

Orange
County Association of
Health
Underwriters

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C.O.I.N.

COUNTY OF ORANGE INSURANCE NEWS



OCAHU

Orange County Association
of Health Underwriters



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**Making a Difference in People's Lives.
One Member at a Time.**

Our association is a local chapter of the National Association of Health Underwriters (NAHU). The role of OCAHU is to promote and encourage the association of professionals in the health insurance field for the purpose of educating, promoting effective legislation, sharing information and advocating fair business practices among our members, the industry and the general public.

**Would you like to be more involved in our industry?
Contact a board member today!**

See page 14 for a list of members.



PRESIDENT'S MESSAGE

By: JoAnn Vernon

As we reflect back on 2021, we continued to face challenges and disruptions from COVID-19. However, with those challenges, we learned new, sometimes better and more efficient ways to conduct business. I really enjoyed the last few months of this year since we were able to get back together in-person. I'm personally a people person and I felt re-charged after each of our meetings.

Our Senior Summit was such a success this year, that we are able to offer a scholarship for 1 or 2 people to attend Capitol Conference in Washington DC. More information is included in this edition. We'll start off 2022 with our Annual Sales Symposium on February 11th. Our theme is Taking Care of Business| Elevating Your Game, our speakers and CE breakouts will help you do just that. The symposium will offer information and education for Medicare, Small and Large Group business units.

I hope the New Year brings you love, joy and peace!

##

\$2,000 SCHOLARSHIP OPPORTUNITY

Are you new to the Orange County Association of Health Underwriters? Have you ever attended the National Association's Capitol Conference in Washington DC? Would you like to attend?

The Orange County Association of Health Underwriters is pleased to offer a scholarship opportunity to one of our members that would like to attend Capitol Conference. This scholarship is possible because of our Annual Medicare Summit. The event is being held in Washington DC, February 28th – March 2nd.

Is this you?

Please send an email as to why you would like to attend the event to the following: orangecountyahu@yahoo.com.

*Included in the scholarship is Registration, Hotel, Airfare and Meals.
Official details will be released once the scholarship has been awarded.*

What will be required of you?

You'll be required to attend all the conference learning and general sessions. Participate in visiting of the legislatures on the hill with other OCAHU members. If you would like more information on the event, please visit [NAHU Cap Conference](#). When we return back, we would like you to give a 5-10 minute report out at our February meeting on your experience.

Easy Enough?

Don't delay in sending in your request to be considered for the scholarship to orangecountyahu@yahoo.com

Scholarship consideration closes January 10th, 2022





Feature Article:

Annual Employee Benefits Compliance Responsibilities

*By: Paul Roberts - Director of Education and Market Development,
Word & Brown General Agency*

Each year brings annual compliance responsibilities to employers regarding their health plans and federal Affordable Care Act (ACA) and COBRA responsibilities. It's important for employers to be aware of – and adhere to – these responsibilities. An overlooked compliance item can result in significant non-compliance penalties in the Federal ACA and COBRA spaces.

ACA Applicable Large Employer (ALE) Determination
Each employer must annually determine whether it is an “Applicable Large Employer” (ALE) subject to the ACA’s employer mandate and related ACA IRS reporting responsibilities. Under the employer mandate, ALEs are required to offer all Full Time (FT) employees affordable group health coverage (“Minimum Essential Coverage”) that meets minimum value thresholds (a Bronze tier [or richer] health plan). ALEs must also offer group coverage to FT employees’ dependent children up to age 26.

The employer’s ALE status must be evaluated annually on or around January 1, in accordance with Federal ACA law. To make the calculation, the employer must average the size of its workforce for all 12 months of the preceding calendar year.

For each month of 2021, the employer must count its FT employees and its Full Time Equivalent (FTE) employees, then average those 12 results to get its final workforce size. If the group size averages 50 or more FT + FTE, then *it* is an ALE for all 2022 – meaning it must comply with the ACA’s employer mandate for all of 2022 and must report to the IRS in 2023 on the coverage it offered (or didn’t offer). If the employer has fewer than 50 FT + FTE employees, it is **not** an ALE and is not mandated to offer health coverage in 2022 or report offers of coverage to the IRS.

An employer’s ALE status will remain in place for the entire calendar year going forward, regardless of fluctuations in its workforce size. January 1st is the only time an employer’s ALE status can change.

The ACA considers an employee to be FT if he or she averages at least 30 hours of service per week or 130 hours of service per month. FTEs are fractions of FT employees who, when totaled together, equal the equivalent of one FT employee. To calculate FTE count, total the part-time employees’ hours of service for each month (using a maximum of 120 hours for each PT employee, even if he or she averaged 121-129 hours of service), and divide each month’s total by 120.

