It Benefits You

Your Employee Benefits Newsletter

July 2023

In This Issue:

Making a Difference

Believe it or not, July does have other celebrations besides Independence Day! One of the lesser known (but still interesting) is World Chimpanzee Day on July 14. Most everyone has been fascinated at one point or another with the human-like characteristics of chimpanzees. Perhaps you've spent time in the primate house at your local zoo observing how they interact with one another. One of the greatest observers of primate behaviors in their natural habitats was Jane Goodall who wrote about her experiences at great length.

One of Goodall's quotes is important to note: "What you do makes a difference, and you have to decide what kind of difference you want to make." At McGriff, we decide each day to make a difference for YOUR company by providing world-class consultative services We aim to work with you to help you determine your best course of action not only in your benefit plan design and decisions, but with your risk management functions as well.

So celebrate the month of July in any way and for any reason you choose! We will be here to help you with the things that will make a difference in the lives of your employees.

Upcoming Compliance Deadlines

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Outbreak Period Ends

The National Emergency ended in April and the associated Outbreak Period, which tolled certain participant deadlines, will end on July 10. As part of the response to COVID-19, there was a tolling (i.e., pausing) of timeframes during the Outbreak Period. Specifically, the rules tolled participant deadlines related to:

1. Claims and appeals procedures for ERISA plans, including medical, dental, vision, HRA and health FSA plans;
2. COBRA elections, premium payments and notices of qualifying events or disability; and
3. Employee notices of HIPAA special enrollment events.

Nearly one year after the Outbreak Period began, regulators issued Disaster Relief Notice 2021-01 that clarified the Outbreak Period would be effective beyond one year, but any individual deadline could not be tolled for more than one year. As a result, since March 1, 2020, the deadlines described above have been tolled for one year in every case.

After July 10, the clock will begin to run for deadlines that have not already been extended for one year.

Click here for the full McGriff Compliance Q&A setting out examples for each of these deadline extensions.

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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. The fee amount for plan years ending on or after Oct. 1, 2022 and before Oct. 1, 2023 is $3 multiplied by the average number of lives covered under the plan. See PCORI Fees for more information.

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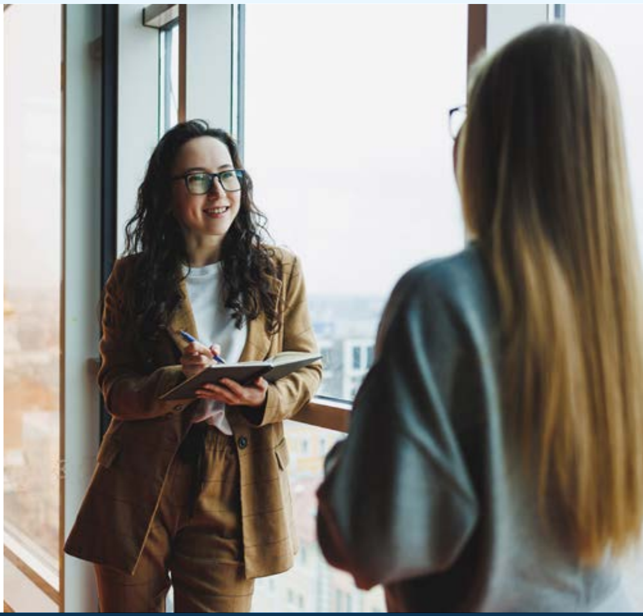
Form 5500 Filing Deadline for Calendar Year Plans

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, 2023. 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. See Form 5500 Annual Return/Report on Employee Benefit Plan for more information.

Communicating Benefits to Your Employees

Driving employee engagement through the education of their employer-sponsored benefit programs can have a considerable impact on effective plan and network usage and overall employee satisfaction. When a benefits program is adequately explained, employees can better understand any cost-saving resources put in place to manage claims and have an improved perception of their total compensation. While your organization may be used to marketing its products and services to its customer base, for HR, your customer base is the employee population. So, how can you use traditional communication techniques to ensure employees are engaged and value their benefits beyond open enrollment? Let's review a few basics.



