

It Benefits You Your Employee Benefits Newsletter

April 2021

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Spring Has Finally Sprung!

The winter storms are finally making way for full blooms and warm breezes. It is starting to slowly feel like the world is returning to a semblance of normal. And even though it's a new kind of normal, we are excited about what spring may bring! At McGriff, we celebrate the growth and success of our clients and the new challenges that growth brings to employee benefit plans for employers and their employees. Our talented Benefits Consultants and Account Teams will help you prune your costs and make your benefits flourish!

McGriff Webinar – Building High Performance Virtual Teams That Everyone Loves to Be On!

With the rise in remote working, it is important to ensure our virtual teams are highly functioning and effectively engaged. Join Jeremy Spidell, Senior Consultant with Truist Leadership Institute, on **April 15th at 11 a.m. PT / 1 p.m. CT / 2 p.m. ET** to learn practical steps for implementing clear remote-work protocols and tips for maximizing virtual engagement. Click [HERE](#) to register!

Upcoming Compliance Deadlines

April



Correction of Excess Contributions to HSAs

If funds were contributed in excess of an employee's contribution limit or for an ineligible individual, they may be subject to penalty and an excise tax, unless the excess and earnings are corrected by the federal tax-filing deadline (including any extensions).

May



Summary Plan Description (SPD) Deadline (for new calendar year plans)

For new group health plans, welfare benefit plans, or pension benefit plans, the summary plan description (SPD) must be furnished within 120 days of the plan start date. For calendar year plans in 2021, the date is April 30, 2021. Reminder: For existing plans, new participants must be provided an SPD within 90 days of becoming covered.

"So stick to the fight when
you're hardest hit— It's
when things seem worst
that you must not quit."

— From the poem "Don't Quit",
by John Greenleaf Whittier

COVID-19: Avoiding "Summit Fever"

Caution signs can appear in many ways: flashing lights, yellow signs, or maybe a pair of bright green boots.

The roughly 200 bodies of perished hikers that remain on Mount Everest serve as a grim reminder of the inherent dangers of extremes in conditions and ambition. Some of these fallen hikers have gained worldwide recognition as unfortunate landmarks on the nearly 30,000 foot mountain, including a man nicknamed "Green Boots". Since 1996 he has been entombed in an ice cave elevated 28,000 feet above sea level, in the final stretch of terrain aptly known as "the death zone". His fluorescent green boots still strapped to his feet in stark contrast to the ice and snow serve as an unintentional beacon; a warning to fellow hikers of how danger can be closest at hand when they are nearest to the top.

As we enter nearly a full year of battling the COVID-19 pandemic, we must be aware of this phenomenon, known as "summit fever". When the end seems within reach and has been eagerly anticipated, when so much has been sacrificed and lost, exhaustion and anticipation can replace caution and lead to decisions that have dire consequences.

How Are We Seeing This in the COVID-19 Pandemic?

- With pandemic fatigue giving way to pandemic exhaustion, people are not exercising the same caution as they did previously.
- People wrongly assume that if they have taken risks and not yet contracted COVID-19, that continuing those behaviors is safe.
- With vaccines becoming available and more on the way, the end feels close at hand.
- We have become desensitized to the case numbers, death rates, and risks.

Why is it More Important Now Than Ever to be Vigilant in Exercising Caution in Staying Safe?

- With case rates reaching new highs, most states are experiencing widespread community spread. This means that your chances of encountering someone with COVID-19 are higher than they were during most of 2020.
- For example, according to CDC data, during summer case peaks in 2020, the US averaged around 1500 cases per 100,000 people; during peaks in January 2021, the case rate climbed to around 7,600 cases per 100,000 people.
- While people might find comfort in knowing many of those infected with COVID-19 experience mild symptoms that last a few days, some are experiencing what is called "long haul COVID", even several months post-infection. Shortness of breath, heart palpitations, loss of smell and taste, hair loss, extreme fatigue, and "brain fog" have been reported along with more serious complications, such as diabetes. The prevalence, duration, and reasons are not yet known, and it can occur in both people who were very ill and those who were not.
- Some variants that are developing as the virus mutates and spreads faster with greater ease. Regions where infection rates had slowed down are experiencing rapid upticks which could be disastrous in areas where there is already unchecked community spread.
- Vaccine rollouts state by state have been highly variable, causing a slowdown in vaccinating the public.

What Can You Do to Help?