Refer to Word & Brown’s exclusive [ACA Group Size Calculator](#) and [FTE Calculator](#) for California employers and Nevada employers for help making this determination. Also, refer to Word & Brown’s exclusive Employee Count resources

for [California employers](#) and/or [Nevada employers](#) for additional guidance.

ACA Reporting Responsibilities

If the employer determined on January 1, 2021, that it is an ALE for all of 2021, it must now also report to the IRS on the coverage it offered (or did not offer) to any person employed FT for one full calendar month of 2021. ALEs usually complete this reporting during December or January using IRS Forms 1095 and 1094.

Copies of IRS Form 1095 are due to employees by March 2, 2022 – a 30-day extension from the previous deadline of January 30, 2022. Copies of IRS Forms 1094 and 1095 are due to the IRS on/before the last day of February if submitting by paper, or on/before the last day of March if submitting electronically.

Refer to Word & Brown’s exclusive [IRS Reporting Deadlines chart](#) for details on form submission deadlines, and refer to Word & Brown’s exclusive [Employer Reporting Penalties reference sheet](#) for details on reporting non-compliance penalties.

Word & Brown annually hosts a series of webinars for brokers and employers on ACA reporting to the IRS. Please join us for the [ACA IRS Reporting Webinar Series: Don’t Fear the Forms](#) scheduled in January 2022.

COBRA Group Size Calculation

Employers that sponsor health plans must also determine COBRA responsibilities annually on or around January 1, by evaluating workforce size under COBRA law. Unfortunately, it is a different (yet similar) calculation than the ACA’s ALE count.

Employers that have employed at least 20 employees on 50% or more of the typical working days in 2021 are subject to Federal COBRA law for all of 2022 if they sponsor a group health plan(s).

Employers domiciled in California, with California group health plan(s), that have employed fewer than 20 employees on 50% or more of the typical working days in 2021 are subject to Cal-COBRA law for all of 2022.

In Nevada, there is no state COBRA continuation; employers with fewer than 20 employees are not subject to COBRA law in Nevada. Federal COBRA law, however, applies in all states.

When making the COBRA determination, both full-time (FT) and part-time (PT) employees are counted. Each PT employee counts as a fraction of a FT employee. To calculate PTs as

Continued on page 15



Legislative Update:

Provider Groups File Lawsuits over Surprise-Billing Ban

By: David Benson - OCAHU VP Legislation

The following article was posted on the NAHU website

have filed suit against the federal government over the latest interim final rule regarding the surprise-billing ban included in the Consolidated Appropriations Act (CAA) of 2021.

Surprise medical billing, or balance-billing of out-of-network medical care, is one of the most pressing health and affordability challenges facing patients and their families, and an issue that NAHU has been working on for quite some time. The CAA, passed at the end of 2020, included the No Surprises Act, which holds patients harmless from surprise medical bills, including from air-ambulance providers, by ensuring they are only responsible for their in-network cost-sharing amounts in both emergency situations and certain non-emergency situations where patients do not have the ability to choose an in-network provider. For other claims, this new surprise-billing agreement utilizes an arbitration process, with some patient safeguards.

As a reminder, the combination of both the "Part 1" and "Part 2" IFRs result in a regulatory victory for NAHU. Earlier this summer, NAHU submitted a letter to the administration with suggestions on future rulemaking and items we felt we needed more guidance on. Those items included questions about how the independent dispute-resolution or arbitration process would be implemented, what entities could serve as arbitrators, and what data elements could be taken into consideration, such as the median in-network rate when a claim is being considered by arbitrators. The Part 2 IFR utilizes the qualified payment amount (QPA) in an ideal fashion: When making a payment determination, arbitrators (referred to as independent dispute resolution entities, or IDREs) must begin with the presumption that the QPA is the appropriate out-of-network amount. Essentially, the IDR process will allow for the payer and provider to give the IDRE the amount they feel is fair for the service in question, then the IDRE is required under the IFR to choose the amount that is closest to the QPA. For the IDRE to deviate from the offer closest to the QPA, any information submitted must clearly demonstrate that the value of the item or service is materially different from the QPA. This means that, despite the law's utilization of arbitration, the median in-network rate that NAHU and our membership fought to include still plays a vital role, which we believe will prevent the significant rise in healthcare costs we previously anticipated.

