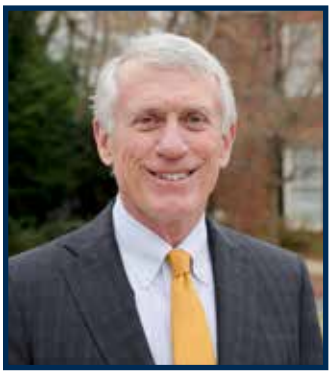
The BottomsLine

SPRING 2021



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WE BELIEVE...

We all have a story - and our stories are unique.

Years ago, I was sitting at my conference table with the owners of a successful business. The conversation was around their assets and their family. At some point in conversations like this, the objective is to understand what it is the clients want. It is all about them. So, I asked this question: "let's look down the road twenty years - what do you want your assets and your family to look like at that point?" They looked at each other. They looked out the window. They thought about it as I sat quietly until one of them said, "twenty years from now we just want our children to get together at Christmas and like each other."

In short, their objective was to end well. They wanted everything to work. They started the business from scratch, and it was touch and go for many years and now it is very successful. Not ending well would be like playing a great game and then losing it right at the end. Creating discord within the family because of the way a lifetime of property is transferred is not a well-done ending. In fact, it is a heartbreak. *(Continued on page 4)*

TELEHEALTH: HEALTHCARE'S NEW FRONTIER

BY DAVID BOTTOMS

Over the course of the past year, and by virtue of necessity given COVID-19, healthcare consumers have gotten a crash course in the use of telehealth platforms to engage with healthcare providers via virtual means.

During the early days of the COVID-19 pandemic, as lockdowns were in full effect and even many doctor's offices were shuttered, telehealth utilization soared such that, per health records company, Epic, 69% of physician "office visits" during the month of April 2020 took place via a virtual care platform.

In the months that have followed, virtual visit utilization has dropped; however, it still stands well above pre-pandemic levels which raises an important question of what role telehealth will have in the United States' healthcare delivery system in the years ahead. The answer to this question is an important one for health care providers, insurers, and employers who are charting their respective strategic courses for the years ahead. *(Continued on page 3)*

LOOK INSIDE FOR:

About TBG: The Bottoms Group, LLC, has for decades been listening to clients and developing employee benefits, insurance and estate planning solutions customized to their unique and changing needs. For more information about TBG, visit www.thebottomsgroup.com.

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ACCELERATED UNDERWRITING PROGRAMS

Pivot. A word that many of us came to hate hearing over the course of 2020 and the Covid-19 pandemic. But this is what many of us had to do to change how we conducted business. Life insurance companies were not immune (pandemic pun intended) to drastic shifts in how they offered new life insurance policies.

Accelerated underwriting programs have always been around in some sort of fashion but the pandemic put these programs in the forefront. With shelter-in-place orders in effect and the paramedical examiners unable to visit an applicant's home, insurance companies needed to react quickly to come up with alternatives to the medical underwriting requirements. Many carriers chose to waive the medical exam if the applicant had medical records that included a recent, thorough physical exam during the height of the pandemic. Others chose to temporarily waive the medical exam requirement, but once Covid-19 restrictions loosened, the insured must have a follow-up exam.

Now that we have a full year of the pandemic under our belts and there is a light at the end of the tunnel, medical underwriting requirements are starting to return to normal. However, one favorable aspect remains regardless of the pandemic status: accelerated underwriting programs. Accelerated underwriting programs are designed for healthy individuals between certain age limits who are applying for life insurance below the program's maximum death benefit. So, it is not meant for everyone, but it is a good starting point. These programs allow for minimal paperwork and if the underwriter does not find any issues with the answers to the preliminary medical questions, they will typically issue a policy immediately without requiring additional medical requirements. However, if the underwriter needs some clarification on some of the preliminary questions, the underwriter may ask to see medical records, have the insured complete lab work, or both.

To initially qualify for an accelerated underwriting program, an applicant must meet certain criteria that differs between the carriers. First, the applicant's age must be between the carrier's stated eligible ages. The minimum age across all carriers is typically 18 years old but the maximum can vary anywhere between 55-65.

