

COMPLIANCE AND LEGISLATIVE UPDATE

Tuesday, April 9, 2024
12 – 3:30 p.m. (PT)

WARNER 
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PRESENTED BY



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Compliance and Government
Affairs Executive

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The Trump and Biden Administration on Healthcare policy



The Trump administration would repeal the Affordable Care Act and roll back gender-affirmative care

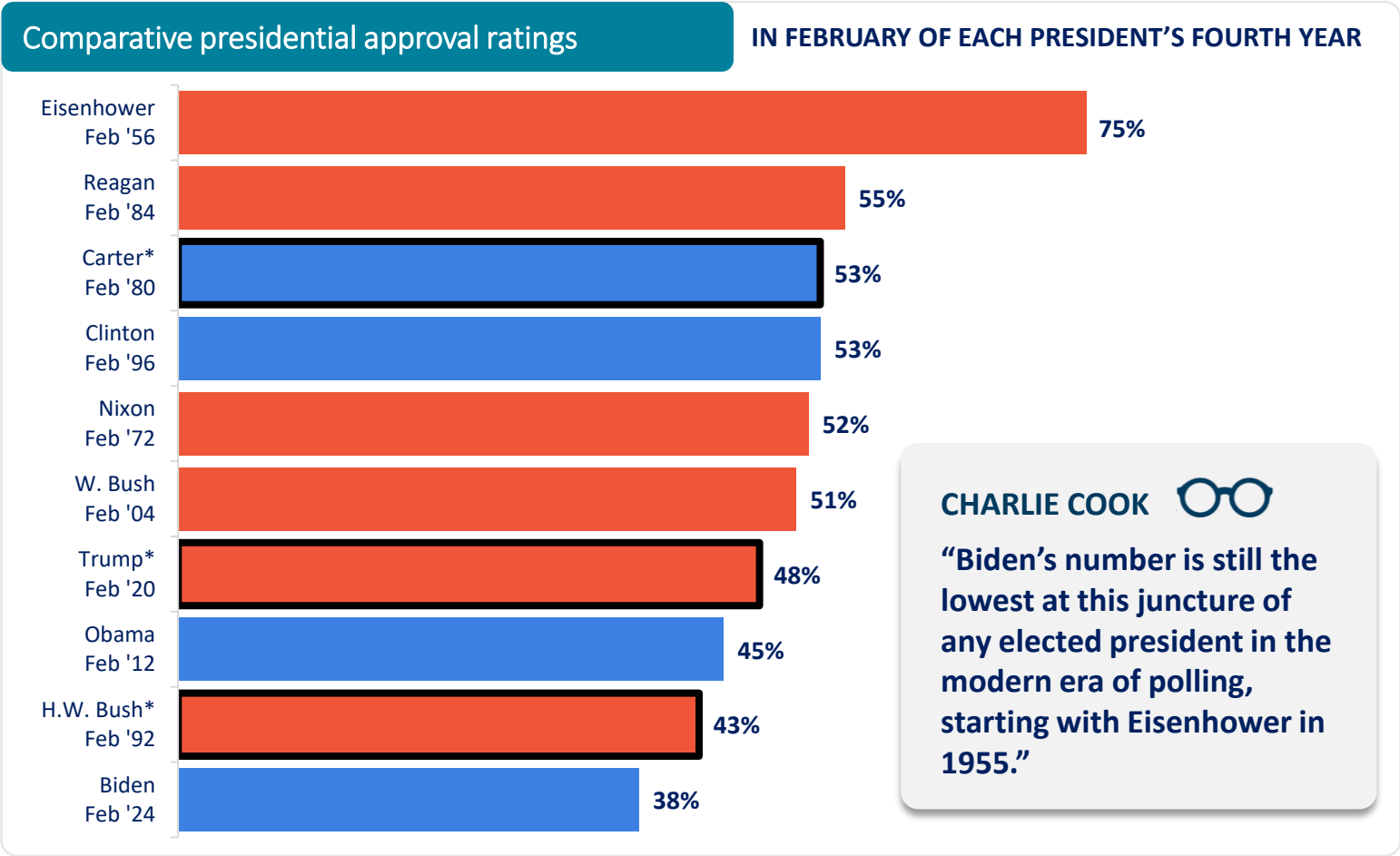
- **The Trump administration previously attempted to repeal and replace the Affordable Care Act; his 2024 campaign again pledged to repeal it, though it has yet to reveal a replacement policy.**
- **The administration also initiated price transparency regulations and protections from surprise medical bills.**
- **Trump has indicated he would also take action on other gender-related care in his administration.**



The Biden administration would strengthen aspects of the Affordable Care Act and rebuild reproductive justice protections

- **Under the IRA, the Biden administration argued for negotiated prescription drug prices for Medicaid enrollees and has vowed to increase the number of drugs under negotiation.**
- **Biden stated a desire to cap the monthly cost of insulin at \$35 for all patients and increase federal premium subsidies**
- **A second term would allow the Biden administration to expand Medicaid coverage in ten states that have refused to do so.**

Biden's approval rating is the lowest among modern presidents at this point in their terms.



