

Employee Benefits Report



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Compliance

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Affordable Care Act Compliance Issues to Watch in 2018

Regardless of whether the Republican-controlled House and Senate repeals, replaces or alters the Affordable Care Act (ACA), there are a number of rules and regulations employers must comply with in 2018 and 2019 if they offer group health benefits to employees. To make sure you're not caught unaware, review and implement this checklist of obligations and deadlines:

FORM 1095-C

Submit to the IRS by Feb. 28 (paper) or April 2 (electronically)

Hopefully you have already completed and provided copies of Form 1095-C to each of your employees, which was due on Jan. 31. Employees need the form so they can fill out Line 61 of their individual tax returns to demonstrate that they and family members had the required minimum essential health care coverage. The IRS is-



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Macy's Tobacco Cessation Program Questioned

Seventy-eight percent of large employers in the United States currently offer smoking cessation programs. One such program is now under scrutiny.

The Department of Labor (DOL) filed a lawsuit against Macy's (*Acosta v. Macy's*) alleging that the program did not comply with wellness program requirements of the Health Insurance Portability and Accountability Act (HIPAA). Health insurance carriers Cigna and Anthem also were named in the lawsuit.

Macy's charged tobacco cessation program participants \$35 to \$45 per person. Participants could stop paying the surcharge when they were tobacco-free for six months. The DOL alleges Macys

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sued Notice 2018-06 on Dec. 22, 2017, which extended by 30 days the 2018 due date for distributing 2017 health coverage information forms 1095-C or 1095-B to employees, regarding the health care coverage offered to them.

The new deadline for supplying these forms to employees is March 2, 2018. This 30-day extension is automatic. Employers and providers don't have to request it. [See: <https://tinyurl.com/y7nd23ad>]

As the employer, you also must file either a paper copy of Form 1095-C with the Internal Revenue Service (IRS) or submit an electronic form. You must report whether the group health benefit plan you offered met the ACA's Minimum Essential Coverage (MEC) requirements. Plus, you should include the employee's ID number and Social Security numbers of the employee and dependents (but not the employee's spouse).

FORM 1094-C

Submit to the IRS by Feb. 28 (paper) or April 2 (electronically)

The Employer Shared Responsibility mandate requires Applicable Large Employers – those who have 50 or more full-time equivalent employees — to provide health benefit coverage that is affordable and meets minimum value standards. Employers who do not do this may owe a penalty for noncompliance.

The definition of minimum value remains the same as 2017 and describes a plan that pays at least 60 percent of the costs and includes substantial coverage of physician and

inpatient hospital services. The affordability requirement, however, has changed. An employer cannot charge a full-time employee more than 9.56 percent of household income, down slightly from 9.69 percent in 2017.

Not only must you meet these standards, but you also must document the plans you offer and keep track of employees who waived coverage. Submitting Form 1094-C demonstrates that you met the requirements. Small employers (less than 50 FTEs) do not need to fill out these forms.

Cadillac Tax

Due in 2020

The Cadillac tax is a 40 percent excise tax on high-cost health care benefit plans. Proponents of the tax thought it would stop employers from offering plans that were “too rich,” which would prevent employees from having “skin in the game” and truly understanding the cost of health care. Unfortunately, many of the ACA fees and requirements have made many plans that were once considered “average” qualify for the Cadillac Tax.

Although the tax does not go into effect until 2020, employers should review their health benefit plans as soon as possible to ensure their plans do not qualify for the tax.

Employee Notice of Exchange

Due when new employees are hired

Even if you offer group health benefits, you must provide all new employees with a written notice about the ACA health insurance exchanges. A Department of Labor

did not notify participants that they could get a waiver of the requirement to complete the program in order to avoid the surcharges. If health limitations prevented participants from meeting the goals of the program, under ACA and HIPAA regulations they should not be discriminated against.

In addition, the DOL says that funds collected from the program were mismanaged.

No court date has been set.

document is available that you can use and customize. The notice informs employees about the Marketplace Exchanges and lets them know that they may be eligible for a premium tax credit or a cost-sharing reduction if the company's plan does not meet certain requirements.