While NAHU is pleased with the departments' decisions in this area, other groups are not. Several associations, including the American Hospital Association (AHA), American Medical Association (AMA) and Association of Air Medical Services (AAMS) have filed lawsuits in federal court challenging the rule. Each

association makes a similar legal argument – that the interim final rule differs substantially from the statute passed under the CAA and goes against the spirit in which the legislation was written. In the lawsuit, AHA and AMA argue that this form of arbitration will harm their members, as well as patients, due to lower reimbursement for out-of-network bills. The suit claims that rule's provision requiring that IDREs focus on median in-network rates "places a heavy thumb on the scale against providers and barely resembles" the process Congress imagined when they passed the CAA. The associations argue that Congress ordered IDREs to consider "all factors," and that the rule's focus on median in-network rates will "prevent fair and adequate compensation."

NAHU has always opposed arbitration process desired by most provider groups due to its potential to add to higher costs of healthcare, particularly for self-insured plans and individuals enrolled in such coverage that would face the costs of arbitration passed on through higher premiums, co-pays, deductibles and other costs. In 2019, it became public knowledge that a "dark money group" funded by private equity firms spent over \$50 million on ads against any solution that utilized the median in-network rate. Many large physician staffing companies are owned by private-equity firms and, in several instances, these firms make balance-billing a part of their business model.

To ensure our voice is heard, NAHU released an Operation Shout today urging NAHU members to contact their members of Congress and the administration to thank them for their support in protecting patients from surprise medical bills and signal their appreciation for the IFR that takes important steps toward driving down healthcare costs and protecting consumers. Contact your legislators here. Then contact the Departments of HHS, Treasury, and Labor here to thank them for their efforts in formulating the IFR which takes important steps towards driving down healthcare costs and protecting consumers.

##

**The
STATEment**

CAHU's Magazine!

Check out CAHU's bi-monthly online magazine at

<https://www.cahu.org/newsroom>.



Annual Sales Symposium

Maggie Stedt, CSA, LPRT - OCAHU VP Professional Development

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Update on Broker Compensation Disclosure Requirement

*By: Paul Roberts - Director of Education and Market Development,
Word & Brown General Agency*

The Consolidated Appropriations Act (CAA), a new federal law signed at the end of 2020,

will soon require health insurance agents and brokers to disclose their commissions to clients, in writing, in advance of a sale.

Proposed Timing for Disclosure Notices

The new law requires brokers to disclose commissions for contracts entered into, on or after December 27, 2021. This law only applies if the broker reasonably expects to earn more than \$1,000 in “direct compensation” and/or more than \$250 in “indirect compensation” from the health plan or insurance carrier.

Applicable Lines of Coverage for Disclosure

The requirement generally applies to all types of health insurance plans, across all market segments – Small Group plans, Large Group plans, Individual and Family plans, self-funded plans, fully funded (traditional) plans, FSAs, HRAs, etc.

Brokers must also keep their disclosures accurate and up-to-date and are required to update disclosures within 60 days after any changes in commission occur.

What We Know vs. What Information Needs Clarification

What we know today is what the letter of the law says itself, that commission must be disclosed beginning December 27th. However, the Department of Labor (DOL) has not yet released regulations or guidance on compliance with this law in the **Group Insurance market**.

Major unknown items requiring clarification:

- Does the law apply to plans quoted/sold on or after December 27, 2021? Or,
- Does the law apply to business that is effective December 27, 2021, or later?
- What does a compliant disclosure document look like?
- Will DOL create “model notices” to use? If so, when will they be available?
- How do regulators define “indirect compensation,” and “direct compensation”? What is the difference?
- An agent’s group commission is typically based on enrollment, which is conducted after an employer has made its

plan selection. Commission can fluctuate monthly according to eligibility changes. How is a broker to disclose commission in this scenario?

Transparency Disclosure Template

Word & Brown is working closely with the National Association of Health Underwriters (NAHU) in hopes of shaping these regulations for agents and addressing many of these “unknowns” as the December 27 date nears.

We have created our own disclosure template for brokers to begin using as we wait for further regulatory guidance and model notices.

We recommend you use our exclusive Word & Brown Broker Transparency Disclosure as a best-faith effort to comply with the law in the absence of regulatory guidance. You can download the [Disclosure Template](#) here.

Broker Transparency Disclosure Template Details

The law requires brokers to make a statement about whether they do or do not expect to be named “fiduciaries” of the plan. In most fully insured circumstances, the employer is the plan fiduciary.

The law also requires agents to disclose a list of services provided to the client, as a way of demonstrating the broker’s value (and the commission the client is paying to the broker). You will see sections for both of these items in the Word & Brown Broker Transparency Disclosure template.