SOURCE Gallup, National Journal

*Black outline indicates president lost re-election

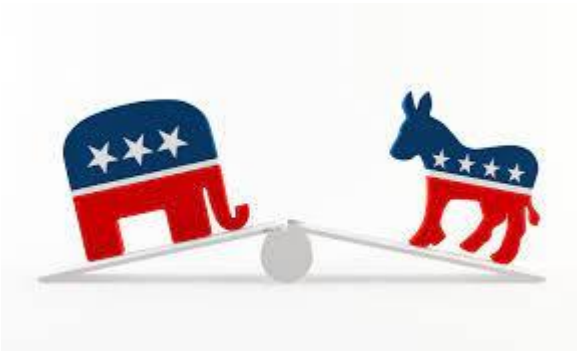
Biden's State of the Union address covered much of the administration's agenda.



- **President Biden gave the State of the Union address in the House of Representatives Chamber on March 7, 2024; the recitation lasted just under 70 minutes.**
- **Biden appeared lively and spirited, and dispelled many questions about age-related abilities during a speech that covered much of the administration's agenda.**
- **The president focused on a number of healthcare issues: insulin costs, negotiating drug prices with Medicare, reproductive health, a women's health research initiative, capping Rx costs for everyone at \$2,000 per year, and a new HHS agency focused on health research.**

Question:

**Would Biden or Trump
be better for our
industry?**



- **Biden approval rating is very low**
 - Many people have lost coverage due to Medicaid unwinding
 - There is ongoing concern about the violence in the Middle East and drugs coming through the border
 - Federal Reserve action has resulted in consumers feeling a harsh blow from both inflation and rising interest rates
- **Trump continues to hold a significant lead over other Republican candidates in spite of legal battles**
 - Trump's most recent comments regarding repealing the ACA could backfire for those who have been helped by subsidies and more generous benefits
 - Staunch supporters may not recognize the impact of what repealing the ACA would mean
- **Reality check:** Trump as President would not hold the power to repeal the ACA, just as he was unable to repeal it when he was President before. However, he might be able to chip away at some provisions via the regulatory process, as he did before.

Headwinds:

- Disarray in the House may allow bills to pass the House that would otherwise have bipartisan support
- PBM transparency has overwhelming bipartisan support. There is disagreement on the employer's role in enforcing that gains are passed to employees and families enrolled in employer-sponsored coverage
 - Some versions of PBM transparency legislation have new employer reporting requirements to address this issue
- Ongoing efforts to mandate the cost of insulin to a \$35 copay to the consumer on private plans; problematic for carriers
- Efforts by the two largest dialysis providers to mandate that they be included as a preferred provider at the highest preference level on all plans, without any pricing assurance relative to contracted rates
- Most significantly, continual efforts to cap or eliminate the employer tax exclusion, which would disrupt the risk balance in employer-sponsored coverage

Tailwinds:

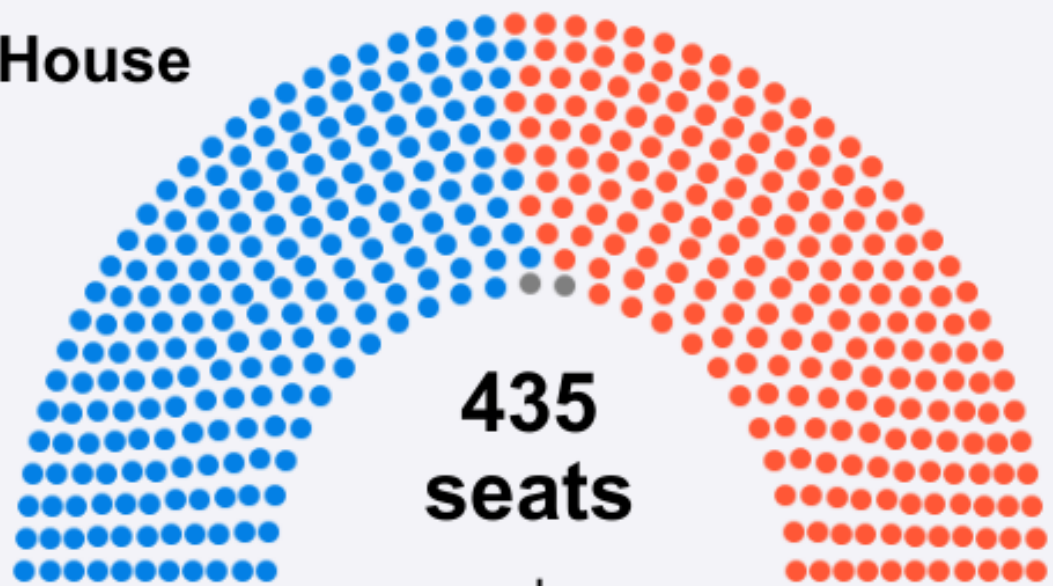
- Significant chance that legislation on site-neutral payments could pass.
 - Targeting Medicare payment rates
 - The estimate on savings could be as high as \$6 billion the first year after it goes into effect
- Members of Congress on both sides of the aisle are engaged on the cost of care, a monumental achievement that has been years in the making
 - Balanced by the desire to lower costs without instituting price controls
- High likelihood that employer legislation to improve the employer reporting process will pass at the end of 2024
 - Providing some relief for employers; will not relieve the responsibility to report annually
- There is bipartisan interest in expanding access to telehealth in a number of ways, which should have the effect of decreasing the cost of care
 - This will only happen IF providers will agree that they should have a different cost basis for a virtual visit vs. an office visit
- There is bipartisan interest in changing the definition of a qualified high deductible health plan to allow more people to have access to Health Savings Accounts to pay for out-of-pocket healthcare.

