. In fact, the survey found that nearly half (44 percent) of employees would be more likely to enroll in a vision benefits plan that covered eyewear options that would help them be more productive at work.

2. Visit an eyecare professional.

Your eyes may be strained because you do not have an updated prescription. Visiting an eyecare professional for a yearly, comprehensive eye exam is essential for making sure you're seeing your best and that your eye health—and overall health—are maintained. To further reinforce the value for employers, the American Opto-

metric Association claims that even slightly miscorrected vision—to the point where the employee doesn't even notice—can reduce productivity by as much as 20 percent.

3. FOLLOW THE 20-20-20 RULE.

For employees who are required to stare at a computer screen for most of the day, the Vision Council recommends taking a 20 second break every 20 minutes to look at something 20 feet away. While this is a common suggestion, employees may feel awkward or uncomfortable staring into space at random points throughout the day. Encouraging employers to develop a program to recommend the 20-20-20 rule—and creating a space where employees are comfortable doing so—can help to boost productivity and save time. While the most common step employees currently take to protect digital eyestrain is taking breaks during work, these breaks are often prompted by symptoms and lead to longer breaks that may affect productivity. The 20-20-20 rule aims to prevent symptoms from occurring in the first place—while reducing longer breaks that employees ultimately take once the symptoms of eyestrain and fatigue set in.

4. Optimize your position.

According to the American Academy of Ophthalmology, sitting an arm's length away from the computer can help reduce the strain put on your eyes. Additionally, maintaining good posture so that your computer screen is 15-20 degrees below your eye level can also help digital eyestrain.

5. Wear eyeglasses that protect against digital eyestrain.

Understanding eyewear options is one of the simplest steps that an employee can take. There are countless eyewear options—offered both with a prescription and without—that can help reduce digital eyestrain. Anti-reflective coatings minimize glare for clearer and more optimal vision. Coatings that filter harmful blue light also help reduce digital eyestrain by reducing the amount of blue light reaching your eyes from your digital devices. Photochromic lenses, like Transitions® lenses, filter harmful blue light indoors and out while also changing tint based on the level of sunlight—further reducing the work your

eyes have to do. Some photochromic lenses have a slight tint indoors, which help reduce the amount of light, and blue light, reaching your eyes from digital devices.

Many vision benefits plans fully or partially cover lens options that protect against digital eyestrain and blue light. For example, EyeMed has updated its vision benefits to provide savings for blue light protection solutions. For as little as \$15, EyeMed members have multiple options for purchasing eyewear with blue light filtering technology. Of course, employees should consult with their eye doctor to find the solution that best fits their lifestyle and vision needs.

Furthermore, the survey found that after learning more about digital eyestrain, the number of eyeglass wearers who would be likely to purchase eyeglasses that protect against digital eyestrain increased. Employees should be able to look to their vision benefits for great savings on those glasses!

As common as digital eyestrain is, it often goes untreated. Providing educational materials about digital eyestrain can help employers take the necessary steps to help employees minimize digital eyestrain—and, in turn, minimize employee productivity loss. Additionally, employees should be encouraged to not only enroll in their company's vision plan, but to fully utilize their benefits to receive an annual, comprehensive eye exam and obtain the right eyewear to correct, protect and enhance their vision. As digital eyestrain becomes more prevalent, it's imperative to offer your clients solutions to this problem so that their employees can reach their full potential—both at work and at home. ★



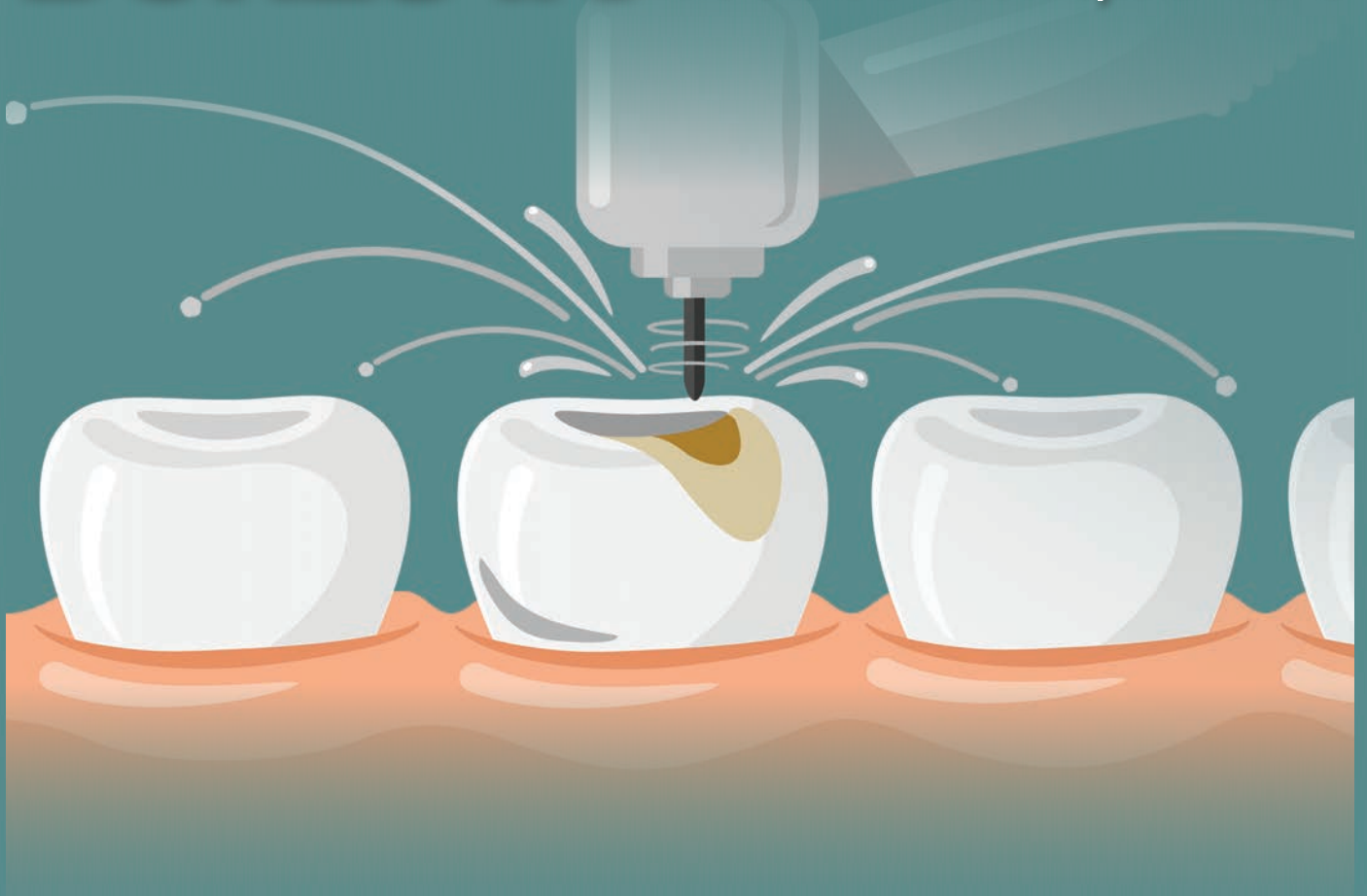
Specializing in groups with more than 50 employees, Alicia Landi provides expert consultation in all areas of employee benefits, including marketing strategy, renewal negotiation and customer service. At Verus Insurance Services, Alicia is focused on helping her clients achieve their benefit goals while effectively communicating changes and programs to employees.

PART II OF OUR ANNUAL DENTAL SURVEY

OUR DRILL TEAM

BORES IN

Side-by-Side Comparisons of the State's Most Popular Plans



This is Part 2 of Cal Broker's 2018 Dental Survey. Part one can be found in last month's magazine. Thank you to the dental carriers for your responses!

