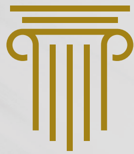

PILLAR
FINANCIAL GROUP

NEWSALERT
February 2025 | Volume 3 | Issue 2

Employer Strategies

Group Health Plan Trends for 2025

AS HEALTH insurance costs continue to rise at an uncomfortable pace, employers in 2025 plan to shake up the status quo with their health care vendors. This is particularly the case among those focused on reducing pharmacy spend, a main cost driver, according to a new report.

To address spiraling costs, they will also focus on educating their staff about the importance of prevention and immunizations and guiding them to use specialized services that focus on managing chronic conditions, says the "2025 Trends to Watch" report by the Business Group on Health (BGH).

Companies will also demand more data from their health plans and other health care vendors and look to float requests for proposals if they aren't seeing results.

Here's a look at the main strategies employers told the BGH they were likely to pursue in 2025.

Pharmacy spend

According to the report, if employers want to control their overall health care costs, they will have to address growing pharmacy expenditures, which now account for more than 25% of their health care budgets.

That percentage is forecast to increase with the advent of GLP-1 weight-loss and diabetes drugs like Wegovy and Ozempic, as well as specialized costly medications that can bust a health plan's budget.

One-third of employers surveyed said they planned to revisit and reassess their pharmacy benefit manager relations, potentially holding new contract bids to get better pricing from current vendors or from new ones that offer competitive pricing and more transparency in their contracts.

GLP-1s loom large. Some employers are only willing to cover these drugs for diabetes and other Federal Drug Administration-approved indications like heart disease. Few will cover them for weight loss unless the patient is obese and with diabetes. Even then, they may require step therapy before prescribing them, which includes:

- Trying other established and proven anti-obesity medications.
- Engaging in lifestyle management programs.

Chronic conditions

Besides rising pharmaceutical costs, chronic and serious conditions such as cancer, heart disease, diabetes and autoimmune diseases are major contributors to high health care costs.

The report recommends a two-pronged approach to helping employees with chronic conditions: taking advantage of specialized integrated care networks, and wellness programs.

See 'Wellness' on page 2

PILLAR
FINANCIAL GROUP

7110 N Fresno St., Suite 120
Fresno, CA 93720

Phone: 559.436.6441
info@pillarcentral.com
pillarcentral.com

PILLAR
FINANCIAL GROUP

Continued from page 1

Chronic Conditions Prompt Reevaluation of Wellness Programs

Specialty care — Many workers with chronic conditions are often not aware of the specialty care available to them through their health plan and as a result, don't take advantage of these valuable services.

Employers surveyed by BGH said they would be focused on holding health plans, specialty insurance products and navigation partners accountable for helping their employees access this care.

"The first and most critical step is to address the lack of awareness of these new network-based solutions among employers as well as employees," the report states.

Wellness plans — Chronic conditions are also prompting employers to revisit and evaluate their current wellness initiatives to ensure they are helping their employees manage these conditions and make lifestyle changes that can improve their illness.

Employers may start requiring vendors to agree to outcomes-based contracts that set expectations for results.

"These agreements should require that vendors demonstrate improvement in health outcomes and deliver promised returns," the report states.

The most popular wellness programs focus on helping employees lose weight and lead a healthier lifestyle through more exercise and healthy eating and habits.

To be successful, weight-management programs should use best practices and integrate treatments like anti-obesity medications and mental health services in their care models, the report says.

Getting control of plan costs

Employers will look to hold their health plans' and benefits vendors' feet to the fire for producing better health results at lower prices.

The key to this is employers having access to data from their health plans and other vendors that provides insights into cost and outcomes. This will be an evolving trend and some plans will be better than others in providing the desired information.

"Transparency of cost, quality and outcomes data is critical to both employer and employee decision-making; vendors will need to show how they enable access to this information in 2025," BGH says in its report.

Additionally, employers that have sway with their insurers will push their health plans to get control on unit prices they pay for services, and press them to accept value-based contracts that reward for positive outcomes and quality of care.

Businesses that can afford it may contract directly with centers of excellence that provide very high quality or low-cost care, oftentimes for a particular service.

The takeaway

We know that the high cost of health care is weighing heavily and we are here to help you keep your health plan costs under control.

It requires an integrated approach of pushing wellness and chronic condition management among your staff and evaluating your current vendors' results. ❖

Securities and investment advisory services offered through **Osaic Wealth, Inc.** member FINRA/SIPC. **Osaic Wealth** is separately owned and other entities and/or marketing names, products or services referenced here are independent of **Osaic Wealth**. Produced by Risk Media Solutions on behalf of Pillar Financial Group. This newsletter is not intended to provide legal advice, but rather perspective on recent regulatory issues, trends and standards affecting employee benefits. Consult your broker or legal counsel for further information on the topics covered herein. Copyright 2025 all rights reserved.

