Health & Retirement Services of Illinois

Newsletter December 2019

OUR NEWS LETTER

HRSI

IT IS NOT TOO LATE TO GET YOUR FLU SHOT

Flu season is here. As long as flu viruses keep circulating, it's not too late to get vaccinated. **Flu shots are free for people with Medicare** once per flu season, when you get it from doctors or other health care providers (like senior centers and pharmacies) that take Medicare.

There are many reasons to get a flu vaccine. It can reduce your risk of flu illness, doctors' visits, and missed work due to the flu. And, if you're vaccinated and still get the flu, the vaccine can reduce the severity of your illness.

Getting vaccinated isn't just about keeping you healthy; it's also about helping to protect others around you who may be vulnerable to getting sick. Protect yourself and your loved ones — **get your free flu shot as soon as possible!**

In Our Newsletter

SUBJECT: 2020 Part D Income-Related Monthly Premium Adjustment

Today we are releasing information on the income-related monthly adjustment amounts for enrollees in Part D prescription drug plans who have incomes above specified threshold amounts.

On July 30, 2019, CMS released the 2020 Part D national average monthly bid amount, the Medicare Part D base beneficiary premium, the Part D regional low-income premium subsidy amounts, the Medicare Advantage regional PPO benchmarks, and the Medicare Advantage employer group waiver plan (EGWP) regional payment rates. This information is available on the CMS website at: https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/ Ratebooks-and-Supporting-Data-Items/2020Rates.html?DLPage=1&DLEntries=10&DLSort=0&DLSortDir=descending.

Income-Related Monthly Premium Adjustment Amounts

Before consideration of premium adjustments based on income, Part D enrollee premiums vary from plan to plan and are calculated by comparing each plan's approved Part D bid to the national average monthly bid amount. A plan's basic Part D premium is equal to the base beneficiary premium plus the difference between the plan's bid and the national average monthly bid amount and may be reduced by MA rebates. (For Part D plans with enhanced alternative coverage, the plan-specific total premium amount includes the premium for supplemental benefits in addition to the basic premium.)

Income-related monthly adjustments took effect beginning January 1, 2011, as required by section 1860D-13(a)(7) of the Social Security Act.[1] Per section 1860D-13(a)(7), if a beneficiary's "modified adjusted gross income" is greater than the specified threshold amounts ($87,000 in 2020 for a beneficiary filing an individual income tax return or married and filing a separate return, and $174,000 for a beneficiary filing a joint tax return), then the beneficiary is responsible for a larger portion of the total cost of Part D benefit coverage. In addition to the normal Part D premium paid to a plan, such beneficiaries must pay an income-related monthly adjustment amount. Unlike normal Part D premium amounts, beneficiaries will not pay the

1 This provision was added by section 3308 of the Patient Protection and Affordable Care Act (P.L. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152).

Part D income-related monthly adjustment amounts to Part D plans. Instead, the Part D income-related monthly adjustment amounts are collected by the federal government.

Shown in the following table are the 2020 Part D income-related monthly adjustment amounts to be paid by beneficiaries who file individual tax returns (including those who are single, heads of households, qualifying widows or widowers with dependent children, or married individuals filing separately who lived apart from their spouses for the entire taxable year), or who file joint tax returns: **Beneficiaries who file individual tax returns with income:**

Beneficiaries who file joint tax returns with income:

Applicable percentage

Part D income-related monthly adjustment amount

Less than or equal to $87,000

Less than or equal to $174,000

N/A

$0.00

Greater than $87,000 and less than or equal to $109,000

Greater than $174,000 and less than or equal to $218,000

35%

$12.20

Greater than $109,000 and less than or equal to $136,000

Greater than $218,000 and less than or equal to $272,000

50%

$31.50

Greater than $136,000 and less than or equal to $163,000

Greater than $272,000 and less than or equal to $326,000

65%

$50.70

Greater than $163,000 and less than $500,000

Greater than $326,000 and less than $750,000

80%

$70.00

Greater than or equal to $500,000

Greater than or equal to $750,000

85%

$76.40

Section 1839(i)(5) of the Act requires all but the highest income thresholds for purposes of the income-related monthly premium adjustments to be indexed to the amount by which the average of the Consumer Price Index (CPI) for all urban consumers for the 12-month period ending August of the preceding calendar year (August 2019) exceeds such average for the 12-month period ending August 2018 and rounded to the nearest multiple of $1,000. The CPI grew 1.7% between August 2018 and August 2019.