Composition of the 118th Congress



● Democrats ● Republicans ● Independents ● Vacancies

House



435
seats



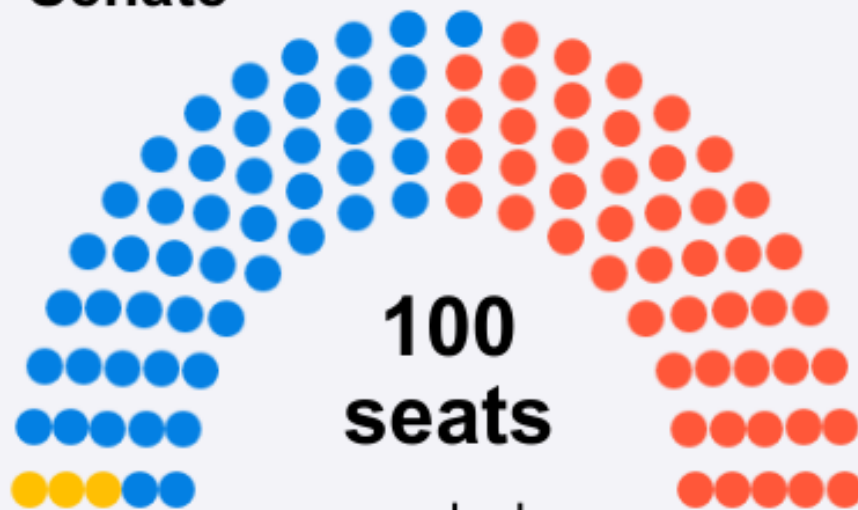
212 Democrats
0 Independents

218
votes for
majority*

220 Republicans
2 Vacancies

Vacancies: NY-3, CA-20

Senate



100
seats



48 Democrats
3 Independents**

51
votes for
majority*
60
votes for
cloture*

49 Republicans
0 Vacancies

*If no vacancies and all members vote

**Sens. Sanders (VT) and King (ME) caucus with the Democrats; Sen. Sinema (AZ) caucuses with neither party but receives committee assignments from Democrats

Unless Congress acts, 66 million Americans will see their benefits cut by 2033



Senior poverty rates would increase by 60% due to benefits cuts



Cuts would disproportionately impact younger workers and people of color

- If no changes are made, 49% of workers born from 1980-1989 would lack the necessary income to meet basic living expenses in retirement
- This rate increases to 53% for Black adults in that age group, and 62% for Hispanic adults



Social Security would make up more of government spending

- Financial forecasts suggest that unless changes are made, by 2033 the government will be spending more on Social Security than all discretionary funding combined

Some Republicans have expressed openness to modifying Social Security



OVERVIEW

In 2024, the House Republican Study Committee released a budget plan that endorses the idea of raising the retirement age to cut Social Security costs

- The RSC budget did not list what the new retirement age should be but received pushback from some Republicans