Cost-sharing

New limits for 2018

All health plans, except grandfathered health plans, have an annual limit on the maximum amount an employee must pay out of pocket. Review your plan's out-of-pocket maximum to ensure it complies with the ACA's limits for the 2018 plan year, which is \$7,350 for self-only coverage and \$14,700 for family coverage.

If you have a Health Savings Account-compatible high deductible health plan (HDHP), the 2018 out-of-pocket maximum limit for HDHPs is \$6,650 for self-only coverage and \$13,300 for family coverage.

The limits may change again for 2019. The IRS usually announces whether the limit will be adjusted for the next year at the end of the year.

Summary of Benefits and Coverage

New 2018 template

Due 90 days from enrollment

A Summary of Benefits and Coverage (SBC) is a short, easy-to-understand overview of what type of coverage you're providing your employees. It also includes a glossary of health coverage and medical terms. You must make sure that every employee who is receiving health benefits from your company gets a copy of the SBC within 90 days of enrolling in the plan. If an individual requests a copy, you must provide it within seven business days.

Make sure you use the SBC template for the 2018 plan year. Your insurer will provide the SBC to you, unless you are self-funding your group health benefits. In that case, you will need to get the SBC from your plan administrator.

Preventive Services

New Definition for 2018/2019

It's important employers and employees are aware of what kinds of preventive services all compliant health plans must offer. Beginning this year, preventive services include screening for depression in adults; low-dose aspirin for certain at-risk adults aged 50 to 59; syphilis screening for asymptomatic non-pregnant adults; and other benefits.

For more information or a review of your employee health plan, please contact us. ■

Questions to Ask Potential Retirement Plan Providers

Thinking of changing retirement plan providers? Here are the questions you should ask.

If your employees are planning to live on Social Security alone after they retire, they could be in for a big shock. The average monthly Social Security payment is now \$1,335, while some retirees get as little as \$650. Most people, especially when health care costs are factored in, would have a hard time living on that amount.

That's why many employers offer retirement plans as part of their benefit package. Employer-sponsored retirement plans are a great way for employees to save for retirement. According to an AARP study, employees are 15 times more likely to save if they have access to a payroll deduction savings plan at work.

By helping your employees save for their future, a retirement plan can be a valuable tool to recruit and retain employees. Also, employees who have not saved enough to retire often stay on the job longer than is good for the company.

Thinking about changing plan providers or adding a retirement plan to your benefit plan offerings? Here are some questions you might want to ask potential providers:



Q. What Type of Plans Do You Offer?

A. Do some research to determine what type of plan or plans you'd like to implement. If you choose a company that doesn't offer the options you want, you might find yourself locked into a plan that doesn't meet your needs.

Here are a few of the most popular group retirement plans:

- ★ According to SHRM's 2015 Employee Benefits report, 90 percent of employers surveyed offer a traditional **401(k)** or

similar defined contribution retirement savings plan. With a 401(k) plan, employees choose how much money they want deducted from their salary each month, up to a maximum. Employers often match part of an employee's contribution up to a certain percentage. Employee contributions are not taxed.

- ✦ Contributions to a **Roth 401(k)** are not tax deductible. However, the employee will not have to pay any taxes on the income when they retire.
- ✦ **403(b)** plans are similar to 401(k) plans, but are available only to non-profit organizations, such as schools and churches.
- ✦ **457 retirement plans** are for state and local government employees.
- ✦ **Pension plans** are not as popular as they used to be because they provide a guaranteed retirement income. This makes funding them unpredictable and difficult to budget.
- ✦ A **Simplified Employee Pension Plan** is an IRA plan that allows employers to contribute a set amount to all employees.
- ✦ Small employers often offer a **Savings Incentive Match Plan for Employees**, which is a Simple IRA that lets employers make contributions and match employees' contributions up to three percent of salary.

Q. What Size Company Do You Usually Work With?

A. It's best to work with a plan provider that has experience with companies your size. Large companies usually need more comprehensive plans — an option that many small companies might find cost-prohibitive.

Q. Whose Products Do You Sell?

A. If you work with a provider that sells their own retirement plans, they may only recommend options that are to their benefit. An independent investment adviser can take an objective look at all the available offerings and select the plans that will work best for you.

