

It Benefits You Your Employee Benefits Newsletter

January 2021

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Welcome to the January 2021 Edition of “It Benefits You!”

One year ago, in the January issue of this publication, I wrote about what an incredibly busy benefits year 2020 was going to be. I cited the continued influx of a new generation of workers, the focus on pharmacy costs, and the efforts to develop transformative solutions to address escalating healthcare costs while encouraging healthy lifestyles. While present, all were overshadowed by the unprecedented COVID-19 pandemic challenges. For many employers, the 2020 focus quickly pivoted from traditional benefits concerns to fundamental business questions of if they will stay in business. For those able to stay in business, questions of employee layoffs, furloughs and how to ‘weather the storm’ while continuing to provide employees with access to healthcare and benefits programs, took priority. At the same time, other businesses were faced with very different challenges, as the pandemic shifted consumer needs overnight, resulting in challenges of rapid expansion.

Regardless of contraction or expansion, all businesses grappled with the logistical challenges of keeping employees safe either by managing a migration away from customary worksites, or keeping employees safe when their occupations required that they continue to work from traditional locations.

McGriff spent 2020 developing tools, resources, content, guidance and most importantly - providing assistance to address the unique challenges that 2020 presented. Concurrently, McGriff continued to develop solutions to proactively address the traditional benefit challenges.

As of this writing, it appears that while we still have significant pandemic related challenges in 2021, the ‘light at the end of the tunnel’ seems to be shining brighter. Vaccines and therapies have been developed in record time and a gradual return to a semblance of normalcy seems possible later this year.

We at McGriff are optimistic for what 2021 will bring and most of all, are thankful for the trust you have placed in us to partner with you. Thank you for allowing McGriff to serve you in providing employee benefits advisory and brokerage services, and we look forward to delighting you with our hard work, creativity, service and results in 2021.

Jon Trevisan
McGriff Employee Benefits
National Practice Leader



Upcoming Compliance Deadlines

January



Form W-2 Reporting of Employer-Sponsored Coverage

The ACA requires employers who issued 250 or more Forms W-2 in the preceding calendar year to disclose the aggregate cost of employer-sponsored coverage provided to employees on the Forms W-2.

March



MEWA Annual M-1

Multiple employer welfare arrangements must file their Form M-1 annual report by March 1 with the Department of Labor. This filing requirement applies to all MEWAs, including insured and self-insured arrangements.

March



IRS Transmittal of Forms 1094-B/1095-B & 1094-C/1095-C

An ALE must file Form 1094-C, as well as the 1095-C forms sent to all full-time employees, with the IRS by March 1, 2021 (since February 28 is a Sunday). A self-funded employer with under 50 full-time employees will file Form 1094-B, as well as the 1095-B forms sent to employees covered under the self-funded plan. (March 31, 2021 is the electronic filing deadline for employers filing 250 or more forms.)

March



IRS Form 1095-B/1095-C Due to Individuals

Pursuant to I.R.C. Section 6055, a self-funded employer (including level-funded) with less than 50 full-time employees must provide 1095-B individual statements to full-time employees covered under their group health plan. Pursuant to I.R.C. Section 6056, an ALE must provide 1095-C individual statements to full-time employees with specific information relating to each employee's offer of coverage for every month during the 2020 year. **The IRS issued Notice 2020-76 automatically extending the January 31 deadline to provide 1095-C forms to individuals. In addition, a small self-funded ALE does not need to automatically furnish 1095-B statements to covered individuals, but must provide upon request.*

Compliance Q & A with the McGriff Compliance Team: Classing Out Executive Benefits

Q: Our company would like to reward our executive team for their hard work during a very difficult year. We would like to pay a greater portion of the premiums for our group health plan for our executives than we pay for the rank-and-file employees. Can we do this? Are there any compliance repercussions?

A: When plan sponsors offer different benefits to, or make different contributions for benefits on behalf of, employees based on different classifications, there are several legal considerations to think about. These include the Internal Revenue Code Section 125 nondiscrimination rules, the Section 105(h) nondiscrimination rules if the health plan is self-insured, the Health Insurance Portability and Accountability Act (HIPAA) nondiscrimination rules, as well as various employment discrimination laws. Distinctions should be based on classifications used by the plan sponsor for its usual business practice, and should not favor highly compensated individuals. However, if the health plan is fully insured, it may be possible to implement a plan design where executives receive better benefits than rank-and-file employees if they are carved out of the Section 125 cafeteria plan. [Click here](#) to read more!



Employee Skills for the Post-Pandemic Workplace



As the COVID-19 pandemic abruptly changed workplaces, workers' skills have changed as well. Job skills were evolving before the pandemic, but it has prompted more change in a much quicker manner.