Republican Study Committee plan

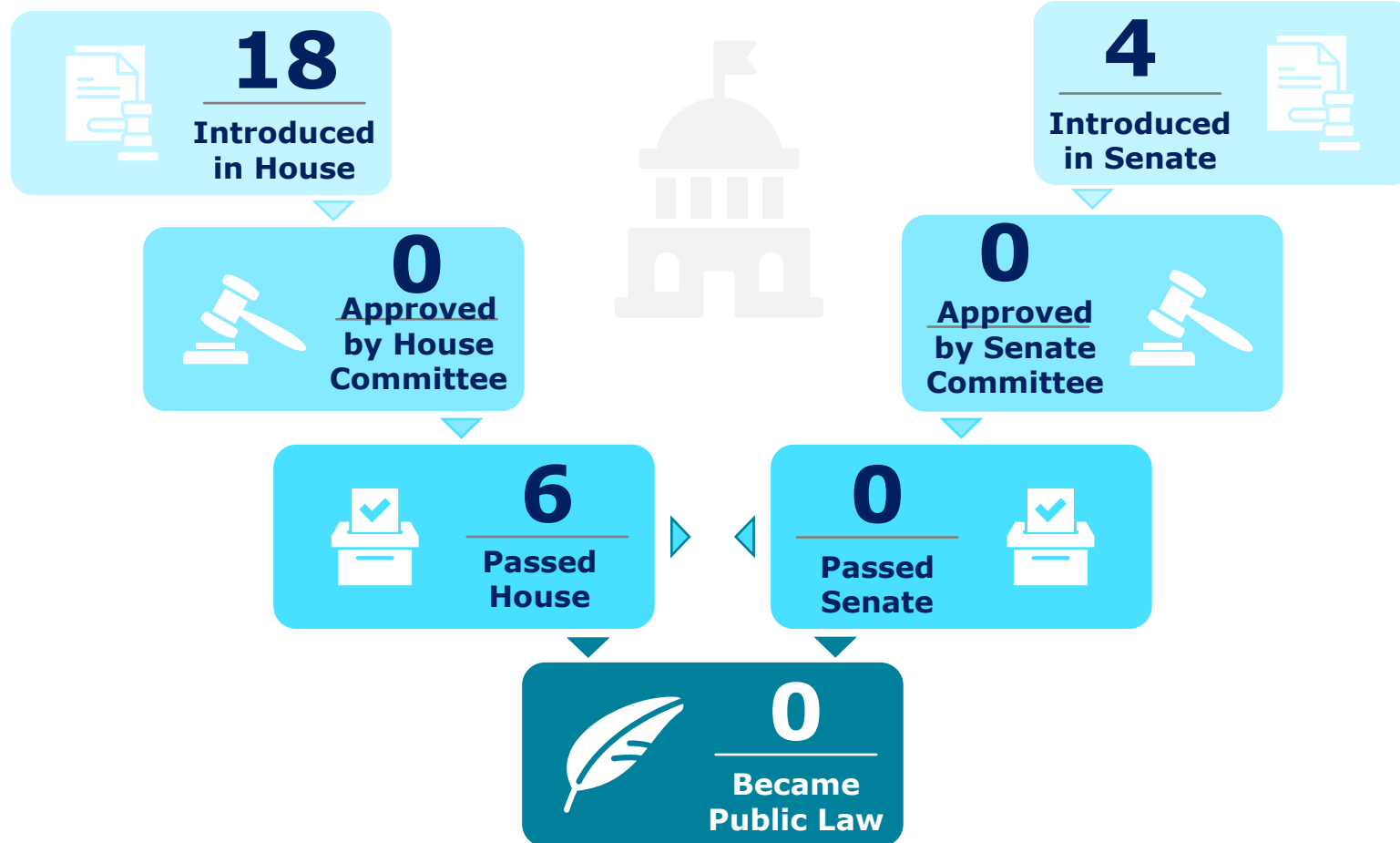
- Proposes **adjusting the retirement age of future retirees**
- Supports **reducing Social Security benefits for high-income beneficiaries**
- **Rejects raising taxes or transfer of funds** to prevent the insolvency of the Social Security Trust Fund
 - **Did not reject reducing Social Security spending** as a way to increase the viability of the Trust Fund

Trump ambiguous on Social Security

- In 2000, Trump said that Social Security was a **'Ponzi Scheme'**
 - He also stated that the **retirement age should be raised to 70**
- In 2015, Trump claimed that he was **the only Republican candidate** who would not cut Social Security
 - Trump's **FY 2021 Budget proposed cutting Social Security benefits for disabled workers**

118th Congress March 2024 movement recap: Healthcare and pharmaceuticals

Counting major actions taken over the past month



Regulatory Issues Are Critical in a Gridlocked Congress

Short-Term Limited Duration Insurance (STLDI)

- On March 28, the final rule on short-term, limited duration insurance was released.
- The final rule rolls back the requirements for this type of plan to Obama-era rules, which limit the length of the initial contract term to no more than three months and the maximum coverage period to no more than four months.
- A renewal or extension includes STLDI sold by the same issuer within a 12-month period.
- The rule also addressed the federal notice standard with the goal of a better understanding between comprehensive coverage and the limitations associated with STLDI.