Laws Reduce Plan Sponsor ACA Reporting Burden

TWO NEW laws which took effect Jan. 1 will ease the Affordable Care Act annual tax reporting burden on health plan sponsors.

In a bipartisan effort, Congress recently passed the Employer Reporting Improvement Act and the Paperwork Burden Reduction Act, both of which outgoing President Biden signed into law.

The laws are aimed at making it easier for sponsors to comply with ACA requirements on Forms 1095-B and 1095-C, which provide information about health insurance coverage to workers and the Internal Revenue Service.

Forms explainer

Form 1095-C is issued by "applicable large employers" (ALEs) — those with 50 full-time or full-time-equivalent workers — to report the offer of health coverage, while Form 1095-B is issued by insurance providers, self-insured employers or small employers to report actual coverage.

Prior to 2025, plan sponsors were required to send these forms to all of their employees covered by their health plan by March 2. The due dates for transmitting the forms to the IRS are Feb. 28 (if filing on paper) and March 31 (if filing electronically).

The forms help workers prove they comply with the ACA's mandate that they carry health insurance, and that an employer is complying with its obligations to provide coverage under the law.

What's changed

Forms upon request – Plan sponsors are no longer required to send Forms 1095-B and 1095-C to all full-time and covered employees. Instead, they will only be required to furnish them upon request from an employee. If you want to do this, you're required to notify your staff about their right to ask for a form.

Electronic forms – Employers may furnish the forms to their employees electronically rather than by paper.

Reponse times to IRS letters – Another provision expands the time employers have to respond to an "employer shared responsibility payment" letter (Letter 226J) from the IRS, to 90 days from 30. These demand letters are sent to employers if one or more full-time employees listed on the company's Form 1095-C received a premium tax credit on his or her federal income tax return, meaning they secured insurance on an ACA exchange like *healthcare.gov*. Filing a response late can result in the employer being assessed a penalty when one isn't warranted.

Statute of limitations – One of the new laws imposes a six-year statute of limitations for how far back the IRS can go to collect assessments for 1095-B and 1095-C reporting failures and mistakes. Prior to this, there was no statute of limitations. ❖

The takeaway

Your HR department should be aware of these changes in order to take advantage of them.

TIME'S UP: *There is now a statute of limitations for how far back the IRS can go to assess Form 1095-B and C reporting issues: Six years.*

Many Group Health Plan Users Make Costly Mistakes

EMPLOYEES WHO are unfamiliar with how to access care using their group health insurance can inflate your plan costs and how much they pay out of pocket.

Those who may not use their health plan much, or at all, may end up going to the emergency room for an issue that could have been handled by a primary care physician in their plan network. That can be a costly mistake.

The average cost of an ER visit with insurance in 2024 was around $400-$650 nationwide, based on US Department of Health information. But some visits can go into the thousands of dollars for serious cases.

With health plans absorbing a portion of ER costs, decisions like this can negatively affect your plan as well.

The key to helping your staff avoid this is educating them on the health insurance they have, how to use it and also the importance of keeping up on vaccinations and checkups.

Everyday conditions

With common conditions like headaches, sore throats or flu-like symptoms, employees often have access to more affordable care options than the emergency room. Virtual visits, for example, typically cost between $40 and $80, while retail clinics range from $20 to $100.

These options provide fast and convenient care, often with shorter wait times. Urgent care clinics are another alternative, offering treatment for non-life-threatening conditions at a fraction of the cost of an ER visit.

Also, in person visits with a primary care physician are significantly less costly than the emergency room.

One way your employees can find the care for their needs is to check out FindTheRightCare.org a resource created by the non-profit Health Action Council that's designed to help employees explore health care options that fit their symptoms and budget.

Shopping around for scheduled procedures

For planned medical procedures like knee replacements or imaging tests, you can encourage your employees to shop around within their insurance network. Costs for these services can vary widely depending on the provider, and selecting a facility with lower cost-sharing can lead to substantial savings.

One way to simplify this process is by directing employees to cost-comparison tools offered by their health insurer.

Preventive care and vaccinations

Encourage your staff to schedule regular checkups with their primary care physicians, who can monitor ongoing health issues, recommend blood and other vital tests.

For families with kids, well-child visits are essential for tracking growth, monitoring developmental milestones and staying current on vaccinations. These visits protect children from serious diseases like measles and whooping cough, which are highly contagious and can have severe consequences.

Education is key

Provide training and resources from your health plans that explain how employees can use their health benefits effectively.

A 2024 poll by Employee Benefit News found that 89% of firms surveyed were taking steps to control health care costs, with a majority focusing on improving preventive care access. About two in five employers hosted vaccination sessions at the office and one third educational talks about preventive care.

By equipping employees with knowledge, tools and resources, you can help them save money on their health care outlays without compromising their care or health.

That helps your bottom line as well, particularly if your health plan is not paying for expensive care when it could be delivered at a lower cost. ❖