McGriff
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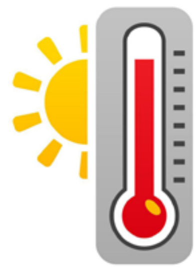
It Benefits You

Your Employee Benefits Newsletter

June 2025

In This Issue:

The Heat is On!



June heralds the beginning of summer and the heat is on! HR and Benefits departments feel the burn of regulatory requirements from a multitude of directions – like the upcoming deadlines for 5500 filings, PCORI fees and anticipated regulatory changes. McGriff's experienced Benefits Consultants are here to help you stay cool and avoid any compliance fires!

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2025 National Benefit Trends Survey
Is Ready For You to Download!

McGriff 2025 Benefits Trends Survey Results

McGriff has released its 5th annual nationwide benefit trends survey for employee benefit decision makers. We received responses from more than 650 employers across major industries and all geographies. 18% of respondents have 500 or more employees and 35% are self-funded. A few of the key insights include:

- With rising medical costs, organizations are actively seeking ways to manage expenses. Changing medical carriers (36%) and implementing targeted cost control programs (29%) are common strategies.
- A significant majority of organizations—60%—do not currently cover GLP-1 medications for weight loss and are not considering adding this coverage in the near future. In contrast, only 7% of employers provide coverage for both diabetes and weight loss without restrictions, while 33% cover these medications for diabetes and for weight loss only if specific criteria are met.
- In the evolving landscape of employee benefits, compliance with current regulations is a significant priority for organizations, with 75% of respondents rating it as "very important" and another 21% as "important" for the upcoming 12 months.

As you think about future strategies, we invite you to review our survey results to gain insight on benefits trends across the country and specific to your industry. Click here to review and please reach out to your McGriff Benefits Consultant with any questions you may have!

Upcoming Compliance Deadlines

July
31

PCORI Fee

Employers sponsoring a self-funded health plan are required by the ACA to submit an annual Patient Centered Outcomes Research Institute (PCORI) Fee. Fees are due on July 31 of the calendar year following the plan year for which the fees are calculated by filing on IRS Form 720 (e.g., the fee for a plan ending in 2024 is due on July 31, 2025). Reach out to your McGriff Account Team if you need assistance calculating the PCORI fee using one of the IRS approved methods.

July
31

Form 5500 (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. 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.

PCORI Fees: Proper Counting Method May Help Self-Funded Plans Save Money

The due date to file and pay the 2024 Patient-Centered Outcomes and Research Institute (PCORI) Trust Fund fee is July 31, 2025. Now is the time for employers to determine the best way to calculate the average lives of your plan and ensure the lowest liability for the plan.

Several safe harbor methods are acceptable for calculating average plan lives, although they differ between fully insured and self-funded plans. Since the employer maintains the self-funded plan as the plan sponsor, the employer must file the PCORI Fee on its own behalf. Employers have paid hundreds or thousands of dollars in fees above their minimum liability because they didn't take advantage of all available methods. In this article, we will review each method and hopefully help employers avoid paying more than their fair share of this Affordable Care Act (ACA) fee.

The PCORI fee for plan years ending in 2024 is due by July 31, 2025 and must be filed with IRS Form 720. The fee is $3.22 per member per year (PMPY) for plan years ending on or before Sept. 30, 2024 and $3.47 PMPY for plan years ending on or after Oct. 1, 2024. Employers may access Form 720 and Form 720 Instructions on the IRS website (www.irs.gov/forms-pubs/about-form-720) under the "Current Revision" section. As of mid-May, the latest revision to both forms was in March 2025 and does not contain the updated $3.47 PMPY fee for plan years ending on or after Oct.1, 2024. The IRS should update these forms no later than the end of June 2025.

When calculating the PCORI fee, the goal is to find and leverage the counting method that yields the lowest average count of lives (members) for the applicable plan year. By comparing the multiple available methods and using the correct one, employers will ensure they are utilizing the lowest average life count, thus calculating the lowest fee liability. For self-funded plans, there are four available safe harbor methods: Actual Count Method, Snapshot Count Method, Snapshot Factor Method and Form 5500 Method.