Because commissions vary by month, according to enrollment and eligibility, the disclosure template contains a fillable list for brokers to enter the names of sold plans and the commission percentages earned on premiums from those plans.

Customize Your Broker Transparency Disclosure

Lastly, the Broker Transparency Disclosure template is customizable. Enter your name, your client’s name and contact information, and your logo on the top right corner of the document.

We recommend keeping record of all disclosures to document your compliance with the law.

More to Come

We will keep you posted as regulators release additional information about this law.

##



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Women In Business Recap

By: Patricia Stiffler, LPRT - OCAHU President Elect, Public Services & WIB Chair

Our 18th Annual Celebration of Women in Business Fashion Show and Luncheon was held on Friday, December 10, 2021, at the Balboa Bay Resort in Newport Beach. Our theme this year was Winter Wonderland. Although our event had to be moved to the dreaded 4th quarter, it was a huge success and was attended by over 400 guests. All proceeds benefited New Hope Grief Support Community.

The day started out with our guests visiting our vendors to purchase holiday gifts or that special holiday outfit. We had our fabulous baskets outside on the patio, where our robust ticket sales lead to a lot of excitement.

The excitement continued in the ballroom, where David Leonard, the Executive Director of New Hope offered a Text to Give Challenge. A secret "angel" had offered to match our amount if we met our goal of \$3,000, and if we met our stretch goal of \$4,000, he would also match that. Not only did we hit our stretch goal, but audience raised over \$10,000!! As a result, our "angel" matched both goals and donated an additional \$7,000. Additionally, our DJ, Frank Roberson conducted his dollar in the bag drive which raised \$1,600! We are overwhelmed and humbled by the generosity of our audience.

Our honoree this year was Kaitlin Sandeno Hogan, an Olympic medal winner. Kaitlyn is extremely committed to the Jessie Rees Foundation, which focuses on pediatric cancer. In addition, she is an ambassador for the Pipeline to a Cure which raises money for Cystic Fibrosis, a charity OCAHU has supported for many years.

On to the fashion show where our beautiful models presented fashions from Bettini's. The fashion show was moderated by Chadia Alemeddin, the owner.

The excitement continued with the amazing auction items that were put together by committee member Renee Melgoza. The auction raised even more for New Hope, and we are hoping, put us over the top of our goal this year!

Our event ended with the much-anticipated distribution of the raffle baskets and the announcement of our Grand Prize winner from Warner Pacific.

I would like to thank our sponsors. None of this would have been possible without your support.

- **Pink Diamond Event Sponsor:** Word & Brown
- **White Diamond Sponsor:** Blue Shield
- **Sapphire Sponsor:** Colonial Life
- **Emerald Sponsors:** Amwins, Dickerson Insurance Services and Kaiser Permanente
- **Ruby Sponsors:** Benefit Mall and Cigna & Oscar

- **Topaz Sponsors:** Health Net, TSG Wealth Management and Warner Pacific

- **Amethyst Sponsor:** BRI

I would also like to thank out handsome ambassadors and beautiful models, most who have stepped up every year to help make this the event of the year. Thank you also to those members (even from our sister Chapters) who helped us on the day of the event.

Finally, I want to thank our amazing committee, who all took time out of their busy schedule and 4th quarter madness to help make this another outstanding event. Those members are Erika Adkins, Becky Capelouto, Grace Hong, Briana Hudson, Sue Kidder, Sarah Knapp, D'Vorah Mariscal, Diana Miller, Suzanne Purnell, Dawn Quinn, Julie Raff, Janell Reina, Gabrielle Ruelas, Maggie Stedt, MaryAnna Trutanich and Lynn Wischmeyer. And what would we do without my incomparable sidekick, Gail James Clarke, who puts everything she can into this event for months, to make it run so smoothly.

Save the date for our next Women in Business event set for Friday, June 10, 2022!

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NAHU 2022 Capitol Conference

February 28– March 2, 2022



Register now for our annual Capitol Conference. This unique and inspiring meeting has the potential to be a game-changer this year. Be a part of making important changes happen. Join your NAHU colleagues in our nation's capital and make a difference in the health-reform debate. The conference will be in-person, but a virtual option is also available.