Know Your Audience

Pretty basic, right? It's a no-brainer that tends to get overlooked when communicating with employees about their benefits. Effective communication requires a clear understanding of who you're talking to and what's important to them. Consider a pulse survey to determine what programs and plans are high on the list of value and to glean what methods and channels employees want to use to access information about their benefits.

Less Is More

As the saying goes, "Brevity is the soul of wit." And as we all know, there's not much brevity in explaining things like high deductible health plans, coinsurance, and out-of-pocket maximums. Complex, wordy benefit guides and hard-to-read medical plan summary charts are common. Information fatigue happens and can happen fast. If you have a lot of information to relay, consider breaking it into separate topics or, condense information to the most important touch-points, then provide directions to where full details can be found. Focus on the key points and make sure your messaging always answers the question, "What's in it for me?"

Use A Multi-Channel Approach

Keep in mind that people receive information as individuals, not as a group. What captivates people vary, so your approach should vary as well. Using different methods to reach individuals in a group can be as simple as folding in traditional formats, such as written materials of face-to-face meetings, with more "dynamic" resources such as explainer videos, smartphone apps, and text messaging.

Need Help Getting Started?

Find yourself with writer's block every time you start planning communications for open enrollment? Answer these key questions and you'll be well on your way to developing messaging that gets results.

- Who am I trying to reach?
- What do they need to know?
- What's in it for them?
- When do they need to know it?
- What's the best way to deliver the message?
- What do I want to happen as a result of the communication, or what action do they need to take?
- How do they take that action?
- Where do they go for help?

The Final Word

Communications should be attention-getting, thought-provoking, empathy-building, action-inducing and appropriate. And if you're not achieving at least three of these objectives, odds are the communication will fail. Providing quality benefits is a substantial investment for your company. Marketing these benefits to your employees will help to get the most out of your investment.

Christina Biddle, Vice President
McGriff Marketing Communications Manager

HR 501: The Case for Grace

Grace, as a concept, is most often referenced in a religious context. It evokes feelings about things that are usually rather spiritual, not secular. But in an advanced business setting, grace is taking on a new meaning – that of a kind, caring, compassionate employer who understands the human condition. The fact that no human can be perfectly perfect at all times in the workplace. The idea that even when trying our best, we cannot do all the right things all the time. This is where grace can be applied.

The concept of being graceful is not new in business. Sometimes we refer to it as "making an exception." It is a long-held HR model that "exceptions are made for exceptional employees." And it still holds true. Imagine, then, that "exceptions" are steeped in the idea of extending a grace period – or a moment of unmerited favor (a popular definition of grace) for those employees whom we deem deserving of another chance and not the full weight of the company policy and punishment.

If we are making the case for grace in our policies and procedures, we need to build it into our culture. Employees should not fear making mistakes. The following is from a great book, "Entrepreneur Voices on Strategic Management" (Entrepreneur Bookstore - Entrepreneur Voices on Strategic Management):

> "It is important for leaders to realize that instead of discouraging mistakes and boxing employees in such a way that they are reluctant to take risks, they should actually be encouraging and celebrating mistakes. In fact, management guru Peter Drucker actually once suggested that companies seek out people who never make mistakes and fire them, because if someone never makes a mistake, he or she never does anything interesting. Whether or not you follow Drucker's advice, the idea is the same: Telling employees that they cannot fail and punishing mistakes is not going to move your business forward."

Of course, some mistakes have dire consequences and cannot be tolerated. But if we advance a culture of trying and accepting that sometimes in the attempt we may fail, we can grow a culture of true innovation and change that can dramatically alter the course of our business. This is a big win!

Last year, a company decided that a shorter workweek (with the same pay) would help with the stress employees were feeling and expressing. They cut the week to 4 days (32 hours), with every Friday off. At first, employees were excited. A three-day weekend every week! What could go wrong?

The employer, always listening to employees, discovered that most of their workers felt the stress of trying to complete all their work in a shorter amount of time and many were working longer hours on each of those four days than they were before. They were feeling a different kind of pressure.