Q. Will You Provide an Itemized List of Costs?

A. Most providers charge administration fees, but some include other charges, such as investment fees or individual service fees when employees take out a loan. It's best to know upfront what you'll have to pay.

Q. Who Is the Appointed Fiduciary?

A. An appointed fiduciary is the person or group responsible for upholding the principals of the Employee Retirement Income Security Act (ERISA). They oversee the legal, ethical and financial decisions and record keeping related to your investments. Some providers appoint a fiduciary, while others expect you or someone in your company to handle these tasks.

Q. What Type of Educational Support Will You Provide My Employees?

A. Employees who understand their plan options are more likely to contribute to the plan. Find a provider who offers group or individual training sessions to help employees select investment options. ■

Communicating the Value of Your Health Benefit Plan

You've worked hard to choose and provide the right group health benefit plan for your employees. The premiums are reasonable, the deductibles are low and plan participants have a good choice of health care providers.

That's a good start, but there's something else you should do — educate your employees. The more your employees know about their benefit plans, the smarter decisions they'll make for their well-being, health and pocketbook.

Here are some reasons you should work with your health plan broker to provide ongoing education to your employees:

Plan Changes

Unfortunately, many employees just re-enroll without really researching what they are buying. They generally are aware of the premiums and deductibles, but may not know that there are other benefits associated with their plans.

When you announce the new plan, email or distribute literature describing the new plan benefits. Emphasize if there are any ma-



Some health plans will recommend certain Centers of Excellence for members who need surgery and will even pay transportation costs to the centers.

The Value of the Employee Portal

An employee portal can hold a vast amount of information about an employee’s health plan. They can access their plan information any time day or night. Plan members also can find out the status of their claims.

A self-service site also allows members to update their profile and change their login name, email address and password.

Effective Communication

One of the biggest advantages of frequently communicating with your employees about their benefits is that it shows that you care about them. It also helps them make better decisions.

Many brokers will facilitate one-on-one or group training sessions where employees get more information and can ask questions about their benefits.

You also can identify “value champions” — employees who understand and realize the value of the plan. Value champions spread important information about the plan and explain it to others.

You also can include employee testimonials in your employee newsletter.

Talk to your broker today about available brochures, posters, emails or workshops that can help educate your employees about their health benefit plan. ■

major changes to the plans you are offering. It’s easy for employees to assume that plans that cost the same offer the same benefits — and that is not necessarily the case.

Encourage your employees to go to the carrier’s website to check to see if their doctor is still in the network. If your new plan is in a limited network, it will cost your employees more money if their doctors are no longer in-network.

Hidden Benefits

Telemedicine is quickly becoming a popular benefit. It lets health plan members call a board-certified physician any time of the day

to get medical advice. Many times, the physician will have access to a patient’s health records and can prescribe medications. Telemedicine improves access for patients in rural areas who are not near medical centers. It’s also important for those who have an immediate need for help after offices are closed, and it’s an aid for those who can’t or don’t want to sit in a doctor’s office waiting for their appointment.

Some health plans offer access to a Center of Excellence for surgery. A Center of Excellence is a program offered by a health care facility that specializes in a particular medical treatment and offers exceptional expertise.

The Advantages of Bundling Group Dental and Vision Insurance

If you shop around, you might be able to save money and get better group coverage by purchasing your dental and vision insurance from the same company.

By purchasing them as a bundle, you could qualify for a discount for buying “in bulk.” Many insurance companies are happy to offer lower prices since they know they’ll receive two premiums.

Another financial benefit bundling offers is you might be able to lock down your premiums for longer than 12 months. Some insurance carriers will guarantee a rate for 24 months if you purchase both plans from them. Then you can either put the savings toward other expenses or use the savings to improve your plan benefits. You also may qualify for extra coverage without spending extra money — such as including orthodontics in your dental plan.

You also might find a carrier who offers medical plans combined with dental and/or vision plans. Remember that if you use this option, your employees will not be able to pick and choose which coverage they want — they’ll have to go with all or none of the options in the bundled plan.

Whatever bundle you choose, make sure your carrier offers quality plans. No amount of money saved is worth a plan that doesn’t take care of your employees’ basic medical, dental and vision needs. ■



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