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HEALTH PLANS

THE RISK REPORT

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Employee Benefits

An Employer Guide to Open Enrollment

AMIDST ANOTHER pandemic year, employers are gearing up for another unusual open enrollment season. No doubt your employees' health care priorities have changed, and some of them will be looking at making changes to their health insurance as well as voluntary benefits.

Against this backdrop, you'll need to inform your staff about benefits changes in health, such as making telemedicine more accessible. Also, you'll need to tell them about changes to the rules governing health savings accounts (HSAs) and similar plans.

Here's what to keep in mind in the lead-up to open enrollment.

Employees' new priorities

Here's what's become a priority for many workers today:

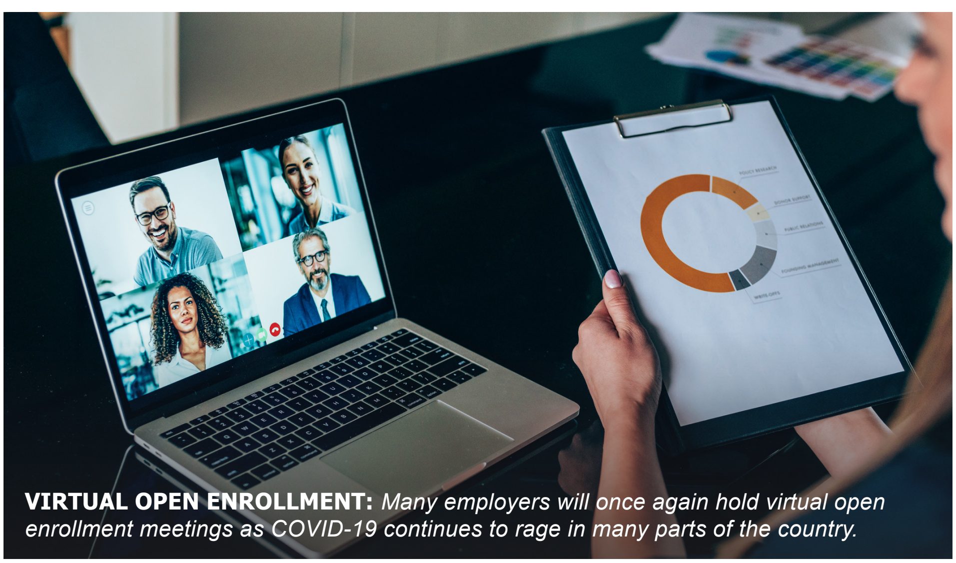
Mental health support – Many health plans are rolling out better access to mental health support, the demand for which has surged during the pandemic as many people struggled with sudden changes, isolation and personal loss.

Access to telehealth – Many people tried telemedicine services for the first time in 2020 or 2021.

Insurers see telehealth as a way to cut the cost of care, and they have invested in the infrastructure to enable enrollees to meet virtually with their doctors.

More health plans are also covering mental health video-conference sessions.

More interest in HSAs and similar plans – More workers are interested in HSAs and flexible spending accounts (FSAs), which are funded by the employee using pre-tax dollars. The funds can be used to reimburse for a wide variety of qualified medical expenses.



VIRTUAL OPEN ENROLLMENT: *Many employers will once again hold virtual open enrollment meetings as COVID-19 continues to rage in many parts of the country.*

HSAs can only be offered to employees who are enrolled in a high-deductible health plan (HDHP). They can be kept for life even if the worker switches jobs.

FSAs are easier to set up, but they are not kept for life and cannot be transferred.

There are changes to these plans that you should inform your employees about.

The Coronavirus Aid, Response and Economic Security (CARES) Act of 2021 allowed HSA-qualified HDHPs to cover telehealth services before plan enrollees reached their deductible. This provision expires Dec. 31.

However, another change brought by the CARES Act is permanent: Employees with HSAs, health reimbursement arrangements or health FSAs are now allowed to use those accounts to reimburse for over-the-counter medications without a prescription, and for tampons and pads.

Communications and planning

If you make changes to your plan offerings or if your health plans have changed, you'll need to communicate those changes to your workforce during your open enrollment meetings and in

See 'Consider' on page 2

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Workplace Safety

Firms Mull Premium Surcharges for Unvaxxed Staff

SOME EMPLOYERS are implementing a new incentive for their workers to get vaccinated against COVID-19: Charging them higher health insurance premiums if they don't.

