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EMPLOYEE BENEFIT SOLUTIONS

It Benefits You

Your Employee Benefits Newsletter

July 2024

In This Issue:

Building Strong Foundations – Employee Benefits Compliance

July 18 | 2:00 p.m. EDT | 1.0 PDC SHRM/HRCI

Register

Get ready to build a strong foundation of compliance and ensure solid construction of your employee benefit plans! You're invited to join attorneys from the McGriff Employee Benefits Compliance Team who will provide practical compliance tips for avoiding fiduciary challenges to ERISA plan administration and discuss recent updates impacting employer-sponsored benefit plans, including regulatory changes to HIPAA, the ACA's nondiscrimination rules, Medicare Part D coverage creditability, and more.

Our experts will equip you with the tools and knowledge to handle these legislative and regulatory changes as well as upcoming compliance deadlines.

Presented by: *McGriff Employee Benefits Compliance Team*

Christy Showalter, JD
McGriff Senior Employee Benefits Compliance Officer

Stephanie Raborn, JD
McGriff Employee Benefits Compliance Officer

Upcoming Compliance Deadlines

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PCORI Fee Deadline

If an employer sponsors a self-insured health plan, including a level-funded plan or an employer-sponsored HRA, the ACA requires the employer to submit the annual Participant-Centered Outcomes Research Institute (PCORI) Trust Fund Fee. Plan sponsors must report and pay the PCORI fee using IRS Form 720.

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Form 5500 Filing Deadline (Calendar Year Plans)

Generally, a Form 5500 must be filed no later than the last day of the seventh month after the end of the plan year for ERISA pension and welfare benefit plans. For calendar-year plans, the deadline is July 31. With few exceptions, an employer must file a 5500 if any of its ERISA benefit plans had 100 or more covered participants on the first day of the plan year.

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Summary Annual Report (Calendar Year Plans)

If an employer is required to file a Form 5500, then it must also provide a summary of the information in the Form 5500 to plan participants in the form of a summary annual report (SAR). Generally, the plan administrator provides the SAR within nine months of the close of the plan year – for calendar year plans, that deadline is September 30, 2024. However, if an extension to file Form 5500 is obtained, then the plan administrator must furnish the SAR within two months after the close of the extension period.

*Plans that are exempt from the annual 5500 filing requirement are not required to provide a SAR. Completely unfunded health plans are also generally exempt from the SAR requirement.

Healthcare Landscape: A Focus on Diabetes

As the healthcare landscape has evolved to value-based care, employers, payers and pharmacy benefit managers (PBMs) have implemented new strategies to improve quality of care and affordability. Ninety percent of the nation's $3.5 trillion in annual health care expenditures are for chronic and mental health conditions.[1]

Who really controls your drug spend? It is not the PBM formulary alone, nor is it providers or hospitals. Looking across all stakeholders, we should begin and end with each patient's individual journey. Their genetic code. Their lifestyle choices, especially smoking, eating a healthy diet, and exercise. Each individual makes decisions like these that can help prevent diabetes and heart disease. That's why, now more than ever, it is imperative that healthcare is focused on the patient journey.

Educating and empowering individuals to take better control of their health starts with engagement and a comprehensive approach that considers both affordability and quality of care. Engaging them early in the journey is vital to prevent disease progression and comorbidities that will ultimately be much more costly if left untreated.

More than 37 million people in the United States have diabetes, representing 12% of the population. Predictive modeling indicates that 8 million people are undiagnosed. Due to lifestyle choices, it is estimated that 96 million adults have pre-diabetes, representing over 35% of the adult U.S. population.[2]

(Continued...)

A newly diagnosed patient with Type 2 diabetes will incur an average annual healthcare spend of $25,000. If not well controlled with first line medication and lifestyle changes, patients can progress to more expensive self-injectables that cost as much as $40,000 per year. If insulin is added, the cost doesn't increase significantly. But it does indicate disease progression, specifically microvascular and macrovascular damage that can cause poor blood circulation, damage to the retina, heart disease, stroke, kidney failure and amputation of feet or legs.[3]

Heart disease is the No. 1 cause of death in the U.S., according to the Centers for Disease Control and Prevention. Nearly 860,000 Americans die every year from heart disease and stroke combined, representing one-third of all-cause mortality. The cost of care for these diseases is a significant burden, costing our health care system $200 billion per year and resulting in an additional $130 billion in lost productivity for employers.[3]

Patients with diabetes are typically treated with drugs to manage their blood glucose (sugar). Consideration should also be given to managing their triglycerides (the most common type of fat) and cholesterol.