[REGISTER](#)

Event Agenda

Monday, February 28

7:30 a.m. - 5:00 p.m. — Registration

7:30 a.m. - 8:00 a.m. — Continental Breakfast with Sponsors

8:00 a.m. - 9:00 a.m. — Breakout Meetings for:

- *State and Local Legislative Chairs*
- *HUPAC Chairs*
- *Media Chairs*

9:15 a.m. - 12:00 p.m. — General Session

- *Welcome*
- *Introductions of NAHU Board of Trustees, HUPAC Board of Trustees, and NAHU Legislative Council*
- *Expectations of Event*
- *HUPAC and Legislative Awards*
- *Keynote from Administration*
- *Keynote from Industry*

12:00 p.m. - 1:15 p.m. — Lunch on your own

1:15 p.m. - 2:15 p.m. — General Session

- *Federal Priorities Briefing*
- *Speaker*

2:15 p.m. - 2:45 p.m. — Afternoon Break with Sponsors

2:45 p.m. - 4:30 p.m. — Breakout Sessions

4:45 p.m. - 5:30 p.m. — Regional Meetings

5:30 p.m. — Dinner on your own

Tuesday, March 1

7:00 a.m. - 8:00 a.m. — Continental Breakfast with Sponsors

8:00 a.m. - 8:45 a.m. — Breakout Sessions

9:00 a.m. - 12:00 p.m. — General Session

- *Members of Congress*
- *Industry Speakers*
- *Town Hall*

12:00 p.m. - 1:00 p.m. — Lunch on your own

1:00 p.m. - 5:00 p.m. — Lobbying on Capitol Hill

- *Member-arranged visits with Congressional representatives.*

5:00 p.m. - 7:00 p.m. — HUPAC Reception (ticket required)

Wednesday, March 2

8:00 a.m. - 9:00 a.m. — HUPAC Capitol Club Breakfast (by invitation)

9:00 a.m. - 11:00 a.m. — Lobbying on Capitol Hill

- *Member-arranged visits with Congressional representatives.*

Venue:

Hyatt Regency Capitol Hill

400 New Jersey Ave, NW

Washington, DC 20001

Phone: 202-737-1234

Note all times listed are Eastern Time Zone.



COIN COMPLIANCE CORNER

What Agents and Your Clients Need to Know!

HIPAA Privacy & Security Enforcement Updates—

By: Dorothy M. Cociu, RHU, REBC, GBA, RPA, LPRT - CAHU VP Communications

There were no HIPAA Privacy & Security Civil Monetary Penalties (CMPs) or settlements announced since the last issue, but I do want to share with you some Cybersecurity information released by HHS's Office of Civil Rights in their fall Cybersecurity Newsletter (released October 29, 2021, entitled October 29, 2021 OCR Cybersecurity Newsletter: Securing Your Legacy [System Security]).

The HIPAA Security Rule requires covered entities and their business associates to implement safeguards that reasonably and appropriately secure the electronic protected health information (ePHI) that these organizations create, receive, maintain, or transmit. CMS states that as health care entities' technological footprint grows, the number of systems these organizations need to identify, assess, and maintain grows as well. Many health care organizations rely on legacy systems, which is a term for an information system with one or more components that have been supplanted by newer technology and for which the manufacturer is no longer offering support. But despite their common use, the unique security considerations applicable to legacy systems in an organization's IT environment are often overlooked.

Ideally, according to CMS, all organizations would only use information systems that are fully patched and up to date. However, in reality, health care organizations must balance competing priorities and obligations. There are many reasons why a health care organization may elect to keep using a legacy system, such as:

- The organization may not be able to replace the legacy system without sacrificing availability of data, disrupting critical services, or compromising data integrity. For health care providers, this can apply to medical devices, electronic health records, and other systems offering critical services.
- The organization is reluctant to tinker with technology that appears to be working, or to deploy a new and unfamiliar system that may reduce efficiency or lead to increased user errors.
- The organization is reluctant to replace a system that is well-tailored to its business model, or with which it has a

high degree of competence.

- The organization's other systems depend on the legacy system or are incompatible with newer systems.
- The organization is unable to dedicate the time, funds, or human resources needed to retire and replace the legacy system.

While many factors may contribute to an organization's decision to continue to use a legacy system, it is important that the organization include security in its considerations, especially when the legacy system could be used to access, store, create, maintain, receive, or transmit ePHI.

Managing the Security Risk of Legacy Systems

Legacy systems' lack of vendor support makes them particularly vulnerable to cyberattacks. The HIPAA Security Rule requires covered entities and their business associates to conduct an accurate and thorough assessment of the potential risks and vulnerabilities to the confidentiality, integrity, and availability of ePHI throughout their environment, including ePHI used by legacy systems. An accurate and up-to-date asset inventory is a useful first step because it can help organizations understand where critical processes, data, and legacy systems reside within their organization. After assessing the potential risks and vulnerabilities to their ePHI, covered entities and business associates must implement security measures to reduce those risks and vulnerabilities to a reasonable and appropriate level as part of their risk management. For legacy systems, this means identifying the potential risks and vulnerabilities to ePHI posed by those systems, the security measures the organization will take to reduce those potential risks and vulnerabilities, and the proposed timeline, including (if possible) the legacy system's ultimate retirement date.