A brief from consulting firm Mercer reported that employers are looking at surcharging the health insurance premiums for employees who refuse vaccination for reasons other than disability or sincere religious belief. Many employers already apply similar surcharges for employees who use tobacco.

Delta Airlines recently told its workers that they will face $200 monthly increases on their health insurance premiums starting Nov. 1 if they aren't vaccinated against COVID-19, citing steep costs to cover employees who are hospitalized with the virus.

When health plans incur large claim costs, they must either accept lower profits or make up the difference by spreading the costs among plan participants. Charging higher premiums penalizes vaccinated and unvaccinated employees alike.

The U.S. Equal Employment Opportunity Commission has said that it is permissible for employers to require workers to be vaccinated.

However, many employers have been hesitant to take that step, fearing negative employee reactions, waves of resignations, potential lawsuits and bad publicity.

Freedom of choice

Surcharging premiums for unvaccinated workers may be an appealing option for some employers. Instead of ordering staff to get vaccinated, they would leave them free to choose.

Those who would rather bear higher costs as a consequence of refusing a vaccine would be free to make that choice. In turn, vaccinated employees would not have to subsidize the health care costs of colleagues who make riskier decisions.

A Mercer spokesperson has estimated that any surcharges would be in the range of $500 to $1,300 per year.

Extra costs like that might induce reluctant workers to get the shots. If unvaccinated employees decide to get vaccinated in order to avoid a surcharge, the workplace should be safer and more productive. Absenteeism due to illness can negatively impact productivity. ❖

Things to consider

Employers need to consider the following:

- The EEOC has provided guidelines for employers wishing to offer vaccine incentives. Employers should stay within those guidelines.
- Are the incentives necessary? They might not be in areas or workplaces where vaccination rates are already high.
- The line between "encouraging" and "coercing" employees to get vaccinated is not well-defined. Employers should avoid imposing surcharges that could be viewed as coercive.
- Some employees have pre-existing health conditions that make the vaccinations unsafe. Others seriously practice religions that forbid their use. Federal law requires employers to accommodate these workers.

Continued from page 1

Consider Teleconference Open Enrollment Meetings

your communications material.

Since COVID-19 is still present, you may want to consider:

Holding a "virtual benefits fair" – In these virtual fairs, employees can go online and learn about your plan offerings and provider networks.

Conducting virtual open enrollment meetings – Teleconference open enrollment meetings are a safe way to cover your employees' health plan choices, and the deductibles, copays, premium amounts and what the maximum out-of-pocket are for each choice.

Sending out more frequent, targeted communications – Targeted communications can be sent to various cohorts of your employees, such as information on plans that would be of most interest to people in their 20s and 30s. Older workers would need different guidance.

Using technology for enrollment – Some health plans offer apps through which employees can choose and sign up for the plan of their choice. Talk to us about what's available to you.

The next two months

September and October is the time to get the word out about the upcoming open enrollment. Consider:

- Distributing a pre-enrollment flier (printed and online) in September.
- Holding a virtual benefits fair in mid-to-late September.
- Distributing the enrollment packet at the end of October (printed and online). ❖

Accident Insurance Can Save Your Workers from Ruin

EVEN IF you are providing your staff with health benefits, they could be left under great financial pressure if one of them has a major accident off the job that leaves them debilitated and unable to work.

Millions of working Americans struggle with managing out-of-pocket costs for non-medical and medical expenses after suffering an unexpected event such as an accident.

If you are already offering your employees health insurance coverage, you can help fill the gap by also offering voluntary accident insurance, which can pay for:

- Lost wages,
- Deductibles and other expenses not covered by insurance,
- Transportation to and from hospitals and doctors, and
- Home modifications.

Many Americans are ill-prepared financially

According to a survey by Prudential Insurance Co.:

- Two-thirds of Americans say it would be very or somewhat difficult to meet their current financial obligations if their next paycheck were delayed for just one week.
- Half of all households say they have less than $10,000 in liquid assets available for use in an emergency.