Fixed Indemnity Excepted Benefits Coverage

- The final rule also addressed fixed indemnity excepted benefits coverage.
- Although initially proposing far more restrictions, the new requirement will be a new notice that highlights the differences between fixed indemnity excepted benefits coverage and comprehensive coverage.
- It is very important to note several things as they relate to this new rule:
 - This is unlikely to be the final action on this issue.
 - This is ONLY for excepted benefit coverage, which among other things requires that the coverage be provided under its own policy and not coordinated with any group contract offered by the employer.
 - This new notice requirement does not apply to critical illness or other plans commonly offered through worksite options.

Essential Benefits Changes

- In a recent proposed rule, the agencies considered making adult dental coverage part of the essential benefits package.
- After consideration of many comments, the agencies determined in their final rule to make it a state option as to whether or not adult dental would be included in the benchmark essential benefits package each year.
 - It remains to be seen whether this option of the final rule proposed rule will be adopted by states, or whether it will remain an option for states, since it significantly impacts premium subsidies in the individual market in addition to costs to the consumer and small employers.

Mental Health Parity Compliance

- Recently, the DOL has made compliance with MHP laws a top enforcement priority, focusing on nonquantitative treatment limitations, such as prior authorization requirements, step therapy and provider reimbursement rates.
- Health plans and issuers are required to conduct comparative analyses of the NQTLs used in their plans as compared to medical/surgical benefits, with explanations of practices and why the plan meets mental health parity requirements.

Mental Health Parity Proposed Rule

- **A proposed rule issued in August 2023 would impose extensive expansions to the current requirements.**
- **Plans would be required to collect, evaluate and consider actual usage data instead of relying on descriptions of coverage.**
- **A special rule would be added relating to network composition and would establish additional requirements for the comparative analysis.**

Medicare Advantage Final Rule

- **After much anticipation, the final rule regarding commission payment and Medicare Advantage has been issued.**
- **The rule allows FMOs to continue to contract with carriers to provide the services essential to allowing agents to successfully place beneficiaries in the plan that best suits their needs.**
- **It also increases the agent compensation base rates per enrollee by \$100.**
- **Each renewal will result in agents and brokers receiving compensation equal up to 50 percent of the compensation rate, resulting in MA and PDP enrollees' agents and brokers receiving up to \$50 more per enrollee renewal.**
- **The final rulemaking focuses on current payment structures, including the use of administrative payments among MA organizations, agents, brokers and FMOs.**
- **Some current payments may be discontinued.**
- **Warner Pacific will be conducting a webinar in the near future to go into more detail on the MA final rule.**

Questions?

COMPLIANCE AND LEGISLATIVE UPDATE

Thank you

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You deserve
The Best
GA experience.

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WARNER PACIFIC ADVANTAGE

OUR TEAM – YOUR EXPERIENCED, TRUSTED ADVISORS, AND DEDICATED PRACTICE LEADERS

- Strategic benefits and insurance partner from startup business to enterprise.
- Cross-functional support with our specialized departments.
- We have long-standing relationships and clout with our carriers and vendors
- Innovation, knowledge and new technology. We provide technology tools, compliance, underwriting resources and support **at no extra cost.**