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The Actual Count Method uses the total lives covered for each day of the plan year and divides that total by the number of days in the policy year. Rather than report plan enrollment by each day of the year, most carriers or reporting entities report enrollment totals at the beginning or end of the months within the plan year. These reports may be used as a surrogate to determine if the Actual Count Method may generate the lowest average. However, reports with actual daily counts are still required to make a final determination.

The Snapshot methods are based on the sum of lives covered on a date during the first, second or third month of each quarter of the plan year. This allows for an appropriate selection based on whether the plan enrollment has grown or shrunk during the plan year. For example, if enrollment has increased during the plan year, choosing the first or second month of each quarter is likely to generate the lowest average. While the nomenclature is similar, the two snapshot methods are quite different and often generate significantly different average life calculations:

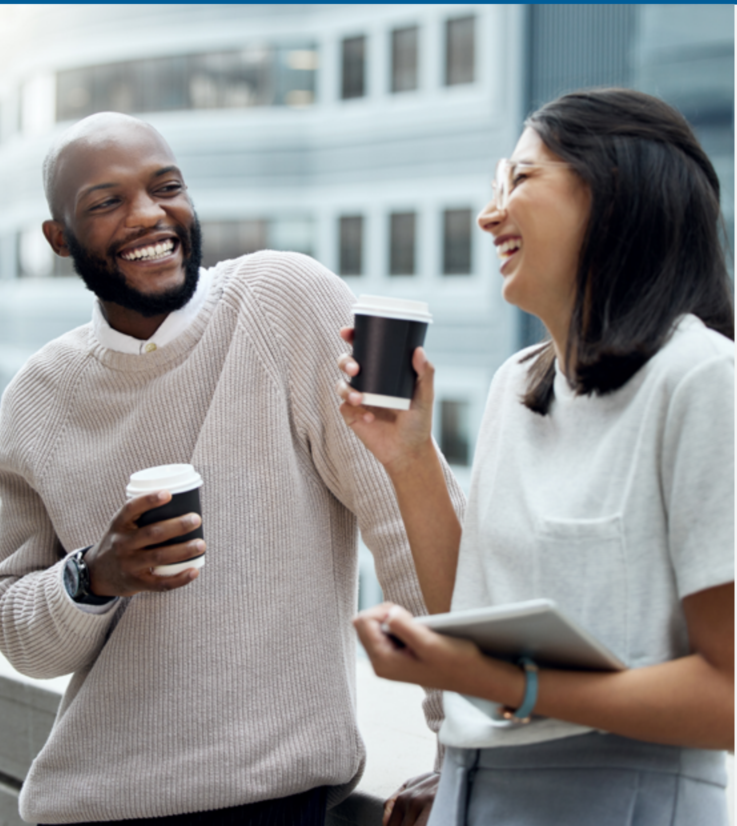
- The Snapshot Count Method utilizes the actual count of lives within the selected months of each quarter.
- The Snapshot Factor Method uses actual counts of subscribers with self-only coverage but multiplies the count of subscribers with dependent coverage by a factor of 2.35. Thus, if the average number of lives for the subscribers with dependent coverage is greater than 2.35, the Snapshot Factor Method will create a lower liability than the Snapshot Count Method.

Rounding out the four allowed methods is the Form 5500 method. Under this method, the plan sponsor may determine the average number of lives covered under the plan based on the number of participants reported on the Form 5500 for the applicable plan year. Since the Form 5500 for the plan year must be available for use as a determining method, plan sponsors who have not filed or have filed an extension for filing the Form 5500 will not be able to use this method.

When calculating the PCORI fee, please remember that the counts are based on covered lives under major medical coverage. Major medical coverage can be defined as coverage subject to reasonable enrollee cost sharing for a broad range of services and treatments, including diagnostic and preventive services, as well as medical and surgical conditions. For example, PCORI guidance excludes lives covered under limited scope coverage, such as hospital indemnity coverage, standalone dental or vision plans, and most HRAs, HSAs and FSAs. PCORI guidance also specifically extends this exclusion to employee assistance, disease management, and wellness program enrollment.