Question 8: How do you handle early termination of coverage when a member is still in the middle of orthodontic treatment?

Anthem Blue Cross: Orthodontic payments will cease if coverage is not active at the time the payment is due.

Beam: Beam will pick up orthodontic treatments in the middle of their period for new members. For an early termination, Beam will cease making payments on that coverage when it terminates.

Blue Shield: Orthodontic coverage/payments end at cancellation of coverage.

Delta: Delta Dental's obligation to cover orthodontic treatment ceases after the date the enrollee loses eligibility or terminates coverage.

Guardian: When an orthodontic appliance is inserted prior to the PPO member's effective date, we will cover a portion of treatment. Based on the original treatment plan, we determine the portion of charges incurred by the member

prior to being covered by our plan and deduct them from the total charges. Our payment is based on the remaining charges. We limit what we consider of the proposed treatment plan to the shorter of the proposed length of treatment, or two years from the date the orthodontic treatment started. Also, we enforce the plan's orthodontic benefit maximum by reducing the total benefit that Guardian would pay by the amount paid by the prior carrier, if applicable.

If a member is undergoing orthodontic treatment and his or her Guardian coverage terminates, we prorate the benefit to cover only the period during which coverage was in force. We do not extend benefits.

Our DHMO agreement provides for the contracted orthodontist to complete treatment at the contracted patient charge on a number of our plans. As an additional contract rider we can allow for supplemental transfer coverage for orthodontia under our DHMO.

Humana: For orthodontic claims, Humana will pay benefits monthly through the month that the member is termed. Orthodontia is prorated over the time of treatment depending on how long they are in treatment.

National General: Not applicable to our coverage, as our plan does not provide such benefits.

Premier Access: If a member is undergoing orthodontic treatment and Premier Access coverage terminates, we will prorate the benefit to cover only the time period during which coverage was in force. We do not extend the benefits beyond the policy termination. Our DHMO agreement provides for the contracted orthodontist to complete treatment at the contracted patient charge on a number of our plans.

Question 9: Does your plan have annual and lifetime maximums on dental coverage? If so, what are they?

Anthem: The annual maximums for our plans vary from as little as \$500 to as much as \$10,000 with the option of an unlimited annual maximum for large group customers of the Anthem Dental Essential and Consumer Choice PPO plans. We also offer our carry-over benefit feature allowing qualified members to enhance their annual maximum each benefit year by carrying over an unused portion of the prior year's annual maximum when certain qualifications are met. Additionally, we have the flexibility to vary the annual maximum for members who visit an Anthem Prime or Complete PPO provider versus a non-participating provider. Currently, lifetime limits are only imposed on child or child and adult orthodontia benefits. Lifetime maximums can range from \$500 to as much as \$3,000 or more dependent upon individual or group coverage and group size. There are no annual and/or lifetime limits on Dental Net HMO policies.

Beam: All plans have customizable maximums. Beam's new Ultra plans can support annual maximums of \$5,000 and orthodontic maxes of \$3,000. One of our strategic advantages is flexibility; we can underwrite a wide variety of maximums based on the needs of the employer!

Blue Shield: Our annual maximums vary from as little as \$500 to as much as \$5,000 or more dependent upon individual or group coverage and group size. Employers have a choice in annual maximum with more flexibility for large group customers to customize their annual maximum to meet their needs.

- For large groups, we also offer our Rollover Rewards benefit feature allowing qualified members to boost their annual maximum. The annual account reward will vary depending on the annual claims threshold which is determined by the plan's annual maximum chosen. The annual network reward for members who visit an in-network vs. a non-network dentist is \$100.
- For 2019, we will be adding lifetime limits on child orthodontia benefits on some PPO plans. Lifetime maximums can range from \$1,000 to as much as \$2,000 dependent upon plan chosen.

Delta: Virtually none of our DeltaCare USA (DHMO) plans impose annual or lifetime maximums on dental coverage. For most PPO and Premier plans, annual and lifetime maximums vary, and are determined by the group purchaser. Maximums typically range from \$1,000 to \$2,000.

Guardian: For PPO, the maximum refers to the total of benefit dollars actually paid for covered services incurred within the annual period, or the member's lifetime in the case of orthodontia. There's flexibility with maximums. Typically, Preventive, Basic and Major have a combined maximum. We offer both an annual single maximum option (range from \$500 - \$5,000) and an annual split maximum option (maximums differ for in-network and out-of-network services). With the Preventive Advantage option, only Basic and Major services count toward the annual maximum. Maximum Rollover allows a portion of unused annual maximums to carry over for future years. We also offer an option to cover cleaning after the maximum is reached and an unlimited maximum plan. For orthodontia, the lifetime maximum options range from \$500-\$2,500. Our DHMO plans don't include an annual maximum.

Humana: We offer flexible plan designs with a range of annual maximums. We don't have lifetime maximums. We are the only specialty carrier in the market to offer an unlimited annual maximum.

National General: Yes. The Basic Plan has a \$500 maximum calendar year benefit; Intermediate is \$1,000; and the Plus plan is \$1,500. However, preventive benefits do not take away from this annual benefit (adding \$150-200 annually in benefit, depending on plan level). Members can use their savings card on covered and non-covered services at any and all times of the coverage being in force.

Premier Access: Premier Access offers plan design flexibility to allow brokers and employers to custom design their dental benefits, including annual or lifetime benefits. The most common annual benefit maximums are \$1,000, \$1,500 and \$2,000. We do offer custom benefit plans above those amounts if the employer and broker desire that.

Question 10: Does your plan have a deductible. If so, what is it?

Anthem Blue Cross: The deductible for our plans can vary from no deductible to as much as \$250. The Anthem Consumer Choice product is a high deductible, consumer driven dental plan with a minimum deductible of \$100 per individual. We can also vary the deductible for members who visit an Anthem Prime or Complete PPO provider versus a non-participating provider. Large group customers also have lifetime deductible option as an alternative to annual deductibles. A lifetime deductible can be a good fit for a customer who maintains coverage with Anthem for multiple years. There is no annual and/or lifetime deductibles on Dental Net HMO policies.

Beam: Beam plans include a standard \$50 deductible (\$150 family) but this is fully customizable. Our Ultra plans can go as low as a \$0 deductible.

Blue Shield: Deductibles can vary from as little as \$0 to as much as \$300 or more dependent upon group size and individual or family coverage.

- Employers have a choice in deductible with more flexibility for large group customers to customize their annual deductible to meet their needs.

Delta: Virtually none of our DeltaCare USA (DHMO) plans require enrollees to satisfy a deductible. For most PPO and Premier plans, deductibles vary, and are determined by the group purchaser. Deductibles of \$50 per individual / \$150 per family are not uncommon.

Guardian: Our PPO product offers many different deductible options ranging from \$0-\$300 and will vary by plan design with \$50 historically being the most common. Deductibles are often waived for preventive services as Guardian's plans are designed to encourage members to get preventive care, thereby avoiding the need for more extensive dental care in the future. All our DHMO plan designs offered in California have no deductibles.

Humana: We offer flexible plan designs with a range of deductibles to meet the needs of small to large groups. The deductible is always waived for preventive care. We want to ensure there are no barriers to members receiving the necessary preventive care.

National General: There are no deductibles.

Premier Access: Employers and brokers can custom design their dental benefits, including plans with no deductible. The most common designs requested are no deductible, \$25 and \$50.

Question 11: What percentage of preventive costs does your plan cover?

Anthem Blue Cross: When using an Anthem Blue Cross Dental Prime or Dental Complete PPO provider, preventive care is covered at 100 percent. Out-of-network coverage will vary based on plan selection, but is typically not less than 80 percent. Large group customers receive additional flexibility to customize the percent of costs covered. Most Dental Net HMO preventative care is covered with a \$0 member office

visit copay and \$0 member service level copay.

