It Benefits You

Your Employee Benefits Newsletter

March 2025

In This Issue:

Beware the Ides of March...

In 44 BC, a seer warned Julius Caesar that harm would come to him no later than the Ides of March. When the morning of March 15 arrived with no disasters, Caesar remarked to the seer, “The Ides of March have come.” The seer promptly replied, “but not gone.” Unfortunately for Caesar, the seer was proven right. Caesar met his fateful end that day and died on the steps of the Theatre of Pompey at the hands of Roman senators.

Some days should be marked on your employee benefits compliance calendars and anticipated with awareness, but not fear. With McGriff as your trusted employee benefits partner, these days will come and pass without Caesar-size repercussions! Creating a strategic plan to meet reporting and notice deadlines will save you time, trouble, and money by avoiding potential penalties. Your McGriff Benefits Consultants can help you start planning now to avoid problems later. Heed the warnings and plan in the present, so you don’t dread the future!

McGriff Reporting and Disclosure Guide

Appropriate and timely disclosures to your employees reduce your risks and improve employee satisfaction with their benefit plans. The McGriff Reporting and Disclosure Guide outlines many of your disclosure requirements relative to ERISA, COBRA, HIPAA, the ACA and other federal laws.

The guide looks at each requirement and summarizes:

- When action must be taken
- Who the requirement affects (e.g., recipients)
- The options for delivery
- The impact on Small Groups (e.g., groups with 50 or fewer employees)
- Whether the requirement affects government employers

Click here to learn more about each of the reporting and disclosure requirements!

Upcoming Compliance Deadlines

March
3

March 3: Furnish Forms 1095-B/1095-C to Individuals

A self/level-funded employer with fewer than 50 full-time employees must provide 1095-B individual statements to covered employees. An Applicable Large Employer (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 of the 2024 year.

*Paperwork Burden Reduction Act: Employers are no longer required to send Forms 1095-B or 1095-C to employees/covered individuals unless a form is requested. The Act requires employers to give clear and conspicuous notice of this option in a timely manner. Notice must be posted on an accessible website by March 3 and be retained until October 15, 2025. The notice must include an email address, address and phone number to which a request may be made. If employees request a form, the employer must provide it within 30 days of the request, or by January 31, whichever is later.

March
31

IRS Transmittal of Forms 1094-B/1095-B and 1094-C/1095-C (Electronic Filing)

A self-funded employer with fewer than 50 full-time employees must file Forms 1094-B/1095-B with the IRS. An ALE must file Forms 1094-C/1095-C. The IRS has now lowered the 250-return threshold for mandatory electronic reporting to 10 returns. This means almost every employer is now required to complete their ACA reporting electronically. Filers can request an automatic 30-day extension to file the forms with the IRS by submitting Form 8809, Application for Extension to File Information Returns, on or before the due date.

2025 Federal Poverty Levels Impact Employer 'Pay or Play' Affordability Calculations

Employers have three optional IRS-approved safe harbors to show they're offering affordable, minimum-value coverage sufficient to comply with the Employer Shared Responsibility mandate: the federal poverty line (FPL), W-2, or rate of pay.

The FPL safe harbor measures affordability based on IRS federal poverty guidelines for a single individual. The 2024 FPL, which was $15,060, must be used for calendar year plans beginning Jan. 1, 2025. For any 2025 non-calendar year plan, the 2025 FPL may be used.

The U.S. Dept. of Health and Human Services recently released the federal poverty level guidelines for 2025, setting the FPL for an individual at $15,650 in the 48 contiguous states and Washington, D.C.

McGriff's Compliance Q&A: 2025 ACA Affordability Safe Harbors sets out the allowed monthly employee premiums that meet the FPL, as well as the other available affordability safe harbors.

Pharmacy Benefit Best Practices for 2025

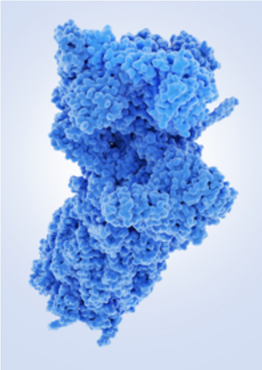
As the pharmacy benefit landscape continues to evolve, plan sponsors must adopt innovative strategies to ensure effective cost management while prioritizing patient outcomes. Specialty medications will continue to drive 40% to 60% of total drug spend under the pharmacy benefit. Utilization of GLP-1 drugs like Ozempic will continue to drive costs for diabetes and weight loss management. The following best practices outline critical areas for pharmacy benefit management (PBM) optimization in the year ahead.