Why your employees need coverage

- Health insurance only covers a portion of expenses, and only after the employee has paid their deductible and copay.
- Employees sometimes have to pay out of pocket for medicines, medical equipment and visits to out-of-network physicians.
- Employees have to pay out of pocket for travel to appointments, home accommodations, caregiving and housekeeping if they cannot do those things on their own after an accident.
- Lost wages are a sometimes overlooked cost of illness or injury. This can be an issue not only for the employees directly impacted by illness or injury, but also for family members who

TYPES OF ACCIDENT INSURANCE

Traditional treatment-based plans. These pay benefits based on the occurrence of an accidental injury and the type of treatment or procedure required to treat an injury.

The injured individual will often submit a separate claim for each service they receive related to the accident. For example, if they were in a car accident in which they broke both legs, they would file individual claims for:

- Costs not covered by health insurance for each service to treat the injury.
- The cost of paying for transportation to doctors' visits and physical therapy sessions.
- Each time a home caregiver visits them to provide care.

Incident-based plans. These pay benefits based upon the incident and type of injury. This can simplify the claims process by reducing the number of claims that must be submitted.

In the case of the car accident victim with broken legs above, they would likely be required to submit evidence only for the fractures and for their hospital stay to be reimbursed.

Benefits to the employer

A more robust benefits package – Offering accident insurance paid for by employees allows you to provide a more robust benefits package that can improve employees' satisfaction with their jobs.

A smoother transition to high-deductible health plans – Employers replacing traditional medical insurance with an HDHP may find the transition more readily accepted by employees if it is accompanied by an offer of a voluntary accident insurance plan.

Potential for improved productivity – Employees under financial pressure may be less productive than those who are not, and knowing they have accident insurance can put their fears to rest.

Low cost and administrative burden – Most employers offer accident insurance that is paid for by the employee, meaning there is little or no cost to the organization. ❖

COBRA Subsidies Ending; Employers Must Send Out Notices

THE 100% COBRA health insurance subsidies for workers who lost their jobs during the COVID-19 pandemic are about to expire on Sept. 30, and that means employers who have former staff receiving those subsidies must notify them of their expiration.

If you have former employees who are still on COBRA benefits and receiving the subsidy that was required by the American Rescue Plan Act, you will need to send them a timely notice that the 100% subsidy will end at the end of September and that they will have to start paying premiums if they wish to continue coverage after it has ended.

The expiration notice must be sent out 15 to 45 days before the expiration of the subsidy or before COBRA benefits expire (laid-off employees are only eligible to purchase COBRA health insurance continuation coverage for 18 months after they are laid off or quit).

In other words, employers have to send out expiration notices to some former employees who have been receiving COBRA coverage that their 18 months is up.

Some employers should already have sent out expiration notices.

Employers or plan administrators must notify employees receiving COBRA subsidies no more than 45 days before Sept. 30 and no less than 15 days before they will lose the subsidy. Sept. 15 is the absolute last day to send the notices.

Who should you send notices to?

If you have any former employees who are receiving COBRA premium assistance you must send them an expiration notice, even if they have reached their maximum coverage period of 18 months.

There were three ways they could qualify for the subsidy:

- Eligible individuals who had a COBRA election in place as of April 1, 2021.
- Eligible individuals who did not have a COBRA election in place (but were previously offered COBRA under federal law) could start to receive the subsidy on April 1.
- Eligible individuals who experience a COBRA qualifying event between April 1 and Sept. 30.

What should the notice say?

The IRS has created a model expiration notice, which you can find here.

While it is not mandatory that you use the model notice, it's a good idea, because using it demonstrates "good faith" compliance with the law.

Here are the details you'll need to include in the notice:

- Date of the notice.
- Names or status of the beneficiary.
- Name of the group health plan or insurance policy.
- Whether the beneficiary is receiving the notice because their maximum COBRA continuation period is ending (18 months) or because the subsidy is expiring.
- Date on which the maximum period of continuation coverage will end, or the date of the end of the COBRA subsidy. Depending on their premium period, their subsidized COBRA coverage can last beyond Sept. 30, according to the IRS.
- Under the rules, the subsidy continues until the end of the last "period of coverage" beginning on or before Sept. 30. In other words, if premiums are usually assessed on a monthly period basis, including the period from Sept. 26 to Oct. 26, the subsidy would cover the entire period ending on Oct. 26.
- Monthly premiums that the beneficiary must pay to keep their continuation coverage going after the subsidy expires. ❖