As specified in section 1860D-13(a)(7), the Part D income-related monthly adjustment amounts are determined by multiplying the standard base beneficiary premium, which for 2020 is $32.74, by the following ratios: (35% – 25.5%)/25.5%, (50% – 25.5%)/25.5%, (65% – 25.5%)/25.5%, (80% – 25.5%)/25.5%, or (85% – 25.5%)/25.5%.

For example: $IRMAA_{50\%} = \$32.74 \times 50\% - 25.5\% 25.5\% = \$31.456$ (rounded to $31.50).

In addition, the 2020 Part D income-related monthly adjustment amounts to be paid by beneficiaries who are married but file	**Applicable percentage**	**Part D income-related monthly adjustment amount**

separate returns from their spouses and live with their spouses at any time during the taxable year, are as follows: **Beneficiaries who are married and lived with their spouse at any time during the year, but file a separate tax return from their spouse:**

Less than or equal to $87,000	N/A	$0.00
Greater than $87,000 and less than $413,000	80%	$70.00
Greater than or equal to $413,000	85%	$76.40

CMS Announces 2020 Medicare Premiums, Deductibles and Coinsurance

Part A Inpatient Deductible	**$1,408**
61 – 90 Days	**$352**
91 – 150 Days	**$704**
Skilled Nursing Facility	**$176**
Part B	**$198**

2020 Medicare Premiums

Beneficiaries who file an individual tax return with income:	Beneficiaries who file a joint tax return with income:	Income-related monthly adjustment amount	Total monthly premium amount
Less than or equal to $87,000	Less than or equal to $174,000	$0.00	$144.60
Greater than $87,000 and less than or equal to $109,000	Greater than $174,000 and less than or equal to $218,000	$57.80	$202.40
Greater than $109,000 and less than or equal to $136,000	Greater than $218,000 and less than or equal to $272,000	$144.60	$289.20
Greater than $136,000 and less than or equal to $163,000	Greater than $272,000 and less than or equal to $326,000	$231.40	$376.00
Greater than $163,000 and less than $500,000	Greater than $326,000 and less than $750,000	$318.10	$462.70
Greater than or equal to $500,000	Greater than or equal to $750,000	$347.00	$491.60

The shocking truth about the gender pay gap

by Sian Fisher 30 Oct 2019

An increase in public awareness of the gender pay gap in the UK has been a long time coming but is very welcome. This increase in consciousness is necessary in order to begin taking positive action towards closing the gap, which by now, we all agree is in the interest of everyone. The financial services sector is still one of the least successful in bridging the gender pay gap, with the average discrepancy amounting to more than double that of the national median of 9.7% in March 2019, according to the Office for National Statistics.

Gender pay gap reporting is a very useful tool for understanding how one's own organisation is affected by imbalance. Before reporting became mandatory for larger companies there was only a tenuous understanding of what the pay gap meant for organisations, but reporting has produced figures and statistics which have led to aspirational targets and measurable action plans of reducing the gap. While this is good news, this year's first half figures hadn't shown much progress on those of 2018: they improved by just 1%. According to the World Economic Forum, at the current rate, we shouldn't expect to see global parity until 2220, more than 200 years from now. This shocking revelation proves that increasing awareness alone isn't enough; what we need is proactivity and constructive initiatives.

While reporting is only necessary for companies of 250 people or more, this represents just 1% of all businesses in the UK. We need to look more broadly at the long-term social impact of not addressing this issue, beyond just business alone, and remember to assess how this impacts people's lives, both now and in the future. It is for this reason that the Chartered Insurance Institute decided to lead by example by volunteering its own figures despite the fact that we fall below the threshold of mandatory reporting. The CII's figures have shown improvement. The CII has almost halved the gender pay gap since the report produced in 2017 to 14.77% today. We did this by actively reassessing the history of our practices with an honest approach to analyse how they have affected different people in different ways. It is through understanding the scale and nature of the problem and mastering the tools that can help us resolve it that progress can be made. This was a challenging process, but one which has had a clearly positive impact.

The consequences of ignoring the gender pay gap can have serious business implications. What has become apparent from research conducted by the Insuring Women's Futures campaign, a market programme which is hosted by the CII, is the pay gap is in fact a symptom of a wider disparity of conditions which affect the entire financial lives of women starting from a young age.