1. Emphasizing Value-Based Contracts

Value-based contracts are at the forefront of modern PBM strategies. These agreements tie reimbursement to clinical outcomes, ensuring that medications deliver measurable value to patients. By aligning incentives among manufacturers, payers, and providers, organizations can better manage high-cost specialty drugs and improve adherence rates. Enhanced data sharing and analytics tools are crucial to tracking patient outcomes and negotiating contracts that favor quality over volume.

2. Comprehensive Specialty Drug Management

The Centers for Medicare and Medicaid Services expects prescription drug spend to be the fastest growing health care expense over the next decade. In fact, $0.40 of every dollar spent on healthcare in the US is for drug



therapy. With the rise of personalized medicine and gene editing therapy, drug spend will continue to increase and likely reach $600B this year. Specialty drugs continue to drive pharmacy spending, with costs projected to comprise over 60% of total drug spend in 2025. High cost specialty medications are driving an average trend increase of 2.3%. This trend is also expected to continue as most employers are seeing specialty drug costs account for over 50% of total drug spend under the pharmacy benefit.

PBMs must implement robust specialty drug management programs, including formulary tiering, prior authorizations, and site-of-care optimization. Home infusion therapies and biosimilar adoption are key strategies to reduce costs while maintaining quality care.

Additionally, partnerships with specialty pharmacies allow for better patient support and adherence tracking.

3. Leveraging Artificial Intelligence and Predictive Analytics

AI and predictive analytics play an increasingly vital role in pharmacy benefit management. Advanced algorithms enable real-time analysis of prescribing trends, adherence patterns, and patient risk factors. These insights allow PBMs to personalize interventions, identify cost-saving opportunities, and prevent potential adverse events. Predictive modeling also supports population health initiatives by targeting high-risk members for tailored medication management programs.

4. Prioritizing Transparency in PBM Practices

Regulatory changes and employer demands have amplified the call for greater PBM transparency. In 2025, best practices include clearly disclosing rebate structures, administrative fees, and formulary decision-making criteria. Transparent partnerships foster trust among stakeholders and empower plan sponsors to make informed decisions. Additionally, implementing pass-through pricing models ensures that employers benefit directly from negotiated savings.

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30%
of every health care dollar is for drug therapy

56%
of all pharmacy spendis on speciality drugs

50%
of FDA drug approvalsare for cancer therapies

$216K
is the averge cost of newly approved FDA drugs

5. Expanding Access to Digital Pharmacy Tools

Digital tools, such as mobile apps and online portals, enhance member engagement and streamline prescription management. In 2025, successful PBMs offer platforms that provide price transparency, refill reminders, and adherence tracking. These innovations support better health outcomes while addressing member convenience.

6. Enhancing Health Equity in Pharmacy Benefits

Addressing health disparities is an area of critical focus in 2025. PBMs are adopting policies that eliminate access barriers, such as high copays and restrictive formularies, for vulnerable populations. Culturally competent care and language-specific resources ensure that diverse member groups can navigate their pharmacy benefits effectively. These measures not only improve health equity but also reduce long-term healthcare costs by preventing complications.

7. Proactive Management of Regulatory Changes

As regulations evolve, PBMs must remain agile in adapting their practices to comply with new mandates. Monitoring federal and state-level policies is essential to ensure timely adjustments to formularies, benefit designs, and reporting requirements. Proactive compliance efforts minimize disruptions and safeguard plan sponsors from potential penalties.

8. Focusing on Mental Health Medication Access

The growing emphasis on mental healthcare has led PBMs to prioritize coverage for antidepressants, antipsychotics, and other behavioral health medications. Integrating these therapies into broader care coordination efforts helps improve adherence and outcomes for patients with mental health conditions.

Conclusion

In 2025, pharmacy benefit best practices hinge on innovation, transparency, and member-centric care. By leveraging technology, managing specialty drug costs, and addressing health equity, PBMs can balance cost containment with improved patient outcomes. These strategies position organizations for long-term success in a rapidly changinghealthcare environment.

Denise Cabrera
McGriff National Pharmacy Practice Leader

Sources:
NHE Fact Sheet | CMS
Drug prices in the U.S. - Statistics & Facts | Statista
The high costs of anticancer therapies in the USA: challenges, opportunities and progress | Nature Reviews Clinical Oncology

Cooking Up a Compliant Benefits Strategy

March 20 | 2:00 pm EDT | 1.0 HRCI/SHRM PDC Pending

Join us as we serve up the recipe for employee benefits compliance success! We'll warm up with recent legislation, offer some key ingredients for staying on top of regulatory requirements, and dish out tips to avoid costly compliance mistakes. Your McGriff EB Compliance Team will provide you with sharpened tools and resources to keep your benefits plans stirring smoothly throughout the year.