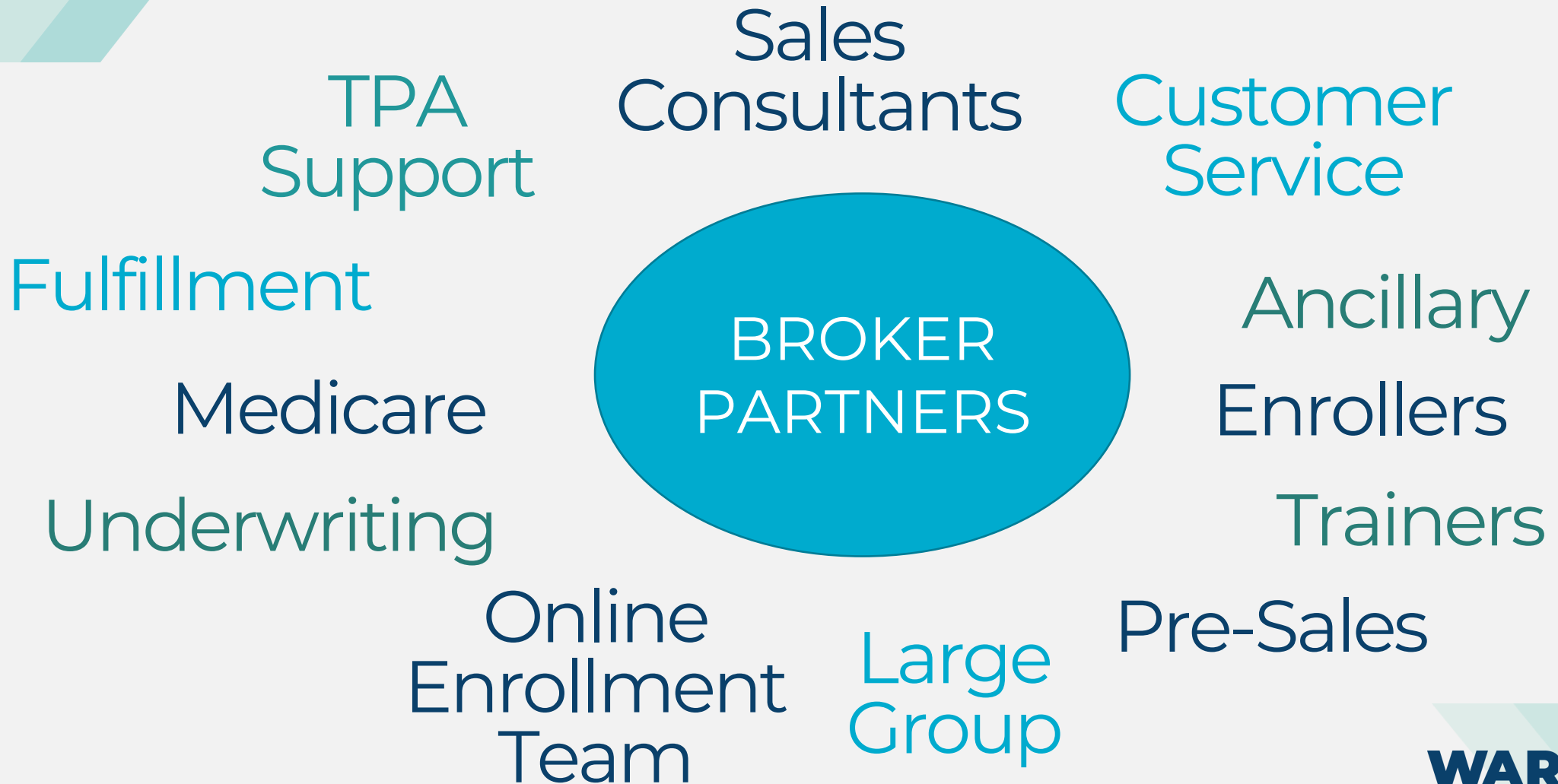
STRENGTH IN NUMBERS

- **People:** Over **400+** seasoned professional team members. Local solutions with statewide & national force.
- **Service:** Supporting **70,000+** in-force groups.
- **Technology: PRO Suite applications** to research, quote and enroll. They are **free to customers**, and our PRO Apply has direct feeds to major carriers.
- **Relationships: 60+ carrier alliances** with local and national carriers, along with TPA vendor partners as well as **over 10,000+ broker/agent trusted relationships** in **CA, CO, FL, MN, OK and TX.**



WARNER PACIFIC

SALES & SUPPORT TEAM



WARNER PACIFIC SMALL & LARGE GROUP

MEDICAL, ANCILLARY & TPA CARRIERS - CA



Broker Resources & Technology Solutions

We provide a full suite of benefits products and tech-enabled services to local-market retail insurance agents, principally focused on the Small Group, Large Group and Medicare health insurance markets.

Technology Resources for Warner Brokers

PRO

PRO Quote

Create tailored quotes, including multi-plan comparisons. View submissions and the status of your groups.

PRO

PRO Apply

Error free, quick turnarounds, real-time enrollment management, direct enrollment feeds with leading carriers.

SDU

Secure Direct Upload (SDU)

SUBMIT A NEW CASE HERE!
Also allows you to securely send us quote requests or files that are larger than 10 MB.

411

Carrier 411

Find underwriting guidelines on frequently asked questions.

RFP

Large Group Request for Proposal (RFP)

Our RFP tool reduces margin of error, while streamlining the quoting process. Get financial and benefit comparison sheets and spreadsheet analyses.



Document Toolkit

Download enrollment kits and carrier documents.



Ancillary Solutions

Use tools for ancillary business, including a plan comparison tool, templates for presentations, and more.

Technology Solutions From Pre- to Post-Sale



ANNOUNCING OUR PARTNERSHIP WITH HEALTREE!



Healthee

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Make health benefits more effortless and less costly for everyone involved, utilizing Healthee's industry-leading AI-powered technology.