Organizations often elect one or more of the following strategies to mitigate a legacy system's security risk:

- Upgrade to a supported version or system.
- Contract with the vendor or a third party for extended system support or migrate the system to a supported cloud-based solution.
- Remove or segregate the legacy system from the internet

Continued on page 13

or from the organization's network.

- Maintain the legacy system, but strengthen existing controls or implement compensating controls.

If an organization elects to maintain a legacy system and strengthen its existing controls, or implement compensating controls, those controls should be tailored to the potential risks and vulnerabilities identified with the legacy system. Such controls may include:

- Enhancing system activity reviews and audit logging to detect unauthorized activity, with special attention paid to security configurations, authentication events, and access to ePHI.
- Restricting access to the legacy system to a reduced number of users.
- Strengthening authentication requirements and access controls.
- Restricting the legacy system from performing functions or operations that are not strictly necessary (e.g., by removing or disabling unnecessary software and services).
- Ensuring that the legacy system is backed-up – especially if strengthened or compensating controls impact prior backup solutions.
- Developing contingency plans that contemplate a higher likelihood of failure, especially if the legacy system is providing a critical service.
- Implementing aggressive firewall rules.
Implementing supported anti-malware solutions.

In addition to implementing safeguards required by the HIPAA Security Rule, covered entities and business associates are also required to review and modify their security measures to ensure the continued protection of their ePHI.[x] When a system is nearing legacy status (or is already a legacy system) organizations should assess the specific security risks associated with those systems. If an organization elects to maintain a legacy system, it should review and modify its security measures to ensure the continued protection of its ePHI. Finally, organizations should consider when the burdens of maintaining a legacy system will outweigh its benefits and plan for the legacy system's eventual removal and replacement.

Additional Resources

NIST Special Publication 800-70 Revision 4: National Checklist Program for IT Products – Guidelines for Checklist Users and Developers

<https://nvlpubs.nist.gov/nistpubs/SpecialPublications/>

[NIST.SP.800-70r4.pdf](#)

NIST Special Publication 1800-8: Securing Wireless Infusion Pumps in Healthcare Delivery Organizations

<https://www.nccoe.nist.gov/sites/default/files/library/sp1800/hit-wip-nist-sp1800-8.pdf>

NIST Special Publication 1800-24: Securing Picture Archiving and Communication System (PACS)

<https://www.nccoe.nist.gov/sites/default/files/library/sp1800/hit-pacs-nist-sp1800-24-draft.pdf>

Health Care Industry Cybersecurity Task Force, Report on Improving Cybersecurity in the Healthcare Industry 2017

<https://www.phe.gov/preparedness/planning/cybertf/documents/report2017.pdf>

##

The advertisement features a green and white color scheme. In the top left corner, the Health Net logo is displayed, consisting of a stylized 'H' inside a circle followed by the text 'Health Net'. The main body of the ad has a large, bold, teal-colored text that reads 'Health Net is proud to support OCAHU.' Below this, in a smaller teal font, is the phrase 'Providing communities with affordable health coverage for 40 years.' At the bottom, in a teal italicized font, is the slogan 'Coverage for every stage of life™'. The very bottom of the ad contains small, light gray text stating: 'Health Net is a registered service mark of Health Net, LLC. © 2019 Health Net of California, Inc. and Health Net Life Insurance Company are subsidiaries of Health Net, LLC. All rights reserved.'

OCAHU Board of Directors and Staff 2021-2022

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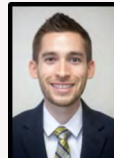
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FTEs in COBRA, the employer should total all PT employees' hours of service and divide it by whatever the organization considers to be full-time.

Different benefits and administrative billing charges/fees on premiums are associated with Federal COBRA and Cal-COBRA, so it is very important for the employer to make the determination accurately at the beginning of the year. An employer must generally notify its carriers and applicable COBRA Third Party Administrators (TPAs) of any changes to COBRA status as soon as the determination has been made.

Just like the ACA calculation, the employer remains in its COBRA category for the entire calendar year – regardless of future fluctuations in workforce size. Refer to Word & Brown's exclusive Employee Count resources for [California employers](#) and/or [Nevada employers](#) for additional guidance on COBRA counts.