Beam: Beam will cover preventive at 100% in all cases. We strongly believe in preventive care's role in the dental health equation for all members.

Blue Shield:

- Preventive care is standardly covered at 100% when using an in-network provider.
- Out-of-network coverage will vary based on plan selected but typically not less than 80%. Members may also be balanced billed for amounts exceeding the allowable payment to out-of-network providers based on their plan.
- For large groups, there is additional flexibility to customize the percentage of costs covered.

Delta: Delta Dental's fee-for-service coinsurance percentages vary by plan. DHMO copays are set at a fixed schedule and vary by plan design.

Guardian: For PPO, we offer coinsurance percentages ranging from 0%-100% for preventive services. The preventive coinsurance percent for our most common PPO plan sold is 100%. Our DHMO plans offer a wide variety of covered services usually covered at 100%.

Humana: Preventive care is always covered at 100%, unless a large group designs a custom plan. We encourage all employers to cover preventive care at 100%. We want to ensure there are no barriers to members receiving the necessary preventive care.

National General: The member is reimbursed a select amount toward their preventive visit based on benefit level plan selected. For example, our 'Plus' plan offers \$100 cash reimbursement toward preventive services.

Premier Access: Brokers and employers can customize this coverage from 0 to 100%; the most common is 100% coverage for preventive costs.

Question 12: What percentage of root canal costs does your plan cover?

Anthem Blue Cross: Anthem Blue Cross Dental Prime or Dental Complete PPO plans typically cover root canals at 50 or 80%. Out-of-network coverage will vary based on plan selected, but is typically covered at 50 or 80%. Large group customers receive additional flexibility to customize the percent of costs covered. Dental Net HMO members can expect a member service level copay between \$30 and \$225, dependent upon the type of root canal and plan chosen.

Beam: We will typically cover root canals at 50%, but it is customizable based on employer preference.

Blue Shield:

- For Large groups, root canals can be covered under Basic or Major services. Typically, Basic services are covered at 80% and Major Services are covered at 50%. Out-of-network coverage will vary based on plan selected but the most common percentage is 50%.
- For Individual/Family plans, root canals are typically covered under Major services at 50%
- For Small Group, root canals are typically covered under

Basic services at 80%.

Delta: Delta Dental's fee-for-service coinsurance percentages vary by plan. DHMO copays are set at a fixed schedule and vary by plan design.

Guardian: For PPO, we most often cover root canals as a basic service. We offer coinsurance percentages ranging from 0%-100% for basic services. The basic coinsurance percent for our most common PPO plan sold is 80%. Our DHMO plans cover many root canal procedures at various copayment levels based on plan type.

Humana: We offer flexible plan designs with a range of co-insurance percentages from 50% to 90% to meet the needs of small to large groups. A group can elect to have endodontic coverage in Basic or Major.

National General: According to our cost and transparency calendar, a molar root canal – for example – may cost \$1,382. The plan cost is \$707 with a network savings of \$675 or a percentage savings of almost 50%

Premier Access: Brokers and employers can customize this coverage from 0% to 100%; the most common designs cover 80% or 50%.

Question 14: What percentage of crown costs does your plan cover?

Anthem Blue Cross:

Anthem Blue Cross Dental Prime or Dental Complete PPO plans typically cover crowns at 50 or 80%. Out-of-network coverage will vary based on plan selected, but is typically covered at 50%. Large group customers receive additional flexibility to customize the percent of costs covered. Dental Net HMO members can expect a member service level copay between \$25 and \$240 dependent upon the type of crown and plan chosen.

Beam: We will typically cover root canals at 50%, but it is customizable based on employer preference.

Blue Shield: Typically, for all lines of business, crowns are considered Major services and are covered at 50%.

Delta: Delta Dental's fee-for-service coinsurance percentages vary by plan. DHMO copays are set at a fixed schedule and vary by plan design.

Guardian: For PPO, we most often cover crowns as a

major service. We offer coinsurance percentages ranging from 0%-100% for major services. The major coinsurance percent for our most common PPO plan sold is 50%. Our DHMO plans offer a wide variety of different crown option procedures covered at various copayment levels based on plan type.

Humana: We offer flexible plan designs with a range of coinsurance percentages to meet the needs of small to large groups. Crowns are typically covered as part of major services and the coinsurance ranges from 50% to 60%.

National General: The cash benefit for a crown ranges from \$45 to \$450. However, if the Careington Network is used – for example – the cost for a crown (porcelain fused to noble metal) may cost \$1,424.

The plan cost is \$726 with a network savings of \$698 or a percentage savings of almost 50%.

Premier Access: Brokers and employers can customize this coverage from 0 to 100%; the most common design covers 50%.

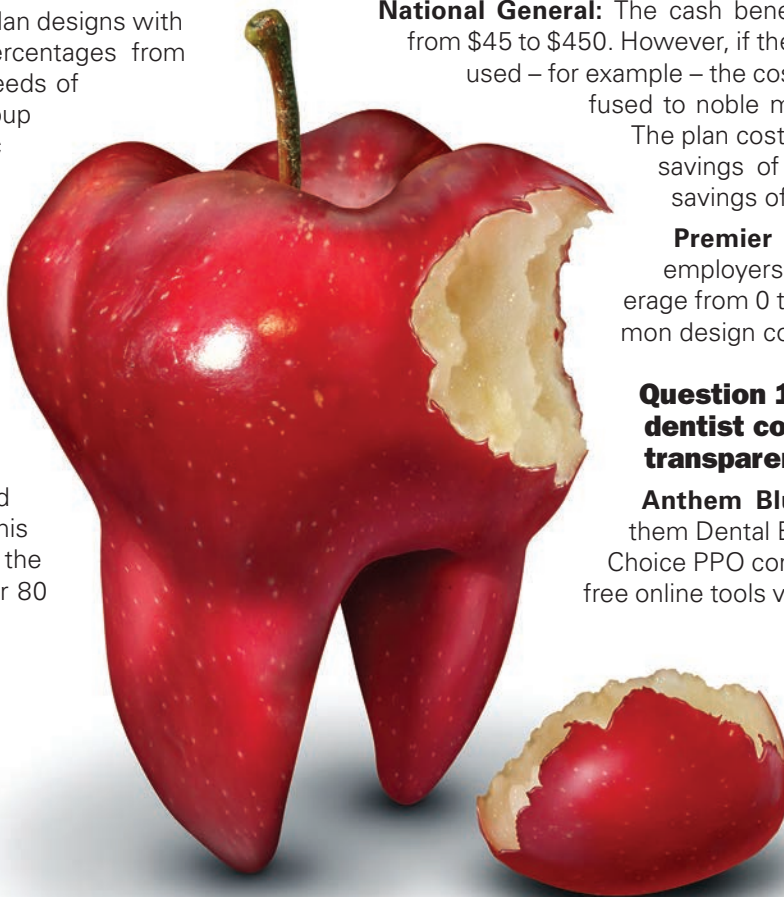
Question 15: Do you provide dentist cost and quality transparency tools?