As medical and pharmacy costs continue to rise, it’s more important than ever to trim health care expenses at every opportunity. With the PCORI fee due in a matter of weeks, please take this opportunity to verify the lowest cost method. If you have questions, encounter issues, or would simply like someone to review your calculations, please reach out to your McGriff Employee Benefits consultant and gain some peace of mind.

Ken Bowen, PAHM
McGriff Actuarial & Underwriting, VP
Executive Underwriting Manager



Are Chronic Conditions Driving Up Your Workers’ Comp Spend?

There is a direct correlation between employee well-being and workplace safety. Healthier employees tend to be safer, leading to fewer on-the-job accidents. However, the presence of chronic and often co-morbid conditions, such as diabetes, obesity, arthritis, asthma, hypertension, depression, and anxiety, can impact employees’ ability to perform their jobs safely and add significant complexity to both Health insurance and Workers’ Compensation insurance.

According to the Centers for Disease Control and Prevention (CDC), six in 10 Americans have at least one chronic disease, and four in 10 have two or more chronic diseases. The National Institutes of Health (NIH) estimates that by 2030, nearly 50% of U.S. adults will be obese.

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Moreover, the cost of chronic diseases on the healthcare system is staggering. 90% of the nation's $4.5 trillion in annual healthcare expenditures are for people with chronic and mental health conditions, according to the CDC. Obesity, for example, costs the U.S. healthcare system nearly $173 billion a year. The total estimated cost of diagnosed diabetes was $413 billion in medical expenses and lost productivity in 2022, according to the CDC.

Comorbidities and Workplace Safety

Employees who struggle with chronic conditions have a higher risk of workplace incidents. These chronic conditions can reduce physical coordination, delay recovery times, and increase the severity of injuries, leading to higher medical costs, more time away from work, and greater overall risk for employers.

For example, an employee who is an undiagnosed or unmanaged diabetic could experience peripheral neuropathy, leading to balance and coordination issues that may increase the likelihood of falls or injuries. That employee also could experience changes in vision and problems with wound healing. A simple workplace accident, like a cut or sprain, could become a serious medical case with prolonged complications, driving up Workers' Compensation costs and lost productivity.

Obesity/metabolic syndrome can be a risk factor for multiple chronic conditions, such as diabetes, hypertension, fatty liver disease, and musculoskeletal disorders. Employees with obesity issues can also be at risk of sleep apnea and stress, impacting their reaction time at work. Stress, depression, and anxiety can alter focus and engagement at work. Similarly, delayed reaction and response time can also lead to increased risk of workplace accidents and injuries, such as chronic stress, anxiety, or depression, which can contribute to workplace errors, fatigue-related accidents, and absenteeism.

Chronic pain conditions such as back pain or arthritis can significantly affect recovery from a new work-related injury. Existing heart conditions can limit physical activity and affect recovery time after an injury.

The Impact of Comorbidities on Healthcare and Workers' Comp Costs

Workers' Comp claims with comorbidities tend to increase medical costs, and they require more extensive treatment, including surgeries, medications, and therapies. This leads to higher overall claim costs compared to claims without preexisting conditions. In addition, the presence of a comorbidity can lengthen the time it takes for an injured worker to recover and return to work, extending the claim's duration and the benefits paid. For example, according to a National Council on Compensation Insurance (NCCI) study, the duration of indemnity benefits paid is at least five times greater.

Also, when a worker has a preexisting condition, it can be challenging to differentiate the impact of the work injury from the effects of the comorbidity, potentially leading to disputes over claim eligibility. Preexisting conditions may limit the treatment options available for a work-related injury, requiring more conservative approaches or modifications to treatment plans.

Tie Wellness Initiatives into Safety

While there are many factors that contribute to the development of chronic conditions, providing support and programs to help address lifestyle related factors and decrease gaps in care can help to bridge the gap. Employers that integrate wellness initiatives with workplace safety programs can reduce the impact of comorbidities, improve employee well-being, and mitigate insurance costs. By fostering a culture of health, well-being, and safety, organizations create safer workplaces and help employees proactively manage chronic conditions, ultimately reducing claims, insurance costs, and operational disruptions.