- Remind employees of resources available to cope with pandemic fatigue, anxiety, and isolation, such as employee assistance programs.
- Encourage programs for well-being, such as mindfulness, exercise, and proper sleep, which can help employees stay engaged in healthy habits and resiliency.
- Keep aware of changing guidelines from resources such as CDC to help protect against more transmissible strains, including using masks with better protection when possible and adhering to social distancing guidelines.
- Continue to encourage employees to engage in safety, while understanding that they might be "tuning out" if it is overly redundant. Understand that we are all exhausted and frustrated, but reminding people of how their efforts are not wasted and can promote a better outcome can help to add purpose and value to precautions.
- Stay up to date on state resources to help employees be informed of vaccination timelines, updates, and testing resources.
- Help employees stay engaged in life by providing resources for safe events, such as a calendar for online concerts and plays, resources on free classes, and virtual book clubs.
- It is important to keep in mind that we cannot lose hope, there will be improvement, and that a post COVID life is likely possible in 2021. However, much of that success hinges on an increase in awareness, caution, and care over the coming months.



Katie O'Neill

McGriff Clinical Wellness Practice Leader

"Rest if you must, but don't you quit"

—"Don't Quit", by *John Greenleaf Whittier*

Adverse Selection & Group Health Insurance

More than ever employers who sponsor group health insurance plans are faced with the plight of soaring health insurance costs. This dilemma can be formidable to both employers and employees. Among the wide variety of factors that can contribute to this dilemma lies the risk of adverse selection.

What is Adverse Selection?

Also referred to as anti-selection, adverse selection occurs when enrollees on a health plan elect coverage that best suits them, such as in a multiple plan offering when less healthy members elect a richer plan while younger healthier members elect a cheaper plan or forgo coverage altogether. Under these circumstances, funding for the healthcare plan may not be set appropriately to reflect the risk, and a corrective pricing action should be expected.

In addition to pricing adjustments, employees will likely be affected with potential increases to their employee contributions. Consequently, an employer may be faced with employee retention risk. Market benchmark analysis should be performed regularly to compare current benefits, cost structure and contribution strategy to peers in order to avoid retention risk as well as understand how other groups may be mitigating adverse selection risk.



Enrollment Strategy, Participation and the Bottom Line

Fortunately, employers can have a hand in counteracting adverse selection and improving their bottom line. Key measures for employers to take to drive participation and to achieve adequate spread of risk include developing and implementing a comprehensive enrollment strategy consisting of clear consistent communication & marketing, access to technology, and a strategic contribution plan.



Communication

Effective communication can be a major driver of participation and reducing the risk of adverse selection. Marketing materials should be easy to read and understand. Clearly communicating the impacts of benefit enhancements as well as any applicable benefit changes can be the difference between someone enrolling and not enrolling. Enrollment and benefit communications should be sent to employees at multiple regularly scheduled intervals to acknowledge and explain benefits and the enrollment process. For those who may not speak English multilingual communications should be provided.

Boosting participation during open enrollment begins long before open enrollment. Ahead of benefits season, HR could conduct employee surveys to get a feel for what types of benefits employees want, and how the current offerings are meeting or not meeting their needs. By involving employees early on in the process, you increase your chance of improving engagement come open enrollment time which can decrease adverse selection risk.



Technology

An online enrollment platform is always preferable and expected in today's age of rapidly advancing technology. Consider online benefit tutorials requiring employees to review the benefits and acknowledge their review. Online decision support tools can also be provided to employees, such as online calculators, to aid the employees with their benefit buying decisions. The application of these technology solutions will allow employees to easily enroll in benefit plans and can be used as an educational tool which in turn can lead to higher overall participation and mitigate the impact of adverse selection.



Contribution Strategy

Employee contributions play a key role in helping employers avoid adverse selection. If premiums or gross cost developments take into account selection concerns but employee contribution strategy ignores these factors, adverse selection can be introduced and result in unanticipated healthcare costs for the company. The employer must take into account how its contribution strategy might be affecting selection in the plans in order to help mitigate potential adverse selection risk.

High Deductible Health Plans (HDHP) are a great way to curb cost trends as well as offer lower cost options for all employees. One way employers make these high deductible plans more attractive, is to contribute a set amount to a tax-advantaged, rollover account in the employee's name thereby lessening the burden of the high deductible and the employee's overall out-of-pocket costs. These accounts are becoming popular among income earners of all levels because of the tax advantages they offer.