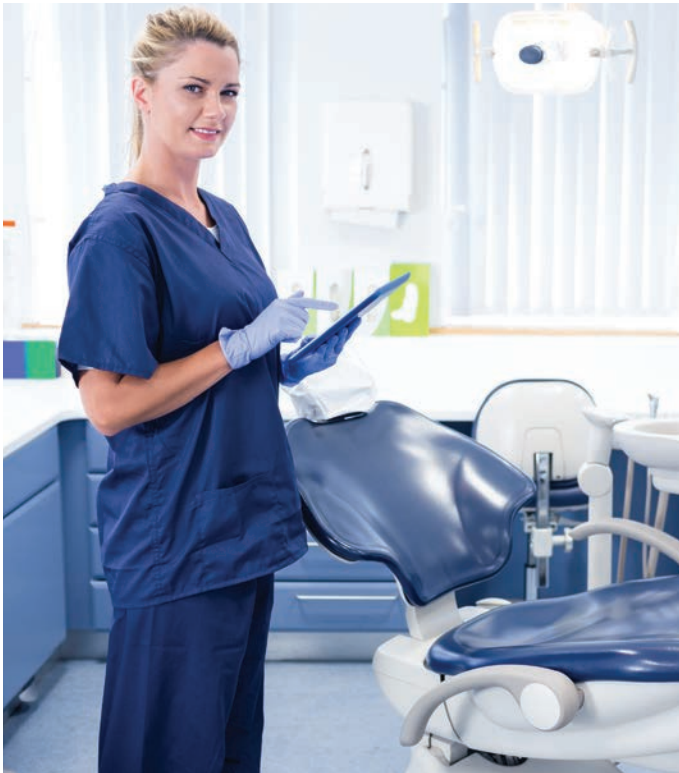
Anthem Blue Cross: Yes, all Anthem Dental Essential and Consumer Choice PPO consumers have access to free online tools via the member services portal. These tools include Dental Health Assessment, which helps consumers better understand their oral health by answering questions about their mouth, teeth, and overall health to produce an individualized report

they can share with their dentist for follow-up care. To help plan for needed care, Anthem also offers an additional online tool called a Dental Cost Estimator allowing members to search for common procedures including exams, cleanings, x-rays, fillings or root canals and get an estimated cost within seconds.

Beam: Our Lighthouse portal is for brokers and administrators and offers the ability to quickly and effectively edit account and member level details, manage everything from enrollments to COBRA, and gain unique insights into how a group is performing against plan, especially as it relates to their Beam Brush data and renewal rates.

Blue Shield: Yes. Once registered on our website, members may review their claims information and locate provid-





ers. They also have access to treatment cost information through the Treatment Cost Calculator. The Treatment Cost Calculator allows members to search for common procedures including exams, cleanings, x-rays, fillings or root canals. This tool is quick and easy to use with members being able to get an estimated cost for procedures quickly.

Delta: Yes. Enrollees can use our Cost Estimator to determine costs for procedures based on dentist participation and location. Additionally, our Find a Dentist tool provides links to Yelp reviews as well as other helpful information including languages spoken, wheelchair accessibility and public transit access.

Guardian: We have a Dental Cost Estimator tool that provides an estimated range of allowable charges (fee schedule amounts) for the selected procedure codes in a selected region and provider contracted tier. Note that this is not the actual Guardian fee schedule amount for a provider nor the expected paid amount for a particular Guardian plan design. At this time, we do not offer provider quality ratings.

Humana: Humana’s website does not currently provide cost information for our dental products.

National General: Yes. If a member decides to use our Careington Network for specific services, they can go to: <http://www.careington.com/ngahdsavings/>. These resources provide a simplified way to determine costs of treatment.

Premier Access: We are currently developing cost and quality tools for the website, which we believe will help consumers make better informed decisions. We also offer pre-determination of benefits to members who request them through our phone-based customer service representatives.

Question 16: Who can readers contact for more information?

Anthem Blue Cross

CJ Faust, Director, Specialty Sales, Northern California
cj.faust@anthem.com

Randy Ebersberger, Director, Specialty Sales, Southern California
randy.ebersberger@anthem.com

Beam

Email Beam at info@beam.dental for more information and one of our Broker Success Managers will be in touch with you right away.

Blue Shield

Brokers who currently work with Blue Shield of CA contact their BSC representative.

For those who do not have a direct contact, they can locate more information by logging onto our website at our Broker Connection:

https://www.blueshieldca.com/bsca/bsc/wcm/connect/broker/broker_content_en/broker/home

Delta

Readers can navigate to <https://www.deltadentalins.com/about/contact/> to find the number specific to their location and area of interest.

The Guardian Life Insurance Company of America

Rick Porterfield, Regional Director
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 Washington, Hawaii and Alaska
 415.490.4433 office

Richard_Porterfield@glic.com

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National General

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Company Site: <https://ngah-ngic.com/supplemental-insurance.php>


Premier Access

www.premierlife.com

Phone: 888-326-3210

Sales Executive: Robert Semrow – robert@premierlife.com

The first installment of California Broker’s annual dental survey appeared last month. You can find answer to questions one through seven online here: California Broker July 2018: https://issuu.com/californiabrokeromagazine/docs/california_broker_july2018_57ea298cc9a571/12



ONE WAY TO PREPARE FOR RETIREMENT:

Test Drive Annuitized Income

By LIZA TYLER

Longer life expectancies and rising healthcare costs are a major concern for anyone closing in on retirement. And when it comes to understanding how the savings accumulated over decades of working can translate into income that will last throughout their retirement, many pre-retirees are unsure.

According to TIAA's 2017 Not-for-Profit Plan Sponsor Insights Survey, 34 percent of plan sponsors are having a difficult time getting their employees to retire, which may be because they do not feel financially prepared to leave the workforce. Further, more than half (59 percent) of the respondents were concerned their employees will run out of money in retirement.

Also, a major gap exists between what investment options are offered in retirement plans and knowledge of these offerings. According to the TIAA 2017 Lifetime Income survey, only half of Americans who are not retired are familiar with annuities, and even fewer have purchased one. Some may not be choosing annuities because they mistakenly think other investments in their retirement plan offer similar income.

When plan sponsors were asked why they might not include lifetime income options in their plan, 34 percent said participants can access annuities outside of their plan. But annuities purchased in the retail market often feature significantly higher fees and expenses, which can erode

the amount of income received. Low cost, in-plan variable annuities can help keep pace with inflation and unexpected costs that participants may experience in retirement.

It is important to help people understand lifetime income options and to help create a diversified income plan. The majority (62 percent) of employees said they would prefer to receive a monthly retirement income option from their employer rather than shop for it on their own. And younger workers, the largest generation in the workforce, are interested in investing in lifetime income options—40 percent of millennial respondents planned to purchase an annuity in the future, which was a higher percentage than both Gen X (34 percent) and baby boomers (15 percent).

Advisors can educate clients on the benefits of annuities in order to help grow and protect retirement income. It's not too difficult to reframe the thinking on retirement savings to focus on income. For example, something as simple as an account statement can help people understand how their current investments can translate into retirement income. We have provided this information to our retirement plan participants for more than 50 years.

We continue to innovate and find new ways to help our plan sponsors and participants prepare for a successful retirement. We recently launched Income Test Drive, a new

feature—the first of its kind—which allows our participants to “test drive” regular income payments from their variable annuity for a two-year period before making a commitment.

By giving participants who are closing in on their retirement years access to flexible income strategies like Income Test Drive, they get to test out the benefits of lifetime income payments without having to make an immediate irrevocable decision. It also helps people gauge how much they will need to help cover their expenses during retirement. There's no cost to enroll or participate in Income Test Drive, and our participants can cancel anytime during the two-year period without cost or penalties. At the end of the trial period, participants can decide if they would like to continue to receive income payments for life.

The need to build a diversified income plan that better prepares retirees for longer, more expensive retirements is becoming urgent. Advisors can play a key role in helping clients plan ahead and think through options to financially support themselves for the long term. ★



Liza Tyler is managing director of variable annuity product management at TIAA. She has 25 years of experience in the financial services industry, with proficiency in annuity and mutual-fund research, product

and distribution.