Reduce Care Costs

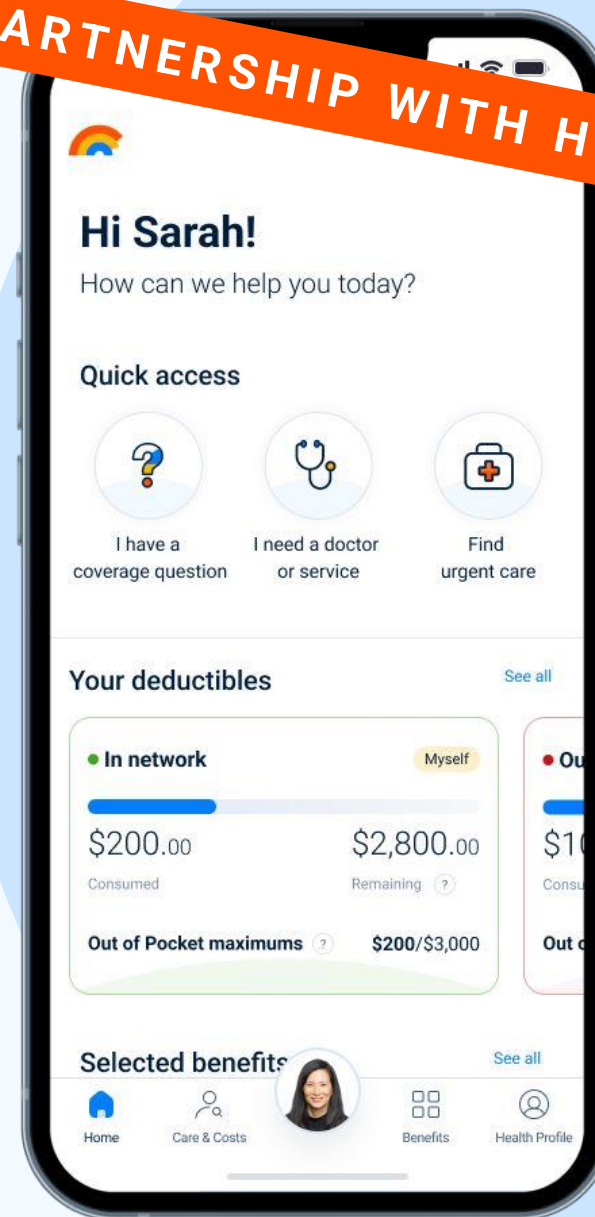
Steer employees toward cost-saving, informed decisions with a simplified benefits experience. Employees can save money on procedures with cost transparency tools, find top-quality in-network providers, and access free telehealth care.

Increase Benefits Engagement

Revamp how your company and your employees engage with benefits. Employees can discover all their available benefits and better understand their coverage, while your company can leverage engagement data to make strategic cost-saving decisions.

One unified platform designed to solve these issues:

- Personal health assistant
- Cost transparency
- Plan comparison tool
- Appointment booking
- Digital ID card
- In-network provider search
- Telehealth
- Benefits gallery
- Deductible status
- Care team



NEW & RENEWAL ENROLLMENT *SUPPORT*

Warner Pacific offers enrollment support, including:

- Carrier API integrations — expedited submissions and implementation
- Streamlined online enrollment
- Electronic kit generation for new groups and renewals
- Personalized employee enrollment worksheets (includes Spanish)

Enrollment support for virtual, in-person and recorded meetings.

We can also create customized presentations based on:

- Medical and ancillary benefits
- Value-added information
- Action items
- Presentations can be live or pre-recorded, in **English or Spanish**

INSERT
LOGO
HERE

2024 OPEN ENROLLMENT

Small Group Rate Trends for CA



Carrier	Plan	2023-Q1	2023- Q2	2023 – Q3	2023 – Q4	2024 – Q1	2024 – Q2
Aetna	HMO NorCal	+0.8%	+4.9%	+1.6%	+2.5%	+2.0%	+2.4%
	HMO SoCal	+0.8%	+3.8%	+1.6%	+2.5%	+2.0%	+2.4%
	PPO/OAMC	+16%	+3.8%	+1.8%	+4.1%	+1.8%	+3.5%
Anthem Blue Cross	HMO	+0.3%	+1.7%	+2.1%	+3.0%	+0.08%	+1.2%
	PPO	+1.3%	+3.0%	+2.0%	+2.5%	+2.0%	+1.2%
Blue Shield	HMO	+2.1%	+1.9%	+1.9%	+1.7%	+3.0%	+2.0%
	PPO	+2.1%	+1.9%	+1.9%	+1.3%	+3.0%	+2.0%
Cigna + Oscar	PPO	+3.6%	+3.9%	+3.2%	+1.7%	+4%	+4%
Health Net	HMO & HSP	+0.9%	+1.75%	+1.8%	+2.1%	+2.4%	+2.5%
	PPO	-1.5%	+1.5%	+0.4%	+1.1%	0%	+0.3%
Kaiser	HMO NorCal	Statewide average +6.7%				+10.0%	
	HMO SoCal	Statewide average +6.7%				+8.3%	
	PPO	Statewide average +7.0%				NorCal: +10.0% SoCal: +8.3%	
MediExcel	HMO	**	PASS	**	**	**	**
Sharp Health Plan	HMO	**	+1.6%	**	+2.6%	-0.3%	+2.7%
Sutter Health Plus	HMO	**	PASS	**	**	+3.6%	PASS
	HMO HSA					+2.6%	PASS
UnitedHealthcare	HMO NorCal	+1.4%	+2.8%	+2.8% Full/Alliance +3.0% Harmony	+1.0%	+1.1%	+1.1%
	HMO SoCal	+1.4%	+2.8%				
	OAMC/PPO NorCal	+1.0%	PASS	PASS	+1.6%	+4.1%	+0.8%
	OAMC/PPO SoCal	+1.0%	PASS	PASS	+1.6%	+3.0%	
	Navigate	N/A	N/A	N/A	N/A	+5.6%	**