Register

We are pleased to bring you webinars throughout the year featuring our internal experts and valued partners. Click here to see what topics we'll be covering in 2025!

How to Get Employees to Read the Messages You Send Them

It's Tuesday. You've just spent two hours drafting an email to employees explaining an immediate policy change and what steps they need to take. You hit send. You post the same information on your messaging platform. A few employees reply with questions. A couple send you a note of thanks. Rebecca responds with the custom heart emoji she always uses. Then Friday morning rolls around and one of your managers DMs you, saying, "Heard a rumor about a new policy change. What's the deal with that?"

That manager clearly didn't read your message. Others didn't either, no doubt.

It's frustrating, but understandable. Communication is hard, especially in environments where there's a lot of it. Things get missed. Employees see messages come in, fully intending to give them time and attention later, and then get distracted. Or they feel overwhelmed with all the places they're supposed to check and all the messages vying for their attention. All that may be tolerable when the information sent isn't actionable, but it becomes a big problem when you need employees to respond in some way and there are negative consequences for inaction.

You can increase the likelihood of employees receiving and acting on the information you send them by being strategic in your approach to communications. The right strategy depends on the type of communication you're sending. Below we'll go over our tips for three different categories of messages employers typically send employees: news and updates that require no response or action, timely notices they need to take action on, and emergency alerts that require an immediate response.

News and Updates Needing No Response

These are messages that keep employees informed about important matters, but don't require them to do anything specific in response. They could include meeting summaries, company financial updates, new hire announcements, new revenue wins, news about voluntary events, or the annual holiday calendar. It might not be good for employees to miss out on these messages, but it's also not disruptive. Everyone can still do their jobs and know what's expected of them. You're under no pressure to verify that everyone has received the information.

You could send these messages out through more than one channel (email, collaboration software, an internal newsletter), but be careful not to overwhelm employees by sending it over and over. The more important thing is

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that employees know where to find this information and can easily search for it in whatever locations they receive it.

Timely Notices to Take Action

These are the messages you share when you need employees to act on something in a timely manner. Think open enrollment, required trainings, performance reviews, and handbook updates that require a signature. When employees miss these messages, you can end up with a lot more work to do, and sometimes, as with open enrollment deadlines, failure to act on time can mean the loss of benefits or other undesirable outcomes.

These messages should be clear and concise, with easy-to-follow instructions and easy-to-spot deadlines. Draft a plan for delivering these and verifying that they've been read, understood, and followed. Include reminders and enlist managers to follow up with their direct reports, especially if certain employees haven't done what you need them to do.

As with the news and updates discussed above, it's helpful for employees to have an easily accessible and searchable location to find these time-sensitive notices. But, for these messages, it's also important that they stand out in some way and not get buried in unorganized inboxes or multiple collaboration tool channels. Flagging them as urgent and using specific language in the subject lines or titles can be effective. Tagging the whole channel, usually a feature in collaboration tools, can also be a good tactic if it's not overused.

Emergency Alerts and Urgent Messages

Sometimes you'll need to alert your employees to some danger, serious risk, or disruption so they can take immediate action or avoid an unsafe situation. Alerts of this sort might address severe weather closures, warnings about scheduled outages, or phishing scams targeting employee emails.

Employees need to receive and read these messages right away. Use of ALL CAPS and Bold might be useful in these messages if you're not using them in other message types. If you're using email, you can generally flag messages as urgent or high priority and request a read receipt. Perhaps dedicate a specific collaboration channel for these kinds of messages and ask employees to pin or save it to favorites. Whatever stylistic and technological approaches you take, the wording you use should clearly indicate that the alert pertains to an urgent or emergency situation.

For messages of the highest importance, you may want to send them as many ways as you can to improve the chances they'll be received—think email, instant messaging, intercom, text, and even posters if there's time for that.

Tailor Your Strategy

If you're comfortable receiving feedback, consider asking your employees for ideas about what would help them keep up with the messages you send them and prioritize them appropriately. You might poll them anonymously on their pain points, whether they feel like they receive too many communications from you or too few, what communication methods they prefer, and whether they have enough time in the workday to check, respond, and act on messages. Address common issues as much as you can.

And, remember, a time-tested way to follow up on a message that's gone unanswered is to stop by the employee's desk or call them and politely ask, "Did you receive my message about…?"

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Did You Know? McGriff Journey®!