Establish a Culture of Wellness

Wellness and health promotion programs can vary widely and include many different initiatives. Programs can include offerings that range from participation-based health promotion and lifestyle programs (such as challenges for walking, healthy eating, and stress management) to more clinically driven approaches to manage gaps in care, provide health coaching, and condition-specific programs. Designing an impactful program includes considerations of employee health status, workplace culture, budget, built environment, goals, industry, and benefit design.

Part of the reason wellness programs can experience less engagement than safety programs may be because they are viewed as participation-based, whereas safety is a fundamental requirement. Others may worry about privacy, judgment, or being singled out for health-related issues. Clarify that participation is voluntary, supportive, and non-punitive to help reduce anxiety and reframe the initiative as a benefit, not an obligation. Reinforce that wellness programs are designed to support employees, not to monitor or pressure them.

Addressing these concerns early and empathetically fosters trust and encourages meaningful participation. By tying wellness initiatives into safety checklists (for example, encouraging stretching and strengthening breaks, stress reduction, annual physicals, and condition management), you can help managers and employees see how they connect and how they are equally crucial to safety in the workplace. While you cannot require participation in wellness programs, building their value and developing a greater awareness of how they can improve workplace safety can help build better engagement and results.

A Seat at the Table for Wellness and Safety Staff

Consider placing the people responsible for employee wellness (which is under the scope of HR) and safety (typically part of risk management) on a joint committee to align initiatives.

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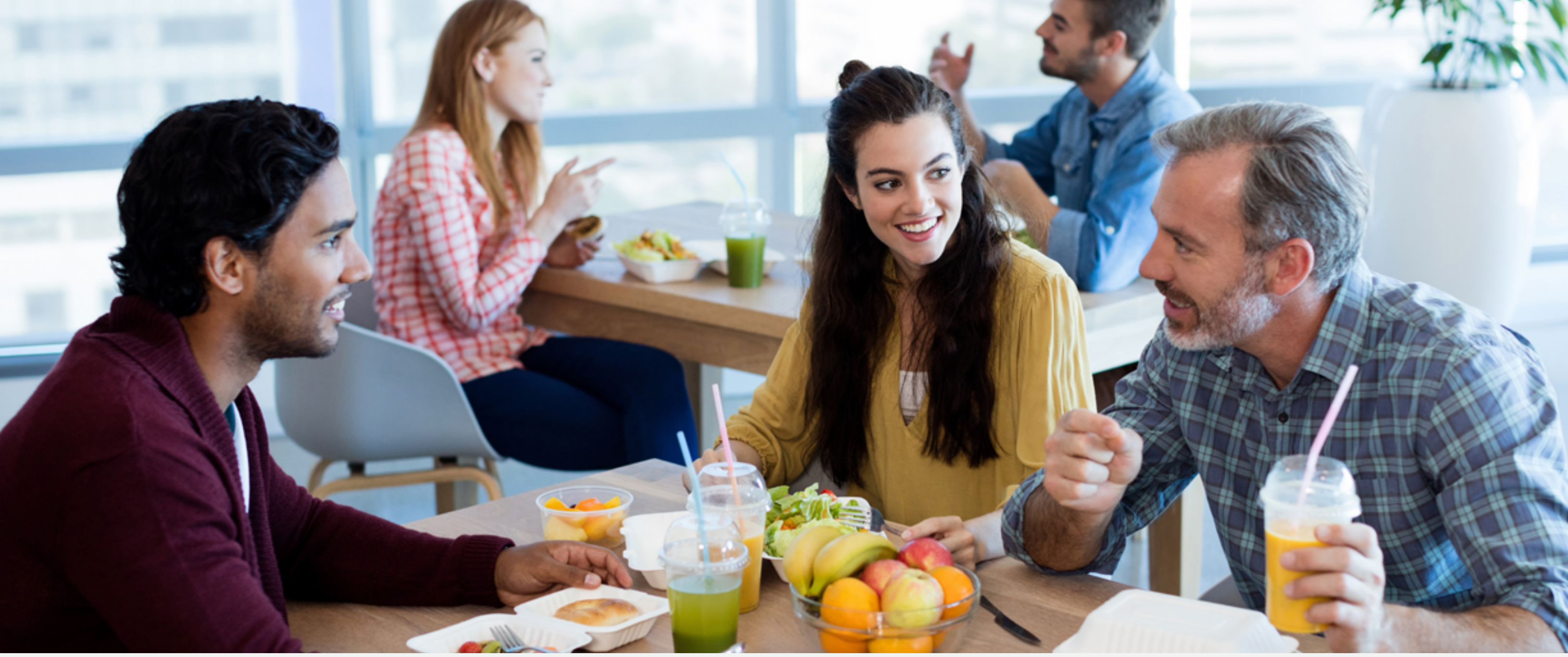