In fact, the number of skills required for a single job is increasing by 10% per year, according to Gartner data. In response, organizations should embrace a dynamic approach to reskilling talent in order to shift vital employee skills and help develop skills as they become relevant and necessary. Consider skills necessary to thrive in an organization, especially in relation to company modifications like remote work or operations changes.

As organizations move from their initial pandemic response plans to more sustainable operations, this article provides critical worker skills for companies to foster with both candidates and current employees.

The Skills

The skills mentioned in this section were important before the pandemic, but may not have been prioritized by many organizations. Consider pursuing and supporting the following proficiencies for potential and current employees:

- **Adaptability** - Just as an organization may have quickly adapted to new ways of working and communicating, the willingness and capability to adapt will rise to the top of desired employee skills. The goal for employees is to remain functioning even when forced out of their comfort zone. If employees can excel in those environments, even better. Encourage current employees to take on stretch roles to build this skill.
- **Communication** – Communication is not a new in-demand skill, but now needs to extend across platforms. Many organizations have deployed videoconferencing or collaboration tools to facilitate communication inside and outside the company. With employees working remotely, communication skills are critical for emails and virtual meetings. The goal remains to be effective and efficient, and valuable employees will be able to communicate clearly and concisely with all stakeholders. Communication is still happening, just through different channels.
- **Digital Capabilities** – As the world and workplace rely more on digital assets, digital skills—including programming,

design, writing and coding—will be even more vital to success. The workforce should evolve as well and be comfortable with digital platforms. Tying into the communication aspect above, an employee should be open to using digital communication platforms at work and know when to use certain platforms. Organizations may invest in a variety of digital platforms to facilitate communication among employees, clients, vendors and other stakeholders. Find what's relevant based on the company's industry, and focus on new digital tools and skills that best support the company, clients and co-workers best.

- **Emotional Intelligence** – Emotional intelligence (EI) is central to both personal and professional life. It's the capacity to differentiate, evaluate and respond while recognizing both one's emotions and the emotions of others. EI is often a sought-after skill for leadership roles, but it is relevant in today's workplace for all roles. Employees with higher EI typically navigate the workplace more effectively and are more resilient. The following components of EI can have a positive impact on a post-pandemic workplace:
 - Empathy is the ability to understand and feel for others, and therefore relate to them better.
 - Motivation is the ability to use internal resources to perform and strive toward goals.
 - Self-awareness is the ability to recognize and understand one's behaviors and emotions.
 - Self-regulation is the ability to be in control of one's emotions, and therefore responses.
 - Social skills are the ability to build and maintain relationships, manage conflict and work with others.

Organizations can seek out and hire candidates who strongly demonstrate these skills, but what can they do with their current workforce? Consider pushing current employees to convey or demonstrate these skills in order to leverage more work opportunities within the company. Depending on the role, that may be done through accomplishments or data. Just as organizational leadership can stay relevant by shifting to support market needs, the same flexible mindset should be present and practiced among the workforce.

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State Individual Mandates: Does Your Organization Have State Reporting Requirements?

If you have employees residing in California, Massachusetts, New Jersey, Rhode Island, or the District of Columbia, take note: While Congress repealed the IRS penalties associated with the Affordable Care Act's (ACA) individual mandate effective January 1, 2019, an increasing number of states have passed their own versions of this mandate, requiring residents to maintain qualifying health coverage or face a state tax penalty. What this means for employers is that in addition to any federal ACA reporting obligations, you also may have state reporting requirements:

Jurisdiction (with link to state website)	Distribution to Employees		Reporting to the State
California	What:	Federal 1095-B or 1095-C	Federal 1094/1095-B or 1094/1095-C
	When:	January 31, 2021	March 31, 2021 (no penalty through May 31, 2021)
Massachusetts	What:	Form MA 1099-HC	Form MA 1099-HC
	When:	January 31, 2021	January 31, 2021
New Jersey	What:	Federal 1095-B or 1095-C or State NJ-1095	Federal 1095-B or 1095-C or State NJ-1095
	When:	March 2, 2021	March 31, 2021
Rhode Island	What:	Federal 1095-B or 1095-C	Federal 1095-B or 1095-C or State File
	When:	March 2, 2021	March 31, 2021
Vermont	Individual Mandate but currently no employer reporting requirement		
District of Columbia	What:	Federal 1095-B or 1095-C	Federal 1094/1095-B or 1094/1095-C
	When:	March 2, 2021	April 30, 2021

Employers should proactively assess whether they have employees residing in a state with an individual mandate and carefully determine whether they have state-specific obligations. For fully-insured plans, the health coverage provider (insurer) will often complete this reporting on behalf of the employer. However, it is ultimately the responsibility of the employer to ensure compliance, so it is important to confirm the state's specific requirements and the insurer's role well in advance of the filing deadlines. Self-funded employers are responsible for their own state reporting. As more states follow suit in enacting state individual mandates, employers should continue to watch for additional guidance.