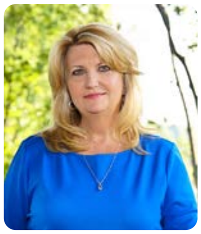
After talking with employees, they decided on a compromise: A 4.5-day workweek with the half day on Friday being optional if anyone needed more time to complete their assignments. The company showed, by being willing to try something new, that management was not averse to change. Further, they admitted the fact that they did not get the desired result to the staff. With staff input, they made another change. With clearly voiced objectives from management, the employees were part of the change and given a clear message: It is OK to make a mistake as long as you are trying.

The employees, in turn, showed grace in accepting changes and working within the framework to affect change going forward. Isn't that a true win-win?

There are any number of examples we could cite here. Perhaps showing grace in the discipline process? Showing grace when unexpected life events happen to good employees. Showing favor (not favoritism) when results are not entirely within expectations and giving opportunities for additional learning, growth, and "stretch" goals.

A culture of forgiveness, grace and unearned (but needed) favor can be the catalyst a business needs. Fostering an atmosphere that draws top applicants, encourages engagement, and retains talent sounds like just the thing for any organization that wants to grow.

Maybe it starts with grace. It's just a thought!



Janie Warner, Vice President
McGriff HR Advisory Practice Leader

2024 HSA/HDHP Limits

The following chart shows the Health Savings Account (HSA) and High-Deductible Health Plan (HDHP) limits for 2024 as compared to 2023. It also includes the catch-up contribution limit that applies to HSA-eligible individuals who are age 55 or older, which is not adjusted for inflation and stays the same from year to year.

Limit	2024	2023	Change
HSA Contribution Limit			
Self-Only	$4,150	$3,850	**Up $300**
Family	$8,300	$7,750	**Up $550**
HSA Catch-up Contributions (not subject to adjustment for inflation)			
Age 55 or older	$1,000	$1,000	**No Change**
HDHP Minimum Deductible			
Self-Only	$1,600	$1,500	**Up $100**
Family	$3,200	$3,000	**Up $200**
HDHP Maximum Out-of-pocket Expense Limit (deductibles, copayments and other amounts, but not premiums)			
Self-Only	$8,050	$7,500	**Up $550**
Family	$16,100	$15,000	**Up $1,100**

The Evolution of High Deductible Health Plans and the Minimum Deductible

Over the past nearly 20 years, high deductible health plans (HDHPs) have gained popularity as a means to control healthcare costs and provide individuals with greater control over their healthcare decisions. These plans, characterized by their higher deductibles and lower monthly premiums, have a fascinating history that traces back several decades and was cemented in 2003 with the passage of the Medicare Modernization Act, which included provisions for HDHPs and health savings accounts (HSAs).

Rise of Health Savings Accounts (HSAs)

The introduction of HSAs in 2003 played a significant role in the popularization of HDHPs. HSAs allowed individuals to set aside pre-tax dollars specifically designated for healthcare expenses. Contributions to HSAs were tax-deductible, and any unused funds rolled over from year to year, providing an incentive for individuals to save for future medical needs. HDHPs paired with HSAs became an attractive option for those seeking more control over their healthcare spending.

Impact of the Affordable Care Act (ACA)

The Affordable Care Act (ACA) in 2010 brought about several changes in the healthcare landscape, including specific provisions related to HDHPs. The ACA set guidelines for minimum coverage requirements and mandated coverage for certain preventive services without cost-sharing, regardless of the deductible. This led to an increased focus on HDHPs as a way to strike a balance between affordability and adequate coverage.

Employer Adoption and Consumer Shifts

As healthcare costs continued to rise, many employers embraced HDHPs as a cost-saving measure. Employers saw them as an opportunity to shift some of the financial burden onto employees, who, in turn, would become more prudent healthcare consumers. This trend accelerated as premiums for traditional health insurance plans escalated, making HDHPs an appealing alternative for cost-conscious employers and individuals alike.

Minimum Deductible Requirements

Several adjustments have been made over the years to a key feature of the HDHP, the minimum deductible requirements. In 2004, the IRS set the initial minimum deductible at $1,000 for self-only coverage and $2,000 for family coverage. These amounts increased in subsequent years to keep up with inflation and rising healthcare costs.