Standard treatment guidelines include close monitoring of cardiovascular disease, and many patients are placed on a drug such as an ACE inhibitor to control their blood pressure and improve blood circulation. This is vital to ensure adequate blood circulation to their kidneys and lower extremities (legs and feet).

The year 2021 marked the 100th anniversary of the discovery of insulin, a lifesaving therapy for millions of people. Insulin prices have increased 600 percent over the last 20 years causing many consumers to be at risk of non-adherence due to cost.[4]

Solving the Affordability Issue - Legislation Influence

The Inflation Reduction Act, a spending package Congress approved in 2022, capped insulin out-of-pocket costs at $35 for Americans with Medicare.

This does not apply to consumers with commercial insurance plans who may pay the full price for medications under high-deductible plans. For these individuals, out-of-pocket expenses can be $1,000 or more a month on insulin alone.[5]

Eli Lilly, a manufacturing pioneer in diabetes treatments, recently announced a 70% cost reduction for two of its most popular insulin products, Humulin and Humalog, for uninsured patients and those with private health insurance. Lilly also reduced the price for its generic lispro from $126 to $25 a vial. These price reductions are expected to improve medication adherence since individuals will be better able to afford them. These changes follow efforts by the federal government, the California state government, non-profits and some companies to make insulin more affordable for the more than 7 million Americans with diabetes who require it.[6]

Lilly's actions have placed significant pressure on their competitors, Novo Nordisk and Sanofi. Making their insulin more affordable to cash-paying patients will encourage pharmacies like Mark Cuban's Cost Plus Drug Co. and Blueberry Pharmacy to add them to their low-net-cost formularies.[6]

CivicaRx, a non-profit drug manufacturer owned by several Blues plans, intends to manufacturer affordable insulins in 2024. Civica will produce three insulins: glargine, lispro and aspart, which are comparable to Lantus, Humalog and Novolog, respectively. They will be available in vials and prefilled pens. Civica plans to set a recommended price of no more than $30 per vial and no more than $55 for a box of five pen cartridges, a significant discount to prices charged to uninsured individuals today. Their policy for pharmacies and others who choose to distribute Civica insulins reflects its philosophy that prices to consumers should be fair, reasonable and transparent, and no higher than the public, recommended price.[7]

RESOURCES AND REFERENCES

1. https://www.cdc.gov/chronicdisease/about/costs/index.htm
2. The Facts, Stats, and Impacts of Diabetes | CDC
3. American Diabetes Association. Economic Costs of Diabetes in the U.S. 2018;41(5):917-928
4. Prevalence and Correlates of Patient Rationing of Insulin in the United States: A National Survey | Annals of Internal Medicine (acpjournals.org)
5. JAMA Health Forum – Health Policy, Health Care Reform, Health Affairs | JAMA Health Forum | JAMA Network
6. Eli Lilly Will Cap Insulin at $35: What to Know (healthline.com)
7. Civica to Manufacture and Distribute Affordable Insulin - Civica Rx

OSHA Regulatory Updates and New Resources: McGriff Webinar Opportunity

July 25 | 2:00 p.m. EDT | 1.0 PDC SHRM/HRCI

OSHA and other federal agencies are constantly updating their standards and regulatory requirements. It isn't enough to simply be aware of OSHA's safety standards, but you also need to ensure that your employees are trained and ready to adhere to their requirements.

Join us as we provide an overview of the following major regulatory changes:

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- OSHA's Top 10 Most Frequently Cited Standards from Fiscal Year 2023
- OSHA Penalty Amounts for 2024
- Final Rule for the 2024 Recording, Keeping and Reporting Requirements
- What's on OSHA's Radar?
- New resources from OSHA

HR Q&A with Mineral!

Question: Do we need to tell employees when employment laws change?

Answer: Possibly. As the employer, you need to stay up to date on legal changes that affect your organization, and your leadership team, managers, human resources, and payroll departments should be kept aware of any new legal requirements or rights that will apply to them or their employees.

On the other hand, non-managerial employees only need to be informed about changes to the law when notice is legally required. If there s no requirement, whether to update employees is up to you. Still, making employees aware of their rights is usually a best practice. If they're aware of what they're entitled to, they'll often keep their manager or employer honest by demanding it, which could ultimately save you a lawsuit down the road.

Finally, if a change in the law impacts your policies, be sure to update your handbook and have your employees sign off on it. More widespread understanding of the new law will help foster compliance, and employee signatures will help show that they were made aware of the policy change and any new rights or responsibilities.

This Q&A is brought to you by our strategic partners at Mineral.