IRS Controlled Groups

If an employer has ownership in multiple businesses, its employees can be combined for purposes of determining group size – even if the businesses have separate tax IDs and are otherwise not related.

It is critical for a tax professional to make this determination for employers in accordance with Internal Revenue Code Section 414, subparagraphs (b), (c), (m), and (o).

California's Individual Mandate Continues in 2022

It is also important to note that California is continuing its state individual mandate in 2022 and into the foreseeable future. The mandate requires all Californians to carry qualifying Minimum Essential Coverage (MEC) for the tax year, obtain an exemption, or pay a tax-penalty when filing California state tax returns. A one-time break in coverage is permitted for up to three months.

California released a [calculator to help Californians understand potential non-compliance penalty exposure](#) in accordance with this mandate, which began January 1, 2020.

Many other states, including Nevada, do not have individual mandates. The Federal ACA individual mandate applies to all 50 states; however, the non-compliance penalty is \$0.00 as of 1/1/2019. ##

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CMS Issues IFR on CAA Prescription Drug Cost Reporting Requirements

By: David Benson - OCAHU VP Legislation

The following article was posted on the NAHU website

CMS released an interim final rule (IFR) this week on the prescription drug cost reporting requirements in the Consolidated Appropriations Act of 2021 (CAA), providing guidance for yet another transparency provision included in the CAA's Section 202, also known as the No Surprises Act.

These reporting requirements primarily relate to prescription drug expenditures, requiring that plans and issuers submit relevant information to the Departments. This information includes general information regarding the plan or coverage, such as the beginning and end dates of the plan year, the number of participants, beneficiaries or enrollees, as applicable, and each state in which the plan or coverage is offered. Plans and issuers must also report: the 50 most frequently dispensed brand prescription drugs, and the total number of paid claims for each such drug; the 50 most costly prescription drugs by total annual spending, and the annual amount spent by the plan or coverage for each such drug; and the 50 prescription drugs with the greatest increase in plan expenditures over the plan year preceding the plan year that is the subject of the report and, for each such drug, the change in amounts expended by the plan or coverage in each such plan year.

NAHU submitted a comment letter to CMS, DOL and IRS in July regarding concerns we had surrounding implementation of this statute. In our letter, we noted several concerns and offered several suggestions regarding legal definitions, potential privacy issues, the reporting process, the role of pharmacy benefit managers (PBMs), and the implementation date, among others.

The new IFR specifies that plan sponsors and issuers in both the group and individual markets will be required to submit this information aggregated at the state level, rather than separately for each plan. The new IFR also provides information that NAHU requested, like specific reporting standards and definitions, including for identifying prescription drugs regardless of the dosage strength, package size or mode of delivery. Additionally, the role of PBMs is clearer, as the new IFR states that PBMs will be required to provide any information they have on the top 25 drugs generating the highest rebate amounts.

Regarding the implementation date, plans and issuers initially had to begin submitting the required information by December

27, and to submit this information by June 1 of each year thereafter. NAHU requested a delay in this implementation date and, following our letter, the agencies announced in August that they will exercise discretion to provide temporary deferral of enforcement with regard to the December 27, 2021, and June 1, 2022, deadlines, and that they will not initiate enforcement action against a plan or issuer that submits the required information for 2020 and 2021 by December 27, 2022. This week's IFR does not make any changes to August's enforcement guidelines. The Departments plan to release their first report on prescription drug pricing trends, utilizing the data they will receive from this statute, in June 2023.

NAHU will once again be submitting comments to the relevant federal agencies, this time directly responding to the new interim final rule. ##

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To start contributing copy the form on page 21 of this issue and mail to CAHU today!

Thanks for your participation!



Virtual Member Orientation

By: Gonzalo Verduzco - OCAHU VP Membership

Did you know our NAHU Region does a Monthly Orientation?

Meetings are held the 4th Thursday of every month. You can learn about navigating NAHU and your local chapters, the power of being a member, meet and network with other new and existing members to get the most out of your membership.

Please join us using the information on the flyer.

REGION 8 VIRTUAL MEMBER ORIENTATION

All Members Welcome

6:00am to 7:00am (HI)

8:00am to 9:00am (AK)

9:00am to 10:00am (PST)

As the premiere trade association representing health insurance agents and brokers, NAHU continues to protect the indispensable role that professional benefits specialists play in serving consumers.

-NAHU CEO Janet Trautwein



Meeting ID: 826 3420 3381
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Not a member? Join us today!