With the passage of the ACA in 2010, the minimum deductible amounts for HDHPs were standardized. For the 2024 tax year, the minimum deductible for self-only HDHP coverage was set at $1,600, while the minimum deductible for family coverage was set at $3,200.

The minimum deductible for HDHPs continues to increase over time. Here are a few reasons why:

- **Rising Healthcare Costs:** One of the primary drivers behind increasing minimum deductibles is the overall rise in healthcare costs. Medical expenses, including the costs of hospitalization, surgeries, medications, and advanced treatments, have been steadily increasing. To keep HDHPs viable and financially sustainable, insurers and employers often raise the minimum deductible to shift a greater portion of the costs to individuals.

- **Cost Containment:** HDHPs are designed to promote cost-consciousness and responsible healthcare spending. By setting higher deductibles, individuals are encouraged to consider the cost implications of medical services and seek essential care while avoiding unnecessary or low-value treatments. Increasing the minimum deductible further reinforces this cost-containment objective.

- **Mitigating Premium Increases:** HDHPs typically have lower monthly premiums compared with traditional health insurance plans. To maintain this affordability, insurers may raise the minimum deductible to balance the lower premiums. By requiring individuals to cover a higher portion of their healthcare costs before insurance coverage kicks in, insurers can keep the overall premiums more affordable.

- **Promoting Health Savings Accounts (HSAs):** HDHPs are often paired with HSAs, which allow individuals to save pre-tax dollars for medical expenses. Higher minimum deductibles align with the requirements for HSA eligibility. Increasing the minimum deductible ensures that individuals using HDHPs are eligible for the tax advantages associated with HSAs, fostering personal responsibility for healthcare expenses and encouraging savings for future medical needs.

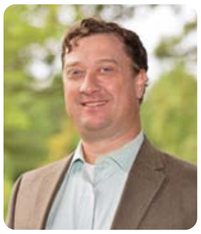
- **Regulatory Considerations:** The minimum deductible amounts for HDHPs are often influenced by regulatory guidelines and tax policies set by the Internal Revenue Service or another federal agency. These guidelines aim to strike a balance between ensuring adequate coverage and promoting consumer engagement in healthcare decision-making. Adjustments to the minimum deductible may be made to align with inflation, changes in healthcare legislation, or to reflect the evolving healthcare landscape.

It is important to note that while higher deductibles can help control costs, they can also pose challenges for individuals, particularly those with lower incomes or chronic health conditions. Balancing cost containment with ensuring access to necessary care remains a critical consideration for policymakers and insurers when setting the minimum deductible amounts for HDHPs.

Ultimately, the increasing minimum deductible for HDHPs reflects ongoing efforts to navigate the complexities of healthcare costs, affordability, and individual responsibility in an ever-changing healthcare environment.

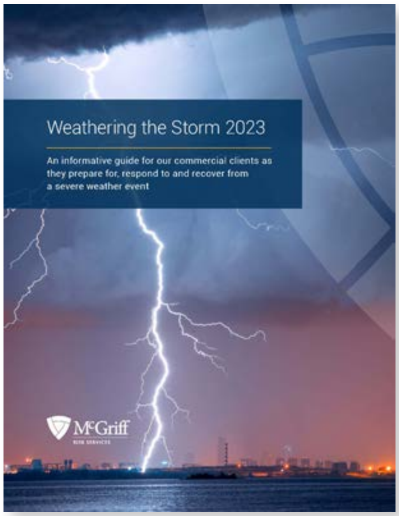
Conclusion

The minimum deductible for high deductible health plans has evolved over time, guided by factors such as the introduction of HSAs, changes in healthcare legislation, and responses to public health emergencies. As healthcare needs and priorities continue to evolve, it is essential to stay informed about any updates or changes in the minimum deductible requirements to make informed decisions regarding healthcare coverage.



R. Edward Johnson, ASA, MAAA, FCA
McGriff Actuarial & Underwriting Practice Leader

Weathering the Storm – Prepare, Respond, Recover
2023 McGriff Client Guide



According to NOAA's Climate.gov, 2022 was a billion-dollar weather and climate year with multiple costly disasters throughout the country. 2022 tied 2017 and 2011 for the third highest number of billion-dollar events and was also the third highest year in cost.