Next, the desired amount of life insurance must not exceed the specified maximums set by the program. Depending on the carrier, this could kick out otherwise eligible applicants who happen to need a lot of insurance. The maximums range from $1 million to $7.5 million with the majority in the $2-3 million range.

Lastly, the carriers differ greatly in how they process the applications. Some require the applicant to fill out preliminary information with the advisor and sign a couple of forms but still not as much as a full application. Then, once these forms are submitted to the carrier, the carrier will call the applicant to ask additional medical and financial underwriting questions. This two-step process is not much different than the long full application of the regular application process and the only thing "accelerated" about it is the chance that a medical exam will not be required.

On the other hand, some carriers have invested a lot of resources into building full digital systems to process online e-applications. This typically does not involve any physical paperwork (unless a supplementary questionnaire is required later by underwriting) and can be fully completed by the applicant on a website and then e-signed. If no further medical underwriting is needed, the policy is then issued through the same system and can be e-delivered, e-signed, and premium paid electronically within days. The life insurance industry has historically been slow to adapt to technological advances, but these new streamlined processes are definitely a welcomed sight in the digital age.

TELEHEALTH: HEALTHCARE'S NEW FRONTIER

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For healthcare providers and systems, an integrated and effectively marketed virtual care platform has the potential to increase engagement with patients while enabling the health system to ensure continuity and coordination of care within its own healthcare ecosystem which has obvious downstream financial benefit for the provider while also providing efficiencies and improved health outcomes for patients given that, with an integrated, provider-based platform, there is the potential for consistency of provider/patient relationships, electronic medical record maintenance, etc.

For insurers, telehealth has potential to introduce a newfound efficiency to the health care delivery system. Whereas health care providers will be inclined to push their own telehealth platforms so that that they can retain control of data and downstream referral activity, insurers, for their own reasons, see telehealth as an opportunity to integrate their own preferred telehealth platforms directly into health plan designs to reduce incremental "office visit" costs while providing opportunity for referral management and steerage to lower cost, high quality providers for specialty and procedural care in an effort to reduce overall health care spending.

In fact, one needs to look no further than the growth of "virtual-first" health plans to see how insurers such as Humana, United Healthcare and other well-known players are positioning themselves to play a significant role in the front-end of the healthcare delivery system. In these programs, members have access to no-cost virtual care for initial, non-emergency provider discussions and, based upon the referrals from the virtual care physician, can then seek in-person care from in-network specialists for more complex issues, lab testing, etc. In effect, these plans effectively reintroduce the "gatekeeper" role that insurers have historically played in an effort to develop lower cost coverage options for individual health care purchasers and employers sponsoring group benefit plans.

Of course, telehealth has its limits. For pediatric care, the lower potential for patient communication among other obvious limiting factors renders telehealth often less than ideal for children which is reinforced by the fact that, in 2020, only 13% of virtual care visits were for patients under the age of 18. Similarly, on the other end of the age spectrum and given the increased prevalence of chronic health issues and comorbid conditions in older adults, telehealth has its limits which again is validated by the fact that only 18% of telehealth visits in 2020 were for adults over the age of 50.

Nonetheless, younger adults, who just so happen to comprise a significant share of the covered demographic within employer plans, have proven themselves very willing to make use of telehealth resources as evidenced by the CDC's data which showed that an outsized 69% of 2020's telehealth utilization was for patients aged 18 – 49 years of age.

The disruptive impact of COVID-19 has accelerated the pace of change in many industries and impacted consumer behavior in a myriad of ways. Health care providers, insurers, and employers would be wise to keep their eyes on the signals consumers are sending with respect to virtual health care preferences and calibrate their strategies to align lest they find themselves outmaneuvered by competitors more acutely focused on this new frontier.

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WE BELIEVE... CONTINUED FROM PAGE 1

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Even though our stories are unique, the stories of many of our clients have similarities. It is our job to listen and help. What we do or do not do when it comes to transferring wealth can have a lasting impact, possibly over generations. Sometimes the omissions and mistakes overshadow the good.

If I had to narrow down to three broad topics, I would go with **relationships**, **money**, and **leadership**.