Contact:

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Briana Hudson

☎ (714) 451-5772

✉ briana@dickerson-group.com



Vanguard Event Recap

By: David P.B. Ethington - OCAHU Vanguard Chair

The first Vanguard event of the year was a success! It was great seeing so many of us in-person at Brewery X. The event was filled with many laughs and memories as we gathered for a friendly Corn Hole competition. Congratulations to our winners, Paul Finchamp and John Roberts! Be ready to defend your crown in the future. A huge thank you to those who contributed towards PAC as we raised over \$200! An additional, thank you to Word and Brown and California Choice for sponsoring our prizes. We look forward to continuing this event for years to come!





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Sapphire	\$720 - \$999	\$60/month	Three Star	\$3,000 - \$3,999	\$250/month
			Four Star	\$4,000 - \$4,999	\$340/month
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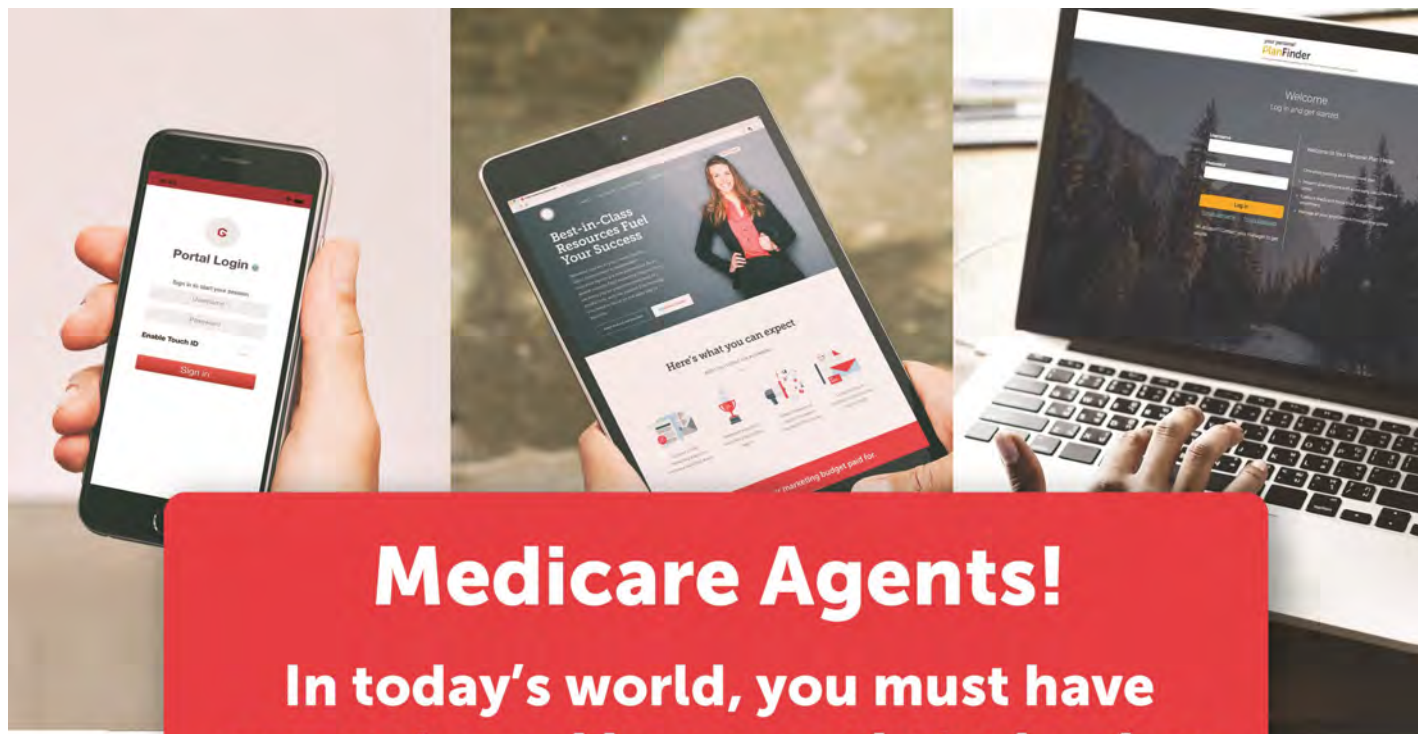


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January 11, 2022	<i>January Event: News from CAHU, Tustin Ranch Golf Course</i>
February 11, 2022	<i>Annual Sales Symposium, Lake Forest Community Center</i>
February 28-March 2, 2022	<i>NAHU Capitol Conference, Washington DC</i>
March 14-16, 2022	<i>Women's Leadership Summit, Green Valley Ranch Hotel LV</i>

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