A LOOK UNDER THE HOOD:

How Insurance Certificates Can Help You Better Understand the Policies That You Sell

By BRENDAN SHARKEY

Recently an insurance broker, whom I've known for over a decade, shared an interesting story. He had sold international health insurance for some time but was looking for specifics around a product that a carrier was soliciting him to promote. For instance, how well would the policy cover his expat clients if they were to return to the U.S. for a visit or to seek treatment at a center of excellence? Naturally, he contacted the insurance provider to get answers. When he asked to see a sample policy certificate he was sent a scant, three-page document—not much more than a benefit schedule. It seemed that it wasn't company policy to reveal what's under the hood. The problem was, a brief three-page marketing piece wouldn't provide the level of detail he was looking for. He had experienced this with other carriers and had the benefit of intimately knowing their policy terms, definitions and exclusions and knew that a certificate of insurance should be 40 to 50 pages of detail, not three. After some back and forth, my friend realized he was fighting a losing battle. So, he decided, "If I'm not able to understand and feel comfortable with the product I'm being asked to sell... maybe I shouldn't be selling it at all."

SETTING EXPECTATIONS

With the various channels available for news and information, you would be hard pressed to find anyone starved for information these days. We're not




a society that is used to being left in the dark. So why should you expect anything different when it comes to the insurance policies you are asked to sell? I wondered why a company would refuse to enthusiastically share information that could potentially lead to more sales? How does that make sense? Well, it only makes sense if that company feels that sharing the information might do more damage than good.

To be successful in this space, you must earn both the trust and respect of your clients. After all, you aren't selling just anything. You're selling peace of mind. In order to gain your clients' trust, they have to believe you

have their best interests at heart. To gain their respect, you need to prove your expertise will help navigate them through a twisted labyrinth of paperwork and legalese. You can't do either if you are unfamiliar with the inner workings of a policy that you sell—a fact most certainly understood by the companies that write those very policies.

TAKING THE RIGHT APPROACH

While some insurance providers may discourage transparency, my team at GeoBlue encourages prospects and our broker partners to examine our insurance certificates inside and out (they are posted publicly on our web-



**THE JOURNEY OF
A THOUSAND MILES
BEGINS WITH THE RIGHT
HEALTH INSURANCE.**

When your clients are traveling abroad, whether for a long stay or a short visit, protect them with GeoBlue travel health insurance. They'll be able to choose from the most complete set of benefits and services in the industry. And all GeoBlue plans, whether single, multi-trip or expatriate, include crucial benefits such as medical evacuation, access to a trusted provider network, direct pay for care, 24/7 support and peace of mind. Learn more and register for your Agent ID at geobluetravelinsurance.com or contact us toll-free at 1-855-481-6647.

GeoBlue 
Travel Medical & International Health Insurance

sites). We know that a more informed broker achieves more shared success and we tell our contracted agents that while two policies may appear similar, a thorough review of the insurance certificate can reveal significant differences. We invite them to find out what those differences are. Here are three important categories to investigate as you review any international health insurance certificate:

1. Maternity

International health insurance providers may offer various levels of coverage for routine delivery and unexpected events like premature labor and neonatal care. They may even differ in the amount of coverage extended to infants. These differences can have a major financial impact on young families. And no broker looks forward to a phone call from a sleep-deprived parent who just learned their insurance wasn't as comprehensive as they had thought.

2. Pre-existing conditions

Clients who suffer from pre-existing conditions depend on adequate coverage more than others. Some health insurance providers limit or deny coverage for these conditions, or consider an issue that has occurred at any point in the client's life to be "pre-existing," no matter how much time has passed. An insurance certificate will highlight specifics regarding the coverage of pre-existing conditions, how they are defined and the look back period. Some carriers underwrite to cover all

conditions, while others specifically rider out personal health issues based upon the patient's history. This is sometimes referred to as moratorium underwriting. These details are almost never evident in a simple benefits schedule.

to cover treatment in other countries, including elective care back home in the U.S. Certain policies, like the ones offered by GeoBlue, can provide comprehensive coverage for these types of situations, while other providers may limit home country coverage to only illness and accidents.

COMPARING INSURANCE CERTIFICATES FROM SIMILAR POLICIES SHOWS THE REAL DIFFERENCE IN COVERAGE.

	Carrier 1	Carrier 2	Carrier 3
Pre-Existing Condition Definition	Any illness or condition that existed at the time of application or at any time prior to the effective date, whether or not previously manifested, symptomatic or known, diagnosed, treated, or disclosed to the company prior to the effective date	Any disease, illness or injury, or symptoms linked to such disease, illness or injury for which medical advice or treatment has been sought or received or the beneficiary knew about and did not seek medical advice or treatment before the initial start date	A condition that was treated or diagnosed by a legally qualified physician occurring within 6 months prior to the coverage date for the insured
Pre-ex look back period	2 years	Lifetime	6 months
Routine Nursery Care of a Newborn Child of a Covered Pregnancy	\$1,000 additional deductible, \$50,000 lifetime maximum, \$200 wellness benefit for first 12 months	Up to \$156,000; at least one parent has been covered by policy for a continuous 10 months prior to child's birth	Unlimited (covered as any other condition)
Neonatal Intensive Care Unit	\$250,000 maximum for first 31 days	Up to \$156,000	Unlimited. Newborn is automatically covered
Precertification Penalties	Required for transplants; 50% reduction of eligible medical expenses if pre-certification provisions are not met	Certain penalties may apply. In addition to prior approval for treatment; further approval may be required for maternity and childbirth benefit	No precertification required except for transplants or medical evacuations
Freedom to travel to another country including the U.S. for purposes of seeking care (including elective treatment for cancer, heart disease or orthopedic replacements)	Maximum limit of 30 days per insured person per period of coverage for accidents or emergency treatment only. Treatment in the U.S. must be received from a physician, hospital or other healthcare provider within the preferred provider network	Excluded (where the worldwide including U.S. cover was purchased) if known or reasonably suspect that the cover was purchased and the beneficiary travelled to the U.S. for the purpose of receiving treatment	Covered (where the Worldwide including U.S. cover was purchased). Subject to qualifying period of prior credible health coverage

3. Traveling outside of your host country for treatment

In some cases, clients living abroad may need, or want, to travel to another region for treatment. The U.S. leads the world in medical outcomes for many treatments. According to Concord, a program which measures cancer survival rates, brain tumor survival rates among children ranged from a mere 28.9 percent in Brazil to a stunning 78.2 percent in the U.S. For similar reasons, your overseas clients may rely on their health insurance policy

myriad of potential perils. ★

FINAL THOUGHTS

An effective broker is an educated broker, especially when dealing with international health-care policies, which tend to have vastly different terms compared to traditional domestic insurance. If the carriers you promote won't readily post a sample policy online or even make their insurance certificates available, how well are they protecting you and your clients' best interests? Never put your business or your reputation at risk for a company that refuses to be transparent. Your customers deserve and expect more. They are relying on you to be the expert and placing their trust in you to navigate a



Brendan Sharkey is the director of individual product sales for GeoBlue. GeoBlue is the trade name for the international health insurance programs of Worldwide Insurance Services, an independent licensee of the Blue Cross Blue Shield Association. GeoBlue combines mobile technology and worldwide healthcare expertise to deliver assistance and health benefits for the health, safety and convenience of world travelers.



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Summit!

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& Product Training (*including*
SCAN!)

September 21st C.E. Courses
and Breakout Sessions!

Pickwick Gardens, Burbank

LAAHU
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A BROKERS' ROLE IN HELPING EMPLOYEES GET A FINANCIAL LIFE

By RACHAEL CHESLEY

One of the most common threads running through all of our lives is financial stress, and for many people, unfortunately, that stress goes beyond the occasional worry. It can be an all-consuming cycle of despair over credit card debt, car payments, mortgage/rent payments, student loan payments, an unexpected expense or some other financial emergency.

And guess what? Your clients' employees aren't just leaving their cares at the door of their company. They are stressed and distracted at work about their personal financial situation, so they spend time on the clock dealing with their personal finances. When employees spend company time balancing their household budget, wor-

rying about paying down debt and dealing with other money concerns, your clients' companies are potentially losing big bucks in lost productivity every year. Financial stress in the workplace can also mean distractions that cause workplace accidents, costly data errors, poor customer service and more.