Level Funding



As one of the largest GAs nationally, you can put your trust in us for the best solutions for Level Funding. When you partner with Warner Pacific, you'll have access to a team of experts dedicated to assisting you with:

We deliver real value so brokers can focus on clients.

Guidelines	Aetna Funding Advantage (AFA)	Allstate Benefits (formerly National General) Level Funding	Anthem Balance Funding (ABF)	Cigna Level Funding	UnitedHealthcare Level Funded (All Savers)
Minimum Group Size	10+ eligible	2 eligible in most states.	20+ eligible	25+ enrolled	10 + eligible
Participation/ Enrollment	Minimum 10 enrolled employees and 30% regardless of waivers	2 eligible - Minimum 2 enrolled. 50% excluding valid waivers. 25% including valid waivers. Individual is a valid waiver.	Minimum 20 enrolled employees and 75% regardless of waivers	Minimum 25 enrolled and 50% of eligible, whichever is greater regardless of waivers	Minimum 10 enrolled and 50% of all eligible employees regardless of waivers
Alongside Kaiser	Not eligible	Not eligible	Alongside Kaiser is case by case. Note Anthem small group ACA HMO available provided ABF PPO participation has majority enrolled.	Alongside Kaiser only.	Alongside Kaiser only
Out-of-State Majority/ Maximum %	Minimum 1 employee in CA	Majority group location can be used as the main location in all states. Headquartered location can be used as the main location.	Not required to have 51% of the employees residing in the state of CA; however, CA must always be the Majority State.	Situs will follow Business Headquarters. No restriction for OOS eligible or enrolled.	Greatest number of enrolling EE's must live or work in the state of domicile
Surplus	50% Renewal is required	50% or 100% for small group Renewal is not required	50% Renewal is required	50% and 66 2/3% For 100+, 100% is considered on an exception basis. Renewal is required	50%. Renewal is required

Self-Funded Plans



- Warner has access to many Self-Funded arrangements for your employer clients
- Some Self-Funded arrangements use the carriers you are already familiar with in the Fully-Insured or Level Funded space but are employer-funded with stop-loss protections.
- We also have access to Third-Party Administrators, stop-loss carriers, PBMs and a choice of premier networks to provide greater plan customization.
- We can assist you with all of your Self-Funding needs, regardless of the size of your group

Marketing Your Mid-Market & Large Group



How Warner Can Assist You:

- RFP preparation
- Carrier guidelines, requirements and negotiation
- Marketing your group
- Customized comparisons — all lines of coverage
- Customized presentations
- Installation strategy
- Post-approval audits
- Ongoing client support after placement
- Renewal support

Marketing Your Mid-Market & Large Group

What we need to market and recommend for your employer clients



- **Completion of the Warner RFP, including:**
 - **Census demographics (age, gender, and locations, including dependents)**
 - **Member-level data, including participation by plan, if more than one plan is offered**
 - **Census should include COBRA participants**
- **Employer contribution and safe harbor used**
- **Three years claims experience, if available**
- **Known large claims**
- **Current renewal**
- **Carrier history for the past three years**
- **Current plan design, funding arrangement and rates**
- **Union participation or requirements, if applicable**

Marketing should occur a minimum of 90-120 days prior to the effective date.

Professional Development



Discover the Warner Pacific Advantage — designed to help make brokers more successful. Whether you're just entering the field or brushing up on your skills, our trainings and coaching programs are designed to meet your needs.

We have an educational program called Warner U, which includes C.E. courses and what we call Career Boosting courses. You'll find thought leadership and career-building training — we continuously update and enhance our education offerings to make our programs the most relevant in the industry.

- **Warner U**
- **Coaching & Development**
- **Custom Webinars**
- **Lunch & Learns with guest speakers**
- **Warner PRO Suite coaching**
- **Compliance**





BETTER TOGETHER

*Let's discuss how we can help by
providing additional support!*