A strategic employee contribution structure can help an employer steer its employees to their preferred plan design. An employer may have a preference for a particular plan in which it wants its employees to enroll based on cost or ease of administration.

Conclusion

Without proper consideration for a strategic plan around employee contributions and enrollment by plan considerations, adverse selection can have detrimental effects on any health plan. Being aware and understanding the risks and developing a multi-year strategy can lead to more accurate budgeting and cost control. Having well-rounded employee benefits plan designs, a well thought out contribution strategy, good communication and an easy to use enrollment solution is key to averting the cost burden that adverse selection may present.



Lisa A. Marino, ALMI, ARA, ACS, HIAA
McGriff Group Life & Health Senior Underwriter



COVID-19, the CAA and Flexible Spending Account Relief

Since March 2020, COVID-19 has significantly disrupted many aspects of everyday life, including health and dependent care expenditures. As a result, health FSA and DCAP participants familiar with the foundational "use-or-lose" rule were left wondering how to avoid forfeitures at the end of the year. Fortunately, substantial relief was provided by lawmakers in the Consolidated Appropriations Act, 2021 (CAA) passed in December and subsequent IRS Notice 2021-15. Chris Macali, McGriff Senior Compliance Officer, provides a comprehensive summary of all the potential relief available to participants and the choices facing plan sponsors, which you can [READ HERE](#).

Chris Macali, JD
McGriff EB Compliance Officer



Pharmacy Legislation – the Pursuit of Quality & Affordability in Healthcare

The Centers for Medicare and Medicaid Services expects prescription drug spend to be the fastest growing health care expense over the next decade. Specialty medications experienced an average trend increase of 2.3% in 2020. Based on the number of drugs currently in clinical trials continued growth is expected to reach \$475 - \$505 billion by 2023.

Unprecedented focus on drug spend has prompted employers, health plans and policymakers to question the role of Pharmacy Benefit Managers (PBM). Federal and state legislators are taking action to improve visibility around drug pricing and rebates. The U.S. Department of Health and Human Services (HHS) has been engaged in identifying the most effective federal-level policy. Several key policies are summarized below and should continue to be monitored for progress in 2021.

Lower Drug Costs Now Act (HR 3)

- Government empowered to negotiate drug prices with pharmaceutical manufacturers
- Maximum price limitations on drugs to the average international price index
- \$2,000 out-of-pocket limit on pharmacy costs for Medicare beneficiaries
- Lower drug prices available to the private insurance market
- Reinvestment of savings into new drug innovation at the National Institutes of Health

Prescription Drug Pricing Reduction Act (S 2543)

- Medicare beneficiary \$5,100 out-of-pocket maximum would be lowered to \$3,100.
- Drug manufacturers pay a 20% rebate in the catastrophic phase and
- Out-of-pocket costs for insulin limited through pass-through of rebates to patients
- Drug manufacturers exclude the value of patient assistance from their average sales price calculation
- Insurer share of cost responsibility increased from 15% to 60%.

International Pricing Index Pilot Program

- Based on an international benchmark pricing by importing other countries' price controls
- Medicare would pay less for select Part B drugs when a lower international price is available
- Benchmarked pricing from countries such as Austria, Ireland, Greece and Czech Republic

Safe Drug Importation Proposed Ruling

- Allows for the importation of certain prescription drugs from Canada
- Requires drugs imported to the U.S. include FDA approved prescribing information
- HHS required to maintain a list of the country of origin of all drugs marketed in the U.S.
- Prohibits use of Federal funds for the purchase of drugs manufactured in China
- Raises concern that increased strain on drug supply may result in drug shortage and rationing in Canada

Drug Quality and Security Act of 2013

- FDA is overseeing the creation of an interoperable system that will identify and trace prescription drugs
- Pharmacies and wholesalers required to comply with an electronic traceability system by 2023

Ultimatum to Lower Prices to Match International Drug Pricing

- Most favored nation pricing policy for high cost drugs and biological products covered by Medicare
- HHS would determine impact to clinical outcomes and expenditures associated with high drug costs

Applying Drug Rebates to Benefit Patients at Point-of-Sale

- May not be implemented if it will raise federal spending, out-of-pocket costs, or Medicare premiums

- Permits health plans, pharmacies, and PBMs to apply discounts at the point-of-sale
- Rebate dollars from drug manufacturers passed directly to consumers when filling prescriptions

As numerous proposals continue to be debated in Washington it will take a concerted effort and collaboration to determine the best path forward to achieve the objective of the Affordable Care Act; quality of care, affordability and improved population health.