Christy Showalter, JD

McGriff Employee Benefits
Compliance Officer





What is the Most Important Feature of a Wellness Program?

When it comes to promoting better health in the workplace, there is no shortage of solutions, products, and confusion. The options can start to sound like a Dr. Seuss book: There are programs for eating, exercise, stress, and naps; there are programs in person, by phone, and even on apps. While all of these things are important pillars for a program, the most overlooked and important aspect to include in a wellness program is not about incentives, challenges, or a new solution. The most important feature is simply, intention.

While intent and meaningful outcomes are the driving force behind investing in a program, they can be lost in the shuffle. Being intentional with the overall strategy and the program components helps to drive a goal and purpose, making more effective use of the invested time and funding. Saving money on healthcare costs or improving health are general end goals, but being purposeful creates a better overall strategic direction. For example, instead of a broad focus of “I want our employees to have lower health care costs”, frame it as “I want our employees to become more invested in their own health and to have the resources and motivation to become healthier”. With this focus, you can evaluate the pieces and parts and determine if they fit the overall intent vs. following a formula that might not work.

Here are some examples of how to promote a more intentional approach to workplace well-being:

Initiatives and activities fulfill a purpose and not a checkbox

Administering a wellness program on top of the many other duties and responsibilities of human resources can be understandably daunting. It can be tempting to wash, rinse, and repeat the same campaigns and activities every year. But, are these activities continuing to make an impact? For example, biometric screenings and health risk assessments

may help employees initially become aware of their health status, but after a few years, they can become transactional to achieve an incentive, without any change or action the other 364 days of the year.

The environment matches the intended goals

Managing weight and chronic conditions amounts to the small things done every day, over time. While one-time events can help promote enthusiasm and motivation, it is important to support on an on-going basis through behavior change. Willpower tends to ebb and flow, but habits shape outcomes. Make sure the healthier choice is the easier choice (keeping unhealthy foods at a minimum in the workplace, and promoting daily walking and stretching breaks).

The policies match the intended goals

Behavioral health and stress management solutions are trending, but oftentimes workplace policies can contribute or detract from the results. Low work/life balance not only interferes with mental well-being, but it can also contribute to decreased morale, poor lifestyle choices, relationship stress, loneliness, and decreased health status. Unused PTO or working during PTO, long commutes, overly taxing workloads, and inescapable stress are counterproductive to creating the space needed for healthy habits to take root.

You can put yourself in their shoes

One of the most simple and important questions to ask yourself before implementing an initiative, is “Would I engage in this program if that was my situation? Would this be useful?” For example, watching a short video on a condition might be required to gain an incentive, but will it impact behavior? Is it providing any information that was not already known?

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Abandon the carrot or stick mentality

People can be both predictable and baffling in their behaviors, and boiling motivation down just to reward or punishment can be limiting. Neither of these can replace intrinsic motivation, which can change over time and differ from person to person. Ultimately people make choices based on their habits, and those habits are based on their currency—what is valuable and meaningful to them. Encouraging small, frequent rewards and understanding what people value can help create a better incentive structure. If time is their currency, consider how flexible work schedules or personal care days can help promote making healthier choices. Also, evaluate programs and initiatives

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that allow everyone the opportunity to improve their health (including spouses) in the areas where they need the most help (physical, mental, social, and emotional health).

Navigating the world of workplace wellness can be an overwhelming experience, with many considerations from engagement to compliance. Being intentional with initiatives can help provide a view of the forest through trees. Remember, as Dr. Seuss said, “sometimes the questions are complicated and the answers are simple”.

Katie O'Neill

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API: The Future of Benefits Administration Technology for HR Professionals

For almost two decades, Application Programming Interface (API) has been simplifying the lives of consumers. The convenience we take for granted in the online and mobile experiences of Amazon, Expedia, and Uber, for example, exists only because of the two-way, real-time communication between disparate systems made possible by API.

Even the banking industry recognized the value of API and created the near-instant transfer of funds between parties through services such as Zelle. And while they have been resistant in the past, benefits administration (ben admin) technology vendors, payroll providers - and most recently, insurance carriers - are now also finally embracing API. This will have a significant impact on the ben admin technology experience of HR professionals in the near future. Below are just a few practical areas where the impacts will be felt.

Implementation of Ben Admin Platforms

Anyone who has ever “endured” the implementation process of a typical, standalone ben admin technology platform knows the pain of pre-populating the new platform with employee and dependent census information, as well as their existing benefit elections. It usually requires gathering this information via reports from their payroll/HRIS systems, in addition to their carrier benefit reports - and then manipulating these reports into a specific format the new benefit platform can import.