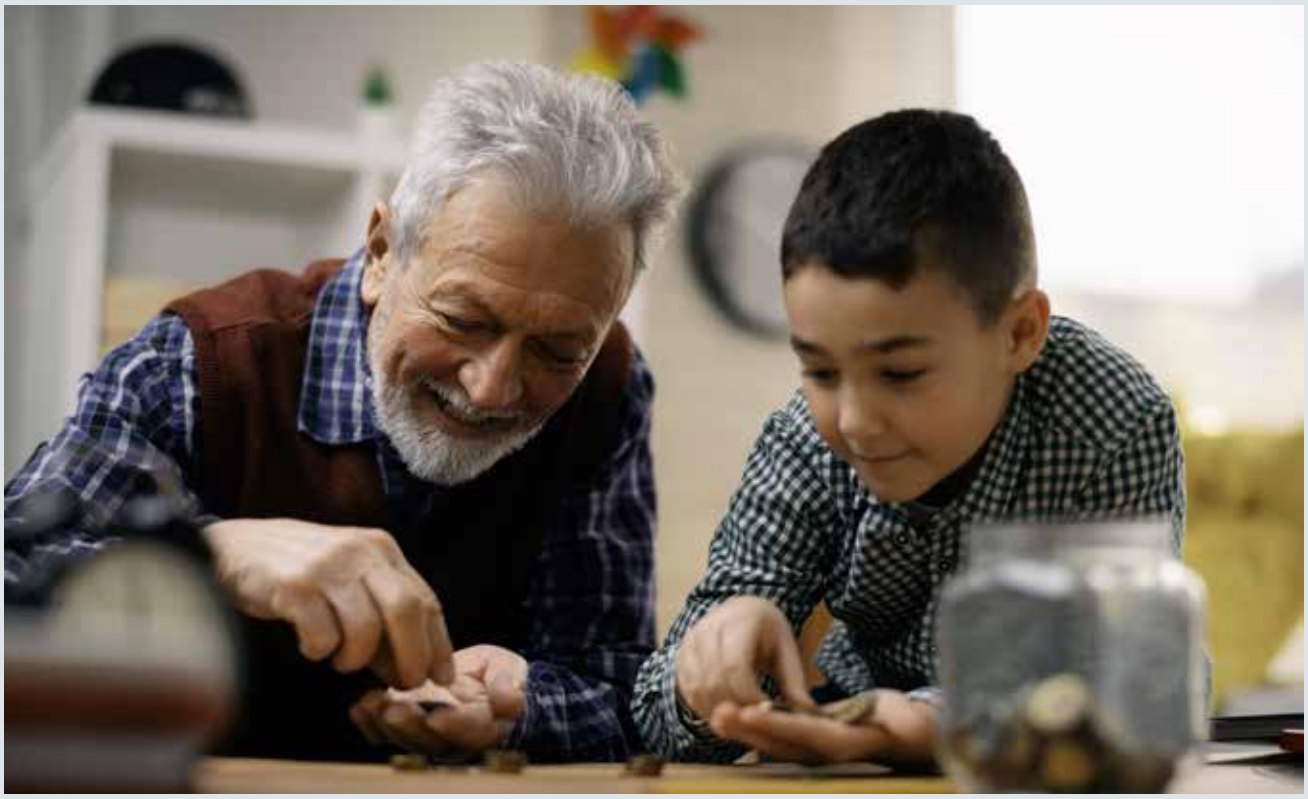
I believe the older generations often underestimate their capacity to impact **relationships**. They have lived long enough to be forgiving of attitudes they themselves may have possessed years earlier that they now regret. They also understand that life is shorter than they once thought.

Elders can see the progression of the life stages of family members and the long-term evolution underway. When I was young and struggling there were some older men who spoke life and hope into me. The effort they made has been priceless.

Expressing love to someone who is angry and disrespectful requires humility, intentionality, and sometimes, courage. But it can be a game changer. Victor Frankel, who survived the Holocaust and later wrote Man's Search for Meaning, said that love produces meaning and that even in the most hopeless situation, love offers hope.