In fact, 46 percent of employees distracted by their finances at work spend three or more hours each week in the office thinking about or dealing with their personal financial issues, according to PwC's 2017 Employee Financial Wellness Survey. So, add that up. That's 150 hours of lost productivity per year per employee who experience financial stress. And that applies to almost half of employees who are sidetracked from doing their work because they focused instead on their finances.

Most employers are aware that improving the financial well-being of their workforce should be part of their benefits program. However, in order to do that, employers need to recognize signs of employee financial stress as well as understand their employees' financial stress levels, what's causing it and how they handle it.

SIGNS OF EMPLOYEE FINANCIAL STRESS

Four common signs that occur in the workplace may be signals to employers of a financially-stressed employee:

- Withdrawing multiple loans against retirement savings.
- Asking for payday advances.
- Unexpected absences. For instance, an employee who doesn't have the money for needed car repairs may

suddenly have to stay home until they figure out other arrangements.

- Medical issues that could have been avoided through preventive care that was unattainable due to large deductibles or copays.

FINANCIAL STRESS LEVELS

Let's take a look at The Purchasing Power® Financial Stress Survey – 2018 conducted by Harris Poll in December 2017. It reveals that over 4 in 5 (87 percent) of those who are employed full-time or have a spouse employed full-time are at least somewhat stressed about their current finances. Breaking it down:

- 38 percent said they have some financial stress today;
- 24 percent reported they have a fair amount of stress;
- 14 percent stated they have quite a bit of stress; and
- 9 percent indicated a great deal of stress.

And looking at it by generation, it breaks out this way:

	GENERATION		
	Millennial Gen X		Baby Boomer
No Stress	13%	11%	16%
Some Stress	29%	38%	50%
A Fair Amount	25%	27%	20%
A Great Deal	12%	9%	7%

CAUSES OF FINANCIAL STRESS

What's causing employees' financial stress? Household bills are the major reason cited by survey respondents.

- Causes ranked as follows in the survey:
- Household bills (e.g. mortgage/rent, utilities and transportation) - 47 percent;
 - Lack of funds to cover unexpected expenses (e.g., car repair, home repair) - 43 percent;
 - Retirement planning (e.g., little or no retirement savings, no post-employment plan) - 37 percent;
 - Healthcare expenses (e.g., deductibles, prescription costs, medical bills) - 34 percent;
 - High credit balance - 30 percent;
 - Accumulating credit card debt - 29 percent;
 - Lifestyle changes (e.g., loss of/decrease in household income, family addition, increase in household occupants, elderly care) - 25 percent;
 - Education (e.g., tuition, daycare fees, student loan payments) - 21 percent;
- When broken down by generation, the major source of employees' financial stress varies:

	GENERATION		
	Millennial Gen X		Baby Boomer
Household bills	54%	48%	38%
Lack of money	50%	39%	40%
Retirement planning	25%	39%	50%
Healthcare expenses	29%	33%	40%
High credit card balance	31%	33%	19%
Accumulating credit card debt	27%	37%	21%
Lifestyle changes	30%	22%	20%
Education cost	29%	23%	8%

FINANCIAL STRESS OVER THE PAST 12 MONTHS AND IN 2018

When asked if their financial stress has increased, decreased or stayed the same over the past 12 months:

- 39 percent of full-time employees revealed that their stress level increased over the past 12 months;
- 46 percent said it stayed the same; and
- 16 percent report that it decreased.

Looking at financial stress by generation:

- Stayed the same
 - Millennials: 38%
 - Generation X: 47%

- Baby Boomers: 54%
- Increased
 - Millennials: 45%
 - Generation X: 39%
 - Baby Boomers: 31%
- Decreased
 - Millennials: 17%
 - Generation X: 14%
 - Baby Boomers: 15%

It's interesting to look at the reasons why stress levels decreased for some employees in the past 12 months:

- 57 percent said an increase in their household income contributed to that decrease;
- 50 percent indicated they had decreased the amount of their expenses (such as paying off balances and eliminating unnecessary services/activities); and
- 20 percent revealed they had used financial tools to help budget their money better.

Breaking it down by generation shows different reasons:

- Increase in their household income contributed to that decrease
 - Millennials: 69%
 - Generation X: 32%
 - Baby Boomers: 68%
- Decrease in the amount of their expenses (such as paying off balances and eliminating unnecessary services/activities)
 - Millennials: 33%
 - Generation X: 59%
 - Baby Boomers: 69%
- Used financial tools to help better budget their money
 - Millennials: 20%
 - Generation X: 36%
 - Baby Boomers: 3%

Compared to 2017, nearly half (47 percent) of full-time employees expect their stress level to stay the same in 2018, while 34 percent believe it will decrease and 20 percent see it as increasing.

UNEXPECTED EXPENSES IN THE PAST 12 MONTHS

Unexpected expenses take their toll on employees' stress level because many of them don't have emergency funds. The Financial Stress Survey - 2018 revealed that 74 percent of full-time employees experienced an unexpected expense in the past 12 months.

Here are the most common types of unexpected expenses among those employees that incurred any:

- Vehicle repair/replacement - 57 percent;
- Medical (such as sudden illness or increase in cost related to pre-existing conditions) - 43 percent;
- Home repairs (such as roof, boiler, siding) - 40 percent;
- Replacing/upgrading a major home appliance that stopped working - 29 percent; and
- Travel (funeral, visit sick relative, unexpected move) - 18 percent.

These employees were also asked how they paid for the unexpected

"...brokers can advise their clients about benefits that can help address the situation as well as create not only more productive workers who are engaged and empowered, but also an increased bottom line for employers."

expense they incurred in the past 12 months. They reported using the following methods:

- Credit card - 49 percent;
- Used emergency savings - 31 percent;
- Used money they planned to use for other household bills - 30 percent;
- Cash - 23 percent;
- Borrowed from family/friends - 13 percent;
- Took out a loan (payday, title, home equity) - 13 percent;
- Debit card - 13 percent;
- Sold something (such as jewelry, electronics, car) - 9 percent; and
- Borrowed from retirement savings (401K, IRA) - 7 percent.

WHAT BROKERS CAN DO WITH THIS DATA

Progressive companies recognize the potential upside for addressing financial stress. They offer financial education and financial wellness programs at

work in an attempt to help employees change their money behaviors and increase their financial literacy. Examples include online financial education tools, on-site money management and financial planning seminars.

While financial education benefits can help employees with budgeting and debt reduction needs, employers can also adopt additional voluntary benefits that provide employees some financial flexibility in the short-term, such as employee purchase programs and low interest installment loans and credit that help employees avoid payday loans and cash advances from credit cards when they have emergency needs such as a broken refrigerator or unexpected out-of-pocket medical expenses. Student loan repayment benefits appearing these days include programs in which employers are making contributions to loan balances or providing methods for employees to refinance their debt.

Just as health benefits aren't one-size-fits-all, neither are financial education and financial wellness benefits. This survey illustrates how reasons for financial stress differ for the generations, so the programs and benefits that will appeal to them likewise will vary.

And that's where brokers come in. Brokers can help inform their clients about the statistics of their employees' financial stress. As a next step, brokers can advise their clients about benefits that can help address the situation as well as create not only more productive workers who are engaged and empowered, but also an increased bottom line for employers. In the process, brokers will find they are building stronger client relationships that lead to better client retention and, ultimately, increased income for brokers. ★



Based in San Diego, Rachael Chesley, CEBS, VBS, is Southwest Regional Sales Director for Purchasing Power, a voluntary benefit provider of an employee purchase program. Prior to Purchasing Power, she worked in insurance brokerage with Marsh & McLennan Companies and with Arthur J. Gallagher & Co.