Did You Know?

In 2023, Mineral helped over 400 clients create handbooks using the Smart Handbook Builder!

As a McGriff Employee Benefits client, you have access to the Mineral Smart Handbook Builder – a customizable Handbook builder with federal and state-specific content and policy update alerts when changes are necessary or recommended. This resource allows employers to create, maintain and manage their employee handbook with ease.

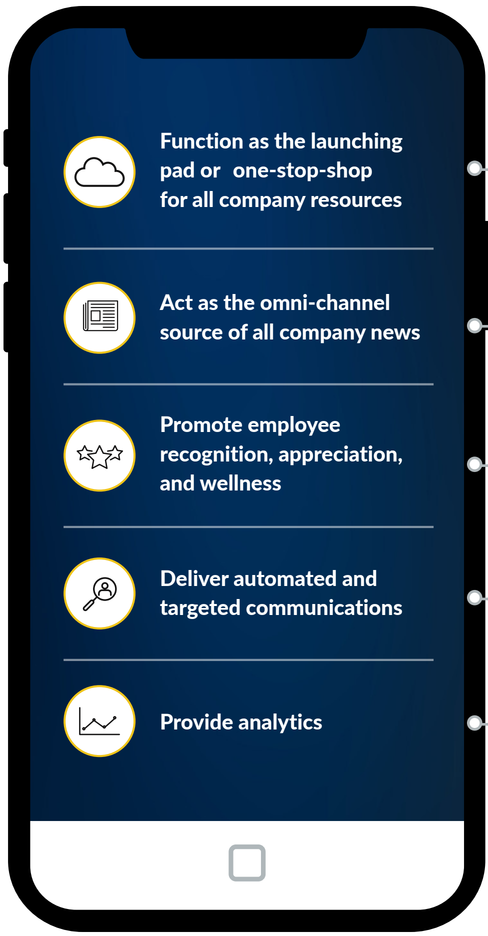
If you are involved with HR compliance or employee issues at any level, Mineral is another valuable benefit from your trusted McGriff team that can save you time and money. Join us for an overview of Mineral and all the resources available to you as an employee benefits client of McGriff.

Monthly Mineral Demonstration | July 16 | 12:00 pm EDT

Register

Key Features of an Effective Employee Mobile App

Companies considering deploying an employee mobile app to improve their company culture, communication and employee engagement should look for solutions that:



Function as the launching pad or one-stop-shop for all company resources such as payroll, ben admin and learning management systems; 401(k), FSA/HSA and benefit carrier portals; and other programs such as telemedicine and disease management solutions. This reduces the number of apps employees must remember to use, and increases utilization of your company app. According to a 2021 study by Sapient Insights Group, the number of HR solutions the average organization uses is more than 16.[1]

Act as the omni-channel source of all company news. Workforce composition continues to shift towards generations accustomed to receiving communications on their phones via text, social media, and push notifications rather than email. According to data from Statista, 70% of Gen Zers regularly consume news via social media[2]. As a result, it is critical that the mobile app selected includes interactive features such as social media styled messaging boards to improve utilization. Choosing a solution that is omni-channel (computer, tablet, mobile phone, etc) is essential in making your app effective as the primary source of communication, regardless of employee demographics.

Promote employee recognition, appreciation, and wellness. According to a survey by StudyFinds, 63% of workers feel unappreciated, 46% have left a job because they felt unappreciated, and 65% admit they'd work harder if they felt appreciated on a daily basis[3]. Therefore, incorporating employee recognition and appreciation into your employee app is a critical aspect of improving employee morale and productivity. Additionally, apps with features such as wellness and healthy eating challenges provide ways to improve employee engagement and company culture.

Deliver automated and targeted communications. The ability to send messages to specific groups of employees helps prevent app fatigue and improves read rates. Automated messages that celebrate life events such as birthdays and anniversaries improve employee retention. According to a survey by Workhuman, 43% of employees are more likely to be highly engaged if their organization celebrates life events.[4]

Provide analytics. This feature is crucial in gauging the effectiveness of your communication strategy and facilitates the ability to make strategic adjustments.