Most are familiar with Abraham Maslow's hierarchy of human needs. At the tippy top of the pyramid is self-actualization. One rarely gets to that point until they pass through the physical, safety, and belonging stages of life. So, it should not be a surprise that the different generations often respond differently to matters at hand. Maslow noted that in a way it is like moving from "becoming" to "being." In my view, "being" refers to matters of the heart along with relationships and more.

Younger family members do not necessarily grasp the concept of how difficult it is to create wealth. Therefore, I



WE BELIEVE... CONTINUED FROM PAGE 1

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believe telling and writing our family stories is important. As we go through life, we take hits and it is important to be transparent about our lessons learned. I believe eventually most people develop an interest in understanding where they came from and what their ancestors were like.

Stories told and written can be the glue that binds the individual members of the family together and be a catalyst for better understanding between the generations. I also believe stories like this are more carefully read once the author is gone. I believe many parents never get to see the results of their efforts to help their children see things that are important – the light comes on after the parents are gone.

Recently, I read biographies of the John D. Rockefeller family, as well as the Cornelius Vanderbilt family. They are vastly different stories. Mr. Vanderbilt's obsession was with making **money**. He developed the nation's first great industrial fortune and for a while was the richest man in the world. Relationships were not a priority and his story did not end well.

As a contrast, John D. Rockefeller understood the vision of each generation having issues unique to it and accumulating great wealth was never his goal. He retired at age 59. The Rockefeller family legacy is one of giving.

I recently saw a short video of a talk by Warren Buffett. Referencing the Holocaust, he alluded to relationships being more important than money. As a measure of relationships, he asked the listeners, "how many people do you have in your life who would hide you?" This question makes one pause to think.

In my experience, all progress starts by telling the truth. Things just go better when the older generation does all it can to deepen family relationships. This requires **leadership**.

Speaking of stories and communication, the last time parents communicate with their offspring is when the testamentary documents are called upon to transfer the property. This is the "final word" with their children and other descendants. These words may be read and contemplated over and over. It is best if the parents reasoning around the decisions are communicated, in person while they are alive.

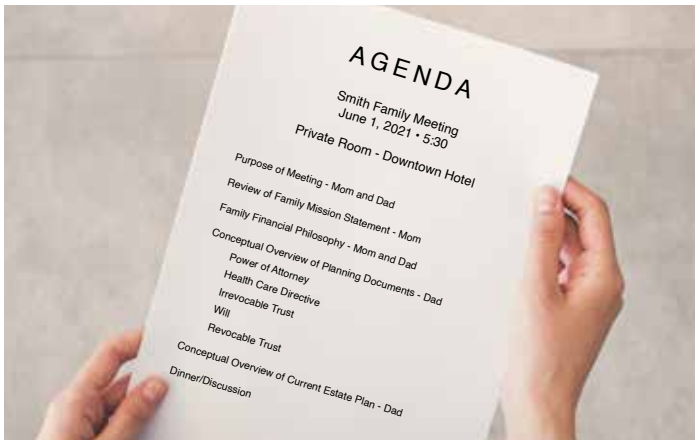
Some of the decisions are difficult. Should assets remain within the bloodline? Should everything be split up equally or uniquely depending upon different needs that are present? Should an equal amount be left to each grandchild or an equal amount to each family unit? At what age should assets be available to children? What sort of structure is best all things considered?

What about making gifts to family while parents are living? What about philanthropy? Is it wise to hold onto and grow the assets and then leave everything all at once when the children may be in their 60s? Is it really a good idea to leave it to your heirs to sort through your personal property after you are gone and negotiate who gets what? Will estate transfer taxes impact plans?

During your lifetime, is there a basic level of lifestyle "watermark" that you want to help each of your children attain? What about help with education, health, and other necessities if needed - particularly if they face a hardship they are trying to overcome? Is it okay to help adult children do things they desperately need to do but cannot do for themselves?

Important steps to take may be leading the family through a process of creating a family purpose statement. And, to aid communication and to shine a light on the inevitable, having periodic family meetings make a lot of sense. Creating a somewhat formal forum to express love, reasoning and plans is wise, in our view.