COBRA: THERE'S MORE THAN MEETS THE EYE

By DAN TAYLOR

The COBRA (Consolidated Omnibus Budget Reconciliation Act) health insurance law has been a mandated burden for employers for over 30 years. It provides rights to health insurance to former eligible employees, spouses and dependent children if coverage was lost due to a specific qualifying event. The employer's responsibility is to communicate those rights at various times, primarily at time of initial enrollment and at the time of a qualifying event. The employer is then required to reinstate coverage to the group health plan for those beneficiaries who properly elect and pay for the coverage.

What many employers still overlook, however, is how many other laws interact with or are affected by COBRA. Here's an overview of several:

ERISA (Employee Retirement Income Security Act) – The over-arching law governing benefit plans. Two simple overlaps with COBRA are the requirement by ERISA to notify all plan participants of an upcoming open enrollment period and of any plan changes. The Plan is required to notify all plan participants of either of these situations. Employers need to remember that qualified beneficiaries on COBRA are still plan participants and need to be notified. Beneficiaries in their COBRA election period are potential plan participants and also should be notified.

FMLA (Family and Medical Leave Act) – For those employers that have to comply with FMLA, the key point to remember is that if an employee goes out on

FMLA, it is not a COBRA qualifying event at that time. If the employee terminates employment during FMLA or if the employee uses the entire amount of available FMLA and is allowed to continue the leave though no longer considered FMLA, then the employer will offer COBRA due to either termination or reduction in work hours. The event date is the last day of FMLA leave.

HIPAA (Health Insurance Portability and Accountability Act) – HIPAA requires portability of coverage and privacy and security of plan participant health information. Employers need to understand that qualified beneficiaries on COBRA are still plan participants, so all HIPAA requirements of the Plan are still applicable to people on COBRA.

Their information must be kept secure and private as is required for active employees and family members.

Medicare Part D – Employers are required to send certificates of creditable or non-creditable coverage to any plan participants that are also covered by Medicare of the upcoming Medicare Part D open enrollment period (deadline to send certificates is October 15 each year). Most employers take the approach that it is safer to send certificates to all plan participants as it is hard to determine who may or may not be on Medicare. Employers need to consider COBRA plan participants (again, they are still plan participants) also when providing these certificates.

USERRA (Uniformed Services Employment and Re-employment Rights Act) – Designed to minimize the disadvantages for service members absent from employment to serve the country, one of USERRA's benefits is that it allows for 24 months of continued coverage on the employer's health plan rather than COBRA's typical 18 months. A COBRA notice should be sent at the time of the leave, however, if the leave is for 31 days or less the employer can only charge the same premium as is charged to active employees. If longer than 31 days, then the employer can charge up to 102 percent for the 24 months of coverage.

TAX-ADVANTAGED PLANS

Health FSA (Flexible Spending Accounts) – many employers do not understand that an FSA may need to be offered under COBRA. At the time of the qualifying event, if there is a positive balance in the employee's Health FSA (COBRA does not apply to Dependent Care FSAs), then the Health FSA needs to be offered, but only for the remainder of the current plan year. If the employee has a negative balance (more has been spent from the FSA than has been contributed) then the Health FSA does not need to be offered. If the employer has adopted the carryover option for their FSA and if the FSA was

offered and elected for COBRA, and if at the end of the plan year there were unspent funds in the account, then those funds will be carried over into the next plan year just as would happen for an active employee.

HRA (Health Reimbursement Arrangements) – An HRA is an employer-funded plan that will reimburse out of pocket health care expenses. Generally, if an HRA is designed to cover medical expenses then it is offered as an integrated component of the overall medical plan. Some employers only use HRAs for dental or vision or even as a retiree plan. In any case, the HRA must be offered under COBRA if the qualified beneficiary was covered by the HRA at the time of the qualifying event.

HSA (Health Saving Accounts) – HSAs are not offered under COBRA as the account is already owned by the employee and cannot be 'lost' due to a qualifying event. However, the qualified high deductible health plan that goes with being eligible to contribute to an HSA is the medical plan and is still subject to COBRA.

ACA (Affordable Care Act) – the ACA has certainly changed the entire health insurance environment. Although it hasn't made any specific changes to COBRA, there are ACA requirements that have an impact on COBRA administration or requires reporting that includes people on COBRA. One of COBRA's qualifying events is a reduction of work hours to the employee. If this reduction causes an employee (and perhaps family members) to lose coverage, then COBRA must be offered for 18 months. With the ACA's requirement to track employee eligibility by using one of two methods (monthly measurement or look-back measurement), determining when a reduction of hours has occurred is a little more complicated. The look-back measurement method generally allows an employer to only have to determine health plan eligibility once per year. When an employee falls below the number of average work hours to

remain eligible then the employer will need to offer COBRA for 18 months. What is not addressed is what date to use as the event date. Last day of measurement period? Date ineligibility was determined? Last day of the stability period? The employer will need to decide as this is unaddressed.

In certain situations, people on COBRA will need to be reported on and provided the ACA required IRS Form 1095. If the employee is still active and was offered COBRA due to a reduction in work hours, a 1095 will need to be provided indicating an offer of coverage. Also, if the plan is self-funded, then people on COBRA will need to be reported in Section 3 of Form 1095 as covered individuals.

State Continuation

Many states have health insurance continuation laws in place. In most states, employers need to comply with either federal COBRA or State Continuation, not both. In those states employers and brokers need to pay careful attention to the specifics of both laws as complying with the wrong law can create tremendous liability. Examples are that the wrong coverages were (or weren't) offered or the beneficiaries are not given the proper length of time with coverage. In a handful of states however, both federal COBRA and State Continuation laws apply. California, Texas, New York and Connecticut are a few examples. In these states, employers generally need to satisfy federal COBRA first and then if beneficiaries fully exhaust federal COBRA, they are eligible for continuation of coverage under state law. Coverage periods and maximum premiums vary so great caution needs to be exercised by employers and their benefit advisors. ★



Dan Taylor has been with Infnisource Benefits Services for over 22 years. Currently serving as vice president-sales, Taylor can be reached at dtaylor@infnisource.com.



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Actuaries Urge Caution with AHPs



The final Department of Labor association health plan (AHP) rule will have significant implications for health insurance consumers and markets. Expanding the availability of AHPs can lead to increased insurance options and lower premiums for some, but higher premiums for others, according to the American Academy of Actuaries. The Academy's "Association Health Plans" issue brief highlights important considerations when evaluating the effects of the new AHP rule, such as:

- Remember the MEWA problem? Without clearly defined regulatory authority, AHPs could face increased insolvency risk as evidenced by the history of bankruptcies of multiple employer welfare arrangements (MEWAs).
- AHPs would be unlikely to obtain lower provider payment rates than larger insurance companies. Rather, AHP premium savings would more likely reflect a combination of less generous benefits and a healthier enrollee population.
- When AHPs operate under less restrictive rules than plans complying with Affordable Care Act rules, they can attract some of the healthier population away from and increase premiums for ACA plans.

Download the issue brief at actuary.org.

Fiduciary Rule Vacated

The Dept. of Labor's fiduciary rule, passed under the Obama Administration, threatened to change the legal and disclosure demands for retirement advisors. Instead of requiring only advisors who were charging a fee for service to be subject to the rules of a fiduciary it would've deemed all financial pros subject to the rules.

That is, the rule would've legally obligated everyone to put their client's best interests first, rather than simply finding "suitable" investments for

the client. Furthermore, it would've required all financial pros to fully disclose all commissions made by the transaction. In effect, industry experts said the new rule threatened to eliminate many commission structures that govern the industry. That won't happen, though. The U.S. Court of Appeals for the Fifth Circuit issued its mandate making official and permanent its March 15 decision to vacate the Department of Labor's fiduciary rule in its entirety. The National Association of Fixed Annuities and other organizations worked to defeat the fiduciary rule. But not everyone in the industry is happy about it. Check out Robert Lawton's guest editorial on page 8.