The Insuring Women's Futures campaign conducted extensive research into what it is that constitutes women's financial wellbeing and has highlighted six significant moments which disproportionately impact the financial wellbeing of women. This represents moments in women's lives where they are especially susceptible to specific pitfalls, and it is at these times where interventions can be made to improve things. Entering the workplace only constitutes one moment that has a significant impact on female financial wellbeing. The collective impact of these six moments – which also include the changing relationship status of women – result in women's earnings amounting to just 20% that of their male counterparts over the course of their life.

The Chartered Insurance Institute's own experience shows there is no single solution to the challenge of the gender pay gap, but a good place to start is with a willingness to acknowledge that the problem exists and to put clear, deliverable action plans in place to address it.

The good news is the insurance profession has always exhibited an admirable ability to be ambitious. With clearly defined targets established by a consensus within the profession for what positive change looks like, I have no doubt that we can make real positive headways towards a better, more fair and secure future for all.

Dealing with an inside threat: risky employee behavior

by Gabriel Olano 07 Nov 2019

While businesses are often aware of external threats perpetrated by cybercriminals looking to make a quick buck or competitors that want to play dirty, many forget that internal threats also pose a great risk to the safety and security of the organization and its personnel.

These threats come in many forms – theft, fraud, cybercrime, and workplace violence – and oftentimes, management fails to notice the warning signs and acts too late.

According to Tom Miller (pictured), CEO of risk management, analytics and compliance firm ClearForce, disengaged, violent, or criminal employees are grown, not hired. This means that most employees who would later go on to become a threat to their workplaces had no intention of doing so when they joined.

“Everyone faces different challenges and personal, financial, or professional stress,” he told *Corporate Risk and Insurance*. “When an employee displays warning signs of risky behavior that no-one reacts to, they can quickly move down the path of becoming an insider risk and inflict damage on an organization.”

Miller cited a Gallup poll which found that 17% of employees are actively disengaged. This resulted in less productivity as well as more careless errors and mistakes, like falling for phishing scams or accidentally releasing classified material. Other, more serious risks include workplace violence, harassment and bullying, fraud, cybercrime, crimes committed outside the office, and theft. All of these insider risks add extra costs to businesses, through litigation and loss of business reputation and opportunities, to the tune of US$8.7 million annually, on average. He also revealed that 53% of businesses confirmed that they’d experienced damages from insider attacks in 2018.

“One real life example is Harold T. Martin, a government contractor convicted of stealing over 500 million pages of classified data over a 20-year period,” Miller said. “His actions inflicted devastating financial and reputational impacts on his employer. But Martin, like all other insider risks, displayed warning signs that he was likely to act maliciously which his employers failed to recognize. Going back all the way to 2000, Martin showed signs that he was under financial and personal stress which went unnoticed by his employers. If they had reacted to Martin’s red flags, they could have connected him with the necessary counselling and resources early on to prevent the corporate risk and damage he eventually caused.”

Duty of care to employees

Aside from warning about the financial damage insider attacks could cause to organizations, Miller also believes that a company failing react to the warning signs of risky employee behavior is a breach of its duty of care to its employees.

“Employees work hard every day and expect their employers to provide them with a safe and secure work environment in return,” he said. “Failure to meet this standard can result in an employee being injured or injuring another co-worker, which can leave an employer to be found guilty of negligence. There are several types of employer negligence, but all of them involve four parts: a duty of care owed to the employee, breach of that duty of care, cause of breach, and harm resulting from the breach.”

However, due diligence from an employer does not stop at the hiring process. According to Miller, an employer can also be sued for negligent retention – if they do not take action with an employee after becoming aware that they are no longer a good fit with the company or commit crimes or acts of misconduct – and negligent supervision, which is a passive form of negligence where an employer does not appropriately monitor or control their employees.

Preventing risky behavior

According to Miller, it should be the goal of every employer to create a highly effective and trouble-free work environment that attracts and retains the best employees. However, the traditional one-time background check fails to capture threats and business risks that occur after an individual is hired. A continuous discovery system can help employers recognize the leading indicators of risky behavior and notice red flags from employees.

However, he said that it’s also important that employers are transparent with employees about continuous discovery programs, to promote trust between employees and employers and remind workers about what is expected of them and appropriate workplace behavior.