Kisha Moliere
McGriff Vice President & National Practice Leader
Benefits Administration Technology

1. Human Resource Executive: HR tech Number of the Week: HR Systems overload https://hrexecutive.com/hr-tech-number-of-the-week-hr-systems-overload/
2. Frequency of using social media a source of news in the United States as of August 2022, by generation https://www.statista.com/statistics/1124159/us-generational-social-media-news/
3. Study Finds: Survey: 59% of people have NEVER had a boss who 'truly appreciates' their work https://studyfinds.org/workers-feel-underappreciated-by-boss/
4. WorkHuman:The Evolution of Work: Finds from the WorkHuman IQ Spring 2023 International Survey Report https://assets.ctfassets.net/hff6luki1ys4/5WE1Fbx3cU4Rg96Cbldqcw/3ec5c7e90e31b9f80af1ce6819884635/the-evolution-of-work-report-the-value-of-an-employee-first-culture-emea.pdf

What to look for in a TPA for your Flexible Benefits and COBRA Administration

It may seem as if all third-party administrators (TPAs) are essentially the same, but, surprise, they aren't! A flashy website can make a subpar TPA look and sound great, but what truly matters is how well the TPA does what it is entrusted to do. This article highlights important considerations beyond first appearances when selecting a vendor. Assumptions can be dangerous and costly for your company. Do you know what to look for in a TPA and what questions to ask?

A quality TPA should provide employers with solutions that:

- Limit liability and avoid lawsuits
- Help them avoid costly fines and penalties for non-compliance with complex regulations
- Streamline processes, save time, and provide internal workload relief
- Manage regulatory changes and related communication
- Manage employee requests and customer service needs
- Provide compliant, up-to-date educational resources for employers and employees
- Ensure safe and proper handling, storage, and reporting of confidential, protected health data

When selecting a TPA, consider the following:

Expertise and Experience
Because flexible benefits and COBRA are subject to frequent updates with legal intricacies, working with subject matter experts is of vital importance. The most reputable TPAs tend to have a close relationship with the Employer's Counsel of Flexible Compensation (ECFC), a leading non-profit dedicated to maintaining and expanding employee benefit programs on a tax-advantaged basis. It is a good sign if numerous folks at a given TPA have obtained ECFC certification and hold ECFC credentials. Ask questions about the TPA staff, including years of experience, and certifications, especially from the ECFC. Ask how they monitor and communicate with clients about evolving legislation and requirements.

Compliance
Dig into their compliance ratings and regulatory expertise by asking for their System and Organization Controls (SOC) rating. Only work with a vendor that strictly adheres to IRS rules. There are TPAs that openly promote rule-bending, which doesn't affect them but can absolutely hurt your company if audited. A quality TPA will likely call attention to their SOC rating and wear it like a badge of honor. A quality TPA will not cave to pressure and will follow IRS guidelines.

Agreements
Look beyond the monthly administration fee. It is common to uncover hidden fees in the fine print of an agreement. Understand exactly what your company will be held responsible for. Be wary of so-called "free" COBRA administration. Does that mean the TPA has no obligation to stay up to date on fast-moving compliance changes or provide help when there's a dispute? Also, what kind of service can you expect in return for "free" COBRA administration? Are you prepared to shoulder hefty fines from both the IRS and the Department of Labor, not to mention potentially costly lawsuits, if the TPA fails to assume responsibility for everything they should be doing for you? (Note: "Free" is not to be confused with the service fees your broker is paying for.)

(Continued...)

Technology and Data Management
Look for a company that uses a reputable platform with software that integrates with yours. A streamlined enrollment process is vital for seamless onboarding. A digital document trail also protects your company and provides proof that deadlines were met. Ask about their claim management software and if data analytics are offered for detailed insight. Request a demo to see how user-friendly the platform really is.

Customer Service and Account Support
Choose a vendor that prioritizes customer service and has the evidence to prove it. This can vary widely among vendors so check to see if their capabilities will be a good fit for your company. Ask them to walk you through several service scenarios to gain a better understanding and establish expectations.

When it comes to vendor support for your own internal service needs, know what to expect. Will you have a dedicated account manager or specific contact or will you call a generic help line? If you needed help from your current TPA, would you know how to reach someone for a same-day response?

As you do your due diligence when selecting a TPA, look beyond price and ask probing questions.

Holly Murrah
McGriff MEBS Flex TPA
Business Development Executive

Weathering the Storm

2023 was a historic year of U.S. billion-dollar weather and costly climate disasters according to NOAA s National Centers for Environmental Information (NCEI). 2023 surpassed the previous record of 22 weather and climate disasters in 2020 with 28 causing at least $92.9 billion in damages. This annual cost is likely to rise by several billions when the December 16-18 East Coast storm and flooding event that impacted states from Florida to Maine is fully accounted.

As always, education and preparation for these disasters are important to staying safe, minimizing your loss and protecting properties and businesses.

McGriff has developed a guide to assist our valued McGriff clients in preparing for, responding to and recovering from a severe weather event.

Click Image to Access the Guide

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