This process not only requires sufficient levels of technical sophistication on the part of the HR person submitting the data, but is also time-consuming and ripe with risk for data errors and discrepancies which need to be researched and resolved. Establishing API connectivity between these previously segregated systems will transform the implementation experience by:

- Eliminating the need for HR to manually manipulate employee census data from a prior ben admin, payroll, or HRIS system for import into the new one, since the systems will communicate electronically in real-time.
- Reducing the number of discrepancies, since the data will be delivered timely and directly between the systems themselves.
- Introducing automated data validation via two-way communication of the disparate systems and API middleware.
- Condensing the overall implementation timeline as a result of the above.



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Data Synchronization of Segregated Systems

The current standard of one-way, weekly EDI (Electronic Data Interchange) file feeds flowing from payroll, ben admin technology, and insurance carrier systems typically creates at least a seven-day lag of data updates between them. That means, in reality, these systems are never truly synchronized on any given day. However, when an API integration is built between a payroll and ben admin platform:

- New hires, demographic changes, status changes and payroll deductions in both systems will be synched daily.
- Duplicative data entry by HR into the two systems will be eliminated.
- Similarly, when an eligibility API is established between ben admin and carrier systems:
- The “access to care” issues that arise due to the EDI file delay will be in large part eradicated.
- Qualifying life events (QLEs) will be processed much quicker.

Billing Reconciliation

The above-mentioned data synchronization lag between payroll, ben admin technology, and carrier systems is also responsible for the burden of billing reconciliation and calculating/collecting retro premiums. Introducing API will mean, for example, when employee terminations are entered in payroll, they will simultaneously appear in the ben admin and carrier systems. Similarly, when benefit elections are added or changed in the ben admin platform, updates to eligibility in carrier systems and deductions in the payroll system will also process the same day. This will lead to a precipitous decline in the need for reconciliation and retro deductions.

EOI Management

Benefits such as group life and disability are attractive to employees, especially since employer-provided options often come with lower premiums and simpler underwriting. However, when employees choose amounts in excess of the Guaranteed Issue (GI) amount, they may still need to complete Evidence of Insurability (EOI) documentation. The management of the EOI process by HR professionals is a time drain that includes chasing down employees to complete paper forms that have to be forwarded to the carrier, awaiting underwriting decisions, manually updating the ben admin and payroll systems, etc.

An EOI API between a carrier and ben admin system means the EOI submission is handled in real-time by the employee during their online enrollment experience, and underwriting decisions and coverage changes from the carrier are electronically fed back into the ben admin and payroll systems - removing HR from this task almost completely.

There are many more implications of this technology for HR and benefits, such as real-time flexible spending account balances in the ben admin portal, automated claims initiation, and employee access badge termination triggered simply by a status change in a ben admin system. API's ability to allow segregated systems to communicate with each other in real-time will allow HR professionals to integrate their best-in-class HRIS, payroll, ben admin, and insurance provider systems into an automated ecosystem that is more efficient than ever before.



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New SBC Template Required for 2021

The Affordable Care Act (ACA) requires both grandfathered and non-grandfathered health plans and health insurance issuers to provide an SBC to applicants and enrollees, free of charge. The SBC must be produced in accordance with the applicable template. Form language and formatting must be precisely reproduced, unless instructions allow or instruct otherwise. Unless otherwise instructed, the plan or issuer must use 12-point font (as required by federal law), and must replicate all symbols, formatting, bolding and shading.

The DOL and HHS issued the updated SBC template and related materials on Nov. 8, 2019. Plans must start using the new template beginning on the first day of the first open enrollment period for any plan years (or, in the individual market, policy years) that begin on or after Jan. 1, 2021, with respect to coverage for plan or policy years beginning on or after that date.

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Think^{HR}

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We are excited to bring you ThinkHR – a robust web-based resource with live advisors, reliable content and interactive technology solutions that provides an end-to-end People Risk Management solution! If you are involved with HR compliance or employee issues at any level, this will be another valuable benefit from your trusted McGriff team that can save you time and money.

Join us on **January 19, 2020 at 2:00pm EST** for a brief overview of ThinkHR and its benefits available to you as a client of McGriff. [Click here](#) to register!

Employee Wellness and Safety: A Merging Partnership

Musculoskeletal disorders, depression, diabetes, and many other common conditions are top cost drivers for clients on their medical claims. But, did you know that they also contribute to their bottom line through workers' comp claims? On this recorded webinar, Sonya Conner, Healthcare Risk Management consultant, and Katie O'Neill, Clinical Wellness Practice Leader, discuss the data and strategies to help companies save money overall through an integrative approach. To listen to this recording - [click here!](#) (password: DfxUCJ*3).



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