“Through continuous discovery, employers can be automatically notified about employee conduct that qualifies as a potential business risk,” Miller said. “Early action is key to mitigating business risks and a correction does not always have to be punitive. The earlier an employer intervenes the more options they have to work with employees to correct the situation. Allowing employees to anonymously report an individual’s behaviors also helps HR receive the right information.

“For example, upon notification, HR or managers could talk with an employee and learn that they are disgruntled about their workload. Management can then work with the employee to match them with the correct resources to help them better manage deadlines or enlist HR to recruit more employees to balance the amount of work in the office.”

According to Miller, employers and HR departments need to understand that knowledge is power. The earlier and the more information employers have, the better they are able to protect their business and employees.

"Through our continuous discovery system, we help employers nationwide identify and manage insider risk," Miller said. "In the process, we help reduce the business risks and additional costs – stemming from termination, legal, and rehiring."

Technology transforming the healthcare industry

by Bethan Moorcraft 27 Nov 2019

From diagnosis supported by artificial intelligence (AI), to 3D printing, virtual reality pain management, nanomedicine, and telemedicine – technology is transforming the healthcare sector. In many ways, technology is a boon to the industry. According to the Association of American Medical Colleges, the US faces a shortage of between 40,800 and 104,900 physicians by 2030. Emerging technologies can help with this problem by expediting diagnoses and allowing physicians to focus on complex cases.

However, change almost always comes hand in hand with new risks. As healthcare organizations and professionals start to incorporate more technology into their businesses, they face heightened liability risks, malpractice or misdiagnosis claims, data privacy and cyber security concerns, and property exposures.

Greg Wideman (pictured), brokerage manager, professional and executive liability, Burns & Wilcox, commented: “The healthcare insurance industry has become increasingly challenging due to emerging technology. Brokers are under pressure to find comprehensive coverage solutions for these new technologies and explain how they work in order to ensure adequate protection.”

As healthcare organizations adopt new technologies, the expectation is that diagnoses and services will ultimately improve, in terms of both accuracy and efficiency. This social expectation has impacted the insurance industry by increasing the severity of healthcare claims. Should litigation arise, plaintiffs are being awarded more money than they were in the past because there is the belief that with new technologies in place, physicians should not be making mistakes.

A leading cause of loss in the healthcare insurance industry is misdiagnosis or no diagnosis of an existing condition. According to Wideman, this recurring problem can be largely attributed to physicians compensating for a shortage in their ranks by trying to get patients through the system as quickly as possible. Physicians are spending less time with patients and they are asking fewer questions. As a result, misdiagnosis numbers are on the rise, he added.

Some healthcare organizations are turning to telemedicine to enable virtual visits with doctors, nurses or other healthcare specialists, in order to speed up the consultation process. Offering video conferencing, messaging and mobile app-based communication gives patients the option to get check-ups and status updates from a remote location, but it also impacts physicians’ liability.

"Physicians used to physically examine patients and do in-person diagnostic testing, but now a lot of that is being done over the internet or via an app," Wideman told *Insurance Business*. "I think [telemedicine] opens up new liability for physicians because they are not in front of the patient and they are not necessarily asking the questions they would normally ask during an in-person consultation."

Another risk that is becoming increasingly problematic in the healthcare industry is data privacy and cyber liability.

"There is a lot of consolidation going on in the healthcare industry right now, with small physician groups combining with hospitals, telemedicine providers, and pharmacy groups. This consolidation is presenting more cyber liability issues," Wideman added. "Smaller physician offices struggle to implement the same cyber security practices and maintain the same IT support staff as the larger hospitals and healthcare systems. When they consolidate, that changes the exposure of the overall group."

In the era of electric medical records, cyber criminals are targeting healthcare organizations in order to extract and exploit the sensitive medical information that they hold. Issues could arise in the future with hackers compromising virtual healthcare tools or even commandeering robot-assisted surgical equipment.

In such a fast-paced and changing environment, healthcare providers should review their insurance coverage limits and deductibles with their insurance brokers to ensure they are properly protected, Wideman noted. As we start to see more complicated risks, it is important for brokers to ask in-depth questions to better understand the exposures they are being asked to place. Brokers can work with a wholesale partner, like Burns & Wilcox, for their expertise and trusted counsel in navigating solutions.