In 2022, the United States saw 18 separate weather events costing an estimated $165.1 billion dollars. Hurricane Ian was the most devastating costing $112.9 billion and almost leveling several cities on the west coast of Florida in the direct path. Average rainfall was 10-20 inches with some counties reporting over 20 inches of rain. There were also severe hail events in many parts of the country and a couple of tornado outbreaks. As weather patterns change and storms increase throughout the country coupled with rising population in vulnerable areas, these costs are likely to continue to rise.

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

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

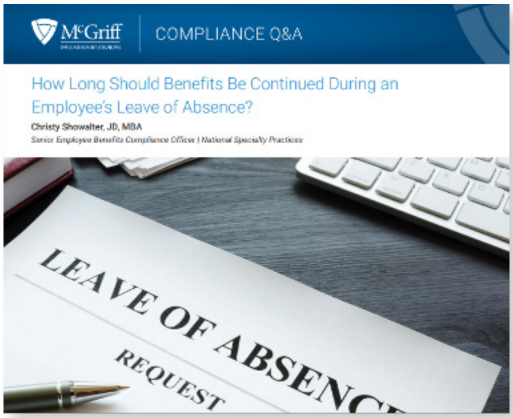
Compliance Q&A: Continuation of Benefits During a Leave of Absence

Question:

One of our employees has been on medical leave for the past four months. Do I have to continue offering our medical insurance benefits or can I go ahead and terminate the medical coverage?

Answer:

There are a number of issues to consider when determining how long to continue benefits for an employee who is not actively at work, such as during a leave of absence. The question can be phrased another way: At what point is the employee no longer eligible for benefits such that coverage should be terminated and COBRA offered due to the employee's reduction in hours worked? Unfortunately, there is often not a bright line answer. The answer is typically very plan-specific, coming down to how the employer itself has defined eligibility in its benefit plan documents and in its internal policies and procedures … and the answer can even vary by each benefit!



Ideally, the question of how long to continue benefits during an employee's leave of absence (LOA) has been proactively addressed and documented in your benefit plan materials. This answer requires coordination and consideration of the interplay between the insurance carrier's contractual provisions, federal and state benefit regulations, such as Family Medical Leave Act (FMLA) and the Affordable Care Act (ACA), as well as your organization's internal policies and precedents.

The McGriff Compliance Team has prepared a list of questions to help you analyze these situations. Consider these as you develop your own LOA policy and answer the question of how long to continue benefits for an employee on leave.

McGriff July Webinar Opportunities

As part of McGriff's commitment to bring you information on regulatory updates, current trends and best practices, we invite you to the below webinars scheduled during the month of July. We hope you can join us for one or more of these educational opportunities!

Timely Topics to Consider on Consumer Driven Health Benefits and COBRA Benefits

July 13 | 2:00 pm EST | 1.0 PDC SHRM/HRCI
To register, please click here.

As employers focus on the design of benefit plans that will retain and attract talent in the changing employment market, and also deal with the dynamics associated with the administration of consumer-driven benefits and COBRA, please join the McGriff Flexible Benefits and COBRA Team to learn about ideas on improving participation and utilization of flexible benefit programs, and increase your awareness around the complex topic of COBRA administration in an ever-evolving regulatory landscape.

Trending Topics in Retirement

July 27 | 2:00 pm EST | 1.0 PDC SHRM/HRCI
To register, please click here.

Retirement benefits are important for your employees and their financial wellness. Financially secure employees with a positive outlook perform better. This means that guiding and helping employees build financial security for retirement is ultimately good for business. Join your McGriff Retirement Consulting Team to explore ideas about managing retirement plans with cost-effective plan designs that can have a positive impact on recruiting and retention while improving the overall compensation package.

Monthly Mineral Demonstration

July 18 | 2:00 pm EST
To register, please click here.

McGriff is excited to bring you Mineral — 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 for an overview of Mineral and its benefits available to you as an employee benefits client of McGriff.