NFEC Launches Updated Financial Coaching Program



As you well know, people with substantial assets automatically have access to qualified financial consultants. Those with more modest assets, however, often have limited

opportunity to get help when it comes to making financial decisions. But here's a great chance for an average earner to get free advice: Santa Monica-based National Financial Educators Council is selecting up to 30 people to receive one year of financial coaching complimentary from their Certified Personal Finance Consultants. In exchange, those selected agree to provide feedback about the program and coaching. More info at financialeducatorsCouncil.org.

Money for ACA Navigators Slashed

The Centers for Medicare & Medicaid Services announced that it would provide only \$10 million for the navigator program for this fall's open enrollment season. This past year, navigators received \$36 million in funding, down from \$63 million in 2016. The reduction was paired with a 90 percent cut in the ACA advertising budget. Insurance experts charge this is just the latest move from the Trump Administration in their attempt to peck the ACA to death.



PEOPLE NAHU Honors Pozniak

Congratulations to Cal Broker regular contributor Naama O. Pozniak. NAHU recently honored Naama with its 2018 Distinguished Service Award!



Amazon Buys PillPack



Amazon has officially entered the pharmacy business with its acquisition of PillPack. Adam J. Fein, from Drug Channels,

says that means they may start owning the market with uninsured and underinsured people. Fein also says the deal is good news for vertical integration: "As I see it, the Amazon-PillPack deal makes it slightly more likely that the Justice Department will approve the pending CVS-Aetna and Cigna-Express Scripts mergers. Despite the Amazon hype, executives should be getting ready to adapt to a vertical healthcare world... That's the real story for the immediate future."

MEDICARE NEWS

Make Your Medicare Life Easier with NippyLinks

If you sell Medicare, you'll immediately see the beauty in NippyLinks, a new app that's a quick and efficient



solution for managing and accessing your provider and business portals and logins. The app was developed to aid Medicare brokers to quickly access health plan websites with broker portals, their password and user Id stored for each site. Brokers can promptly retrieve physician searches, plan benefits, networks, formularies for each health plan and more. Download Nippylinks from iTunes and Google. Cost is

\$19/year. For more info visit nippylinks.com.

CHA Receives Senior Medicare Patrol Grant

The Department of Health and Human Services' Administration for Community Living awarded California Health Advocates (CHA) one of the country's 54 grants for the next 5-year grant cycle for Senior Medicare Patrol (SMP). CHA has been the SMP grantee since the program's inception in 1997. The Senior Medicare Patrol program, first established in 1997 by federal law, empowers Medicare beneficiaries, and their families, and caregivers to prevent, detect, and report health care fraud, errors, and abuse. SMP projects nationwide provide local outreach, education, and assistance to Medicare beneficiaries through a trained volunteer workforce. California's SMP, with its over 600 volunteers across the state, conducts outreach campaigns, organizes and participates in community events, teaches Medicare beneficiaries to protect their Medicare numbers, shows their peers how to detect billing discrepancies on their Medicare statements, and to how report suspicious activity for further investigation. They also have their own "SMP superheroes" that use humor and skits to educate and empower their peers to stop Medicare fraud. For this 5-year grant cycle, the Administration for Community Living awarded one grant for each state and one for the District of Columbia, Puerto Rico, Guam and the U.S. Virgin Islands. More info at cahealthadvocates.org.

PRODUCTS

Colonial Life Realizing Success in Voluntary Benefits



Eastbridge Consulting named Colonial Life the fastest-growing voluntary benefits company among large carriers. Colonial Life reported that its voluntary sales grew 7 percent in 2017, totaling \$520 million. Colonial Life is the only company with more than \$150 million in annual sales to exceed the industry average each of the past three years, according to Eastbridge. The performance earned Colonial Life the 2017 Voluntary Sales Growth Leader recognition.

The Standard Launches Hospital Indemnity Product with Benefit Differentiation

The Standard announced the launch of a new hospital indemnity insurance product, designed specifically for hospital employer groups. Hospital Indemnity Plus pays hospital employees a 20 percent higher benefit for a hospital stay within the employer's health system. More info at thestandard.com.

Value-Based Care: Sutter Health and UnitedHealthcare Deliver Results Through their ACO

Palo Alto Medical Foundation (PAMF), a part of Sutter Health, and UnitedHealthcare say their ACO arrangement has reduced the



number of emergency room visits for UnitedHealthcare plan participants by 7 percent since 2015 and increased use of less expensive, generic prescription drugs by more than 4 percent. In addition, the organizations say they have reduced the number of short-term hospital admissions by about 9 percent. The results are based on data from more than 75,000 patients enrolled in UnitedHealthcare employer-sponsored health plans who have been receiving care from PAMF physicians since 2015. According to a release issued by the companies, these factors have enabled UnitedHealthcare and PAMF to reduce annual medical costs by more than \$15 million over the last two years. For more info, visit UHC.com.

Colonial Life Offers New Group Accident Plan

Colonial Life announced its new group accident plan increases the benefits payable for covered accidents by an average of 37 percent, with no increase in premium. Offered on a guaranteed-issue basis, employers can choose to offer one of four different plans with varying levels of coverage. They also can include a health screening benefit or a hospital confinement benefit for a covered sickness to expand their options. The plan also is compatible with health savings accounts and isn't subject to Affordable Care Act requirements. For more information about Colonial Life's new group accident plan, contact David Polen at DPolen@ColonialLife.com or 803-678-6158. Or visit coloniallife.com.

Securian Launches New Brand Identity & New Life/LTC Hybrid

Life insurer Securian Financial announced it is launching a new brand identity and its first-ever national advertising campaign focused on the "family investor." Securian Financial is moving to a new brand promise,



logo and identity system. The company says it is building a strong brand for distributors, so they can spend less time explaining who Securian Financial is and more time educating plan sponsors and customers about their financial



services solutions. In addition, Securian launched an enhanced hybrid product, SecureCare, which is a life insurance and long-term care solution that offers new premium payment options and enhanced benefits. Customers can now choose a single or multi-year premium schedule of five, seven, 10 or 15 years. It also pays benefits using a cash indemnity-style model with improved flexibility. More info at securian.com.

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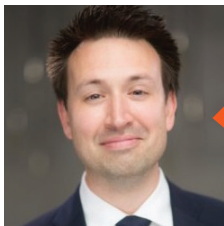
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EVENTS



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CAHU Health Care Summit
August 7-9, San Diego Hilton, Bayfront
 This year CAHU will be offering multiple Continuing Education tracks on Medicare, IFP and Group Benefits, Business Development and more. There will be two NAHU certification courses offered. Individuals who register for the Summit and a certification course will receive a \$50 discount upon completing both registrations. Details cahu.org.

Golden Gate Assoc. of Health Underwriters 4th Annual NORCAL Medicare Summit
August 16-17, DoubleTree Hotel, Pleasanton. More info at ggahu.org.

CAHU Foundation Gala
September 14, Fairmont Grand Del Mar, San Diego
 Join CAHU for a Masquerade Gala to revitalize the CAHU Foundation. Festivities begin at 5:30pm at the famous Fairmont Grand Del Mar. Formal attire is requested. Gala tickets and hotel reservations can be purchased cahufoundation.org.

LAAHU and VCAHU Medicare Summit
September 20-21, Pickwick Gardens Conference Center, Burbank
 September 20-certifications and product training (including SCAN)
 September 21- C.E. courses and breakout sessions!
 More info at LAHU.org.

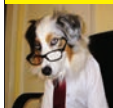
Insurance Industry Charitable Foundation announced the 2018 Week of Giving
October 13-20
 Registration for nonprofits and volunteers is now open.
 More info at IICF.org.

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