There are no right or wrong answers to much of this. Creating a picture of "it all working" after all is said and done and a plan requires effort. And the decisions needed highlight the necessity of involving an engaged financial advisory team that includes an estate planning attorney, CPA, wealth manager, and someone from our profession which is life insurance.





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UTILIZING MEMBER ID CARDS

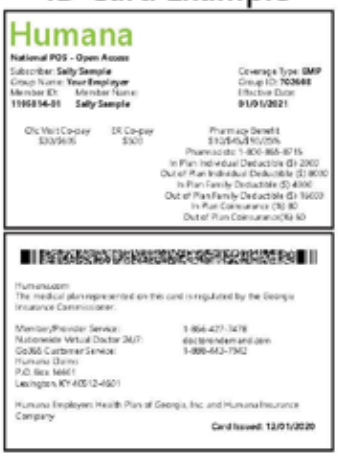
Reminding employees of their current insurance coverage throughout the year is a valuable approach in showing your team their opportunities to be informed and encouraged to navigate benefits and coverage that you offer as an employer independently.

The Bottoms Group (TBG) has received positive feedback from various employers who communicate effectively with their staff when it comes to having detailed actions in place for members to be able to access their benefits efficiently. A successful method in reaching employees and motivating them to be confident and familiar with their coverage can be as simple as sending out a company-wide email including a bullet point format of easy-to-follow instructions on how to access online benefits. An employee may also be more inclined to take the initiative to register/login on an online carrier portal, if they receive a flier from the insurance carrier demonstrating the advantages in gaining access through the carrier's member portal.

One of the first things an insurance carrier will do once an employee is enrolled, is generate a member I.D. number, and send out a member I.D. card. A member I.D. card is a beneficial tool that contains a plethora of helpful details such as the member I.D. and group I.D. numbers, a few coverage details for easy reference, phone numbers for Member and Provider Services, the carrier portal website, and contact information for Online Carrier Portal Support Services.

Once your employee has their member I.D. number, they will be able to register and login to the insurance carrier's online portal. Registered employees can use the carrier's website to download electronic I.D. cards, view coverage and claim details, evaluate Explanation of Benefits (EOBs), search for in-network providers and so much more. Additionally, many insurance carriers have a smart phone application which gives members the opportunity to have immediate access to their coverage. Registering and logging into the carrier portals allows enrolled employees to take full advantage of their new coverage.

ID Card Example



In addition to using I.D. cards to register on the carrier portal, notifying their providers, pharmacies, and facilities of their updated member I.D. card details is a key factor in helping with claim submissions throughout the plan year. Your team should also be aware during the year to select providers that are participating and contracted with the insurance company prior to services rendered in order to maximize their current benefits with in-network coverage. Recently, our TBG Help Desk team was notified by an employee whose claims were being denied because their provider did not have the employee's updated insurance details. Although you can usually expect the provider to request updated insurance information before an appointment, it is highly suggested that employees proactively update their providers with their new coverage details, prior to services rendered. Ultimately in this situation, our TBG Help Desk was able to assist by contacting the provider, as well as the carrier, to have the claims reprocessed accordingly.

Using the member I.D. card, enrolled employees can take charge of their coverage and fully make the most of all their plan has to offer. As always, our TBG Help Desk team stands ready to assist your employees should they have questions about how their claims processed, or with anything else that may arise.

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VOLUNTARY COVERAGE: MAXIMIZE YOUR BENEFITS

Employees can be given the opportunity to buy voluntary coverage or supplemental insurance in addition to the company's core employee benefits package. While it depends on the carrier and the plan, many voluntary benefits are available to both small and large organizations; some having no minimum participation requirements. Investing not only in your employees' overall health, but their futures, shows them that they are valued as employees and will attract and retain talent. Adding value to the benefits package also provides employees with peace of mind that they will have help with expenses should an unexpected health event occur without adding any extra cost to the employer.