McGriff has resources to help clients solve their employee communication and engagement challenges. The McGriff Journey mobile app is a comprehensive communication platform that uses AI, SSO and API technologies to connect employees to all company benefits, systems and resources.

Journey's social media-styled newsfeed functions as your centralized communications hub. It promotes collaboration and camaraderie among disconnected workers and increases participation in company programs and strategic initiatives. And features such as automated birthday and work anniversary announcements, peer-to-peer recognition, and wellness challenges contribute to improved employee engagement and company culture. Learn more about how clients are using McGriff Journey:

- C&C Electrical Services - Improve Employee Engagement & Communication
- Radiologic Associates of Fredericksburg - Enhance Employee Connection & Engagement

Case Study: Executive Retirement and Retention

A mid-sized company wanted to incentivize their executive management team to help expand and grow their business. This case study outlines an assessment which identified goals, challenges, and solutions that helped the company fine-tune and expand an existing executive retirement program to bring it up-to-date and meet their objectives.

Client Profile

The family-owned business with 300 employees was founded in 1910. Family members led the organization through most of its history until they began hiring executives from other firms in their industry about 20 years ago. The current senior leaders are mid- to late-career hires who are not family members and therefore do not have the same ties to the company that fostered retention in the past.

The company sought help to assess and recommend changes and improvements to the company's executive retirement/deferred compensation program.

Challenge

Conversations with majority owners and board members revealed that:

- Supplemental executive retirement programs (SERPs) were in place for two key sales executives.
- Other key positions were not covered by similar non-qualified programs, including the CEO, CFO, and Human Resources VP.
- The company wanted to enhance retirement security for the two previously covered positions and the three uncovered positions, particularly in the wake of recent plans to freeze the company-wide retirement plan.
- The owners expected to sell the company in the next three to four years, and wanted to incentivize key leaders to remain until after the sale (and beyond, if agreeable to all parties after the transaction).

Our Approach

We implemented a four-part review process:

1. Based on our knowledge and industry standards, we recommended a competitive retirement benefits package that would conform to the organization's human resource objectives and financial constraints.
2. Reviewed and recommended approaches for adding retention or "handcuff" provisions to the program, considering constraints within applicable law, including Internal Revenue Code Section 409A to avoid "excess parachutes" and associated tax penalties.
3. Worked with the company's legal counsel and financial advisors to recommend a funding approach that balances benefit security, efficient use of resources, and avoids undesired tax consequences, such as constructive receipt of income and taxation to the executives prior to benefits being paid.
4. Estimated the impact of the proposed programs on the company's financial statements, and recommended and implemented prudent ongoing administrative processes, including annual valuations and strategies with respect to FICA taxation.

Solution

Based on the assessment and recommendations, the company's board implemented an offering customized for each executive that:

- Tailored the benefit level to each executive based on length of service, current remuneration, proximity to retirement, and importance of their position and duties to the company's success.
- Provided retention incentives by withholding benefits until normal retirement age (typically 65) while incorporating a trigger for immediate retirement eligibility upon a change in control.

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- Avoided excess parachute payments and the associated tax penalties (that potentially arise with a change-in-control trigger) by careful design of benefit levels and other features.
- Utilized appropriate funding options, including no funding, i.e., earmarking a reserve on the company books; non-trust assets (marketable securities or corporate-owned life insurance); or housing assets in a trust, offering benefit security while avoiding constructive receipt and taxation (a rabbi trust).
- Provided an additional measure of benefit security through plan features such as a lump sum payment option that accelerates payments (as opposed to a payout spread over 20 years or more).

This article was previously published in HR Professionals Magazine. For your free subscription, visit hrprofessionalsmagazine.com/subscriptions/.

Results

The company was acquired by a large competitor within two years of implementing the executive retirement plans. The primary purpose of enhancing retirement security and rewarding key leaders for their service was achieved. Retention objectives were exceeded, as all five of the key executives remained onboard to guide the transaction to its completion, and beyond.

Eddie Vaughn, FSA, MAAA, EA
McGriff Retirement Practice Leader

McGriff Brings You Mineral!

Register

March 18 | 2:00 p.m. EDT

McGriff is excited to provide our Employee Benefits clients with MINERAL – a robust web-based HR and compliance resource. Through your McGriff relationship, you have access to **Mineral Live**, a team of HR experts standing by to answer your questions or provide advice on virtually every HR or compliance-related issue; **Mineral Comply**, an award-winning online resource center for all of your workforce issues, including a Living Handbook Builder; and **Mineral Learn**, an incredible online training platform with more than 250 web-based courses for your employee training needs.

Join us to learn about these exciting features and many more within your McGriff-provided Mineral account.

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