*Source <https://www.whitehouse.gov>



Denise Cabrera

McGriff Pharmacy Practice Leader



CDC Recommendations For When You've Been Fully Vaccinated Against Covid-19

COVID-19 vaccines are effective at protecting you from getting sick. Based on what we know about COVID-19 vaccines, people who have been fully vaccinated can start to do some things that they had stopped doing because of the pandemic.

We're still learning how vaccines will affect the spread of COVID-19. After you've been fully vaccinated against COVID-19, you should keep taking precautions in public places, such as wearing a mask, staying 6 feet apart from others, and avoiding crowds and poorly ventilated spaces until we know more.

The Centers for Disease Control and Prevention (CDC) has provided the following [guidance](#).

Have You Been Fully Vaccinated?

People are considered fully vaccinated:

- Two weeks after their second dose in a two-dose series, like the Pfizer-BioNTech or Moderna vaccines; or
- Two weeks after a single-dose vaccine, like Johnson & Johnson's vaccine.

If it has been less than two weeks since your shot, or if you still need to get your second dose, you are not fully protected. Keep taking all [prevention steps](#) until you are fully vaccinated.

What's Changed

If you've been fully vaccinated:

- You can gather indoors with fully vaccinated people without wearing a mask.
- You can gather indoors with unvaccinated people from one other household (for example, visiting with relatives who all live together) without masks, unless any of those people or anyone they live with has an increased risk for severe illness from COVID-19.
- If you've been around someone who has COVID-19, you do not need to stay away from others or get tested unless you have symptoms.

However, if you live in a group setting (like a correctional or detention facility or group home) and are around someone who has COVID-19, you should still stay away from others for 14 days and get tested, even if you don't have symptoms.

What Hasn't Changed

For now, if you've been fully vaccinated:

- You should still take steps to [protect yourself and others](#) in many situations, like wearing a mask, staying at least 6 feet apart from others and avoiding crowds and poorly ventilated spaces. Take these precautions whenever you are:
 - In public
 - Gathering with unvaccinated people from more than one other household
 - Visiting with an unvaccinated person who is at [increased risk of severe illness or death from COVID-19](#) or who lives with a person at increased risk

- You should still avoid medium or large-sized gatherings.
- You should still delay domestic and international travel. If you do travel, you'll still need to follow CDC [requirements and recommendations](#).
- You should still watch out for [symptoms of COVID-19](#), especially if you've been around someone who is sick. If you have symptoms of COVID-19, you should get tested and stay home and away from others.
- You will still need to follow guidance at your workplace.

What We Know

While we're still learning how vaccines will affect the spread of COVID-19, we know that:

- COVID-19 vaccines are effective at preventing COVID-19, especially severe illness and death.
- Other prevention steps help stop the spread of COVID-19, and that these steps are still important, even as vaccines are being distributed.

What We're Still Learning

We're still learning:

- How effective the vaccines are against variants of the virus that causes COVID-19.
- Early data shows that vaccines may work against some variants but could be less effective against others.
- How well COVID-19 vaccines keep people from spreading the disease.
 - Early data shows that the vaccines may help keep people from spreading COVID-19, but we are learning more as more people get vaccinated.
- How long COVID-19 vaccines can protect people.

As we know more, the CDC will continue to update their recommendations for both vaccinated and unvaccinated people.

Until we know more about those questions, everyone—even people who've had their vaccines—should continue taking basic prevention steps when recommended.

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Join the McGriff-Sponsored ThinkHR Demo!

We are excited to bring our McGriff Employee Benefits clients 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 **April 20th at 11 a.m. PT / 1 p.m. CT / 2 p.m. ET** for a brief overview of ThinkHR and its benefits available to you as a McGriff Employee Benefits client. Click [HERE](#) to register!

This month's highlight is the ThinkHR Living Handbook Builder!

- Employee Handbook wizard full of legally reviewed Federal and State-compliant policies
- Federal and State update alerts to ensure policies and procedures remain compliant as your organization grows and regulations change
- Live Team of HR Advisors support to answer your handbook questions
- Connects advanced technology, authoritative content, and seasoned HR experts
- Establishes behavior standards, communicates values and culture, while protecting you from potential employee claims

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