Employees get the benefit of more affordable group rates and convenient payroll deductions, often using pre-tax dollars. There are many options available in the market today like Dental, Vision, Critical Illness, Accident, Hospital Indemnity, Cancer, Life, Voluntary Short-Term Disability, and Voluntary Long-Term Disability. As an organization, you can choose the benefits that will be paid directly by the employer. Then, employees can round out their coverages with additional benefits which gives them the power and control to determine what works best for them and their families. As there are a wide variety of supplemental insurance options to consider, our team at The Bottoms Group is ready to assist in any way that we can. We are committed to guiding employers with developing the most competitive employee benefits package.

FREQUENTLY ASKED QUESTIONS

HOW MUCH DO VOLUNTARY BENEFITS COST?

Cost can vary based on the type of product, age of the applicant, use of tobacco, and other factors. Voluntary benefits are designed to be affordable for a wide range of incomes.

ARE FAMILY MEMBERS ABLE TO GET VOLUNTARY BENEFITS?

Many voluntary benefits provide the ability to cover spouses and eligible dependent children.

ARE THERE AGE LIMITS FOR VOLUNTARY BENEFITS?

Each plan will have its own unique age requirements. These limits are designed to be flexible to allow employees the ability to apply for coverage.

CAN REMOTE WORKERS RECEIVE VOLUNTARY BENEFITS?

Yes, if they meet requirements of being full-time eligible employees.

WHAT IS GUARANTEE ISSUE?

The amount of insurance applied for without answering any health questions. Coverage amounts over the Guarantee Issue Amount will require evidence of insurability.

WHAT IS EVIDENCE OF INSURABILITY?

Evidence of Insurability, or proof of good health, may be required if you are a late entrant, have pre-existing conditions, and/or request additional coverage above the guarantee issue amount.

CAN I TAKE THIS INSURANCE WITH ME IF I CHANGE JOBS?

In the event the insurance ends due to a change in employment, or for certain other reasons, you may have the right to continue the insurance under the Portability or Conversion provisions, subject to certain conditions, as long as premiums continue to be paid.

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MEDICAL INSURANCE OPTIONS BASED ON GROUP SIZE

Every year, employers make the important decision to choose the best group benefit plan options to offer to their employees. Our office proactively markets the plan options in advance of the effective date and there are usually a variety of choices available based on the group's size. In the past, all new groups implementing a medical plan were required to complete individual medical applications to finalize rates. Due to the changes with Health Care Reform, the medical rates for group sizes 2-50 eligible employees are community rated based upon the age of those enrolled in the medical plan.

For groups with over 100 employees enrolled in the medical plan, many insurance carriers will offer claims experience data (premium paid vs. claims paid) and large claimant information. Alternate carriers will use the member level census for all employees and dependents enrolled in addition to the claim details from the incumbent carrier to create their final proposal. In the 100+ segment, carriers may offer rates on the Level Funded platform which would usually increase the premium. However, level funded options may offer a surplus refund to the client upon renewal if the claims are favorable compared to the premium paid.

Clients that have 50 – 99 enrolled, their options will also be medically underwritten. However, they will not always have claims experience data. Alternate carriers are typically able to use a quoting tool with the member level census to create their final proposal. Some carriers will offer level funding in this space. However, fully insured is usually the most competitive and preferred by the carriers.

Clients that have fewer than 50 eligible would receive community (ACA) rates based up on the employee and dependent ages for those enrolled. Level funded options are very common as many carriers can offer underwritten rates with the member level census, and the rates may be more competitive than the community rates. Most carriers will allow as few as 10 employees enrolled to offer underwritten level funded rates.

As we review client options as part of our due-diligence process, many clients prefer to see plan design options that are similar to their current benefits. We also typically present options that would reduce premium or options that would enhance their benefits so that our clients have a wide selection of options. Many insurance carriers will allow up to three medical plans to allow a base, buy-up, and premium-buy up option to their employees.

Most carriers are also offering discounts by bundling Dental, Vision, Life, Short Term Disability, or Long Term Disability. The discount to the medical premium can range from 0.5% to 4% depending on which lines of coverage are offered. Many times, the rates for those lines of coverage are competitive with the discount to the medical rates. The bundled savings with the ancillary lines are usually available for all level funded groups as well as fully insured groups with more than 50 enrolled (groups that are not community-rated). The Bottoms Group is always happy to help navigate the options to find the best solution for every client in each unique situation.