Leveraging multiple employee communications channels (such as signage, on-site events, digital apps, and pre-shift meetings) and streamlining messaging can help reduce information overload and reinforce essential goals. Having additional insights and feedback from people working in all areas of the organization can help them be mindful of the real challenges they see daily and how they might be overcome.

Look at Your Work Environments Holistically

While we are quick to identify safety risks in the workplace, are we also evaluating how the workplace environment could be influencing health risks? Apply the same lens to how employee health can be impacted by what types of foods are on-site, work/life balance, and accessibility to preventive care.

This also includes improving communications and tools for employees working off-site to eat healthier, sleep better, or manage stress. Small changes, such as providing lists of healthier convenience food options for on-site and field workers, digital programs for enhanced mobility and exercise, or mental health resources for self and preventive care, can all contribute to your approach to viewing health as a function of safety.

Accessibility assessments can also provide value in improving employee health and reducing worker injury costs. For example, providing benefits such as virtual primary care, on-site clinics or coaching, or seed money into health savings accounts can encourage employees to better manage their health through improved access to care and reduced financial risk.

In addition, you can implement regular workplace ergonomic assessments of employee workstations and training on posture, stretching, and safe lifting techniques. Employees who understand how to prevent strain are less likely to suffer injuries, especially in repetitive or physically demanding jobs.

Employ a Holistic View of Data Intel

Medical and Workers' Comp claims and reporting are subject to different rules and may look different, but often, the proper analysis and approach can identify where risks might carry over. For example, medical claims that reflect concerns with opioid use and chronic pain are a good indicator you should be more proactive with your safety team to address prevention, build awareness, and evaluate the need for additional resources. These claims can co-occur or go back and forth, and having a full view of the claims experience and costs can provide good intel on where there might be areas of concern.

Transparency Is Key

It's crucial to consider any legal or compliance considerations with wellness programs. Companies must communicate what data is collected, how it's used, and who can access it. Reinforcing that information is kept confidential and used only to improve employee well-being—not for management scrutiny—builds credibility.

Take Baby Steps

Adding responsibilities, communications, and initiatives can always seem daunting, but the goal is to make things more united and seamless for everyone. Starting with simple awareness strategies, such as adding communications apps for wellness and safety, posting signage about EAPs with your safety notices, and opening the lines of communication can ultimately reduce the amount of work required for everyone by creating a more simplified approach and cohesive culture of health and safety.

Katie O'Neill, BS, DC
McGriff Clinical Wellness Practice Leader

Warren Blanchard
McGriff Risk Management

HR Solutions: Dependent Care FSAs

A Dependent Care FSA is a great way to support your employees' desire to lower the cost of caring for their dependents. Adding it to your employee benefits package will make your company more appealing to both potential new hires and your existing awesome talent. But that's only if those who would benefit from a Dependent Care FSA understand its value.

Plan utilization matters more than how great it looks in a sleek benefit guide. As we all know, the real challenge is helping employees understand the personal value of the benefit plans we offer – because employees don't enroll in plans they don't understand. In my experience, there's a fundamental misunderstanding about everything a Dependent Care FSA (DCFSA) covers. This article will address the under-utilization of DCFSA plans and provide actionable tips to enhance employee education and increase participation.

Who Is Eligible to Enroll?

A participant and/or spouse (if applicable) must be gainfully employed, looking for work, or attending school on a full-time basis. The qualifying dependent may be a child under age 13, a disabled spouse, or other tax dependent who is physically or mentally incapable of caring for themselves.

Why Offer It?

This valuable pre-tax benefit allows your employees to set aside a portion of their salary to pay for eligible dependent care expenses before taxes are calculated. By lowering the taxable income, employees increase their take-home pay and keep more of their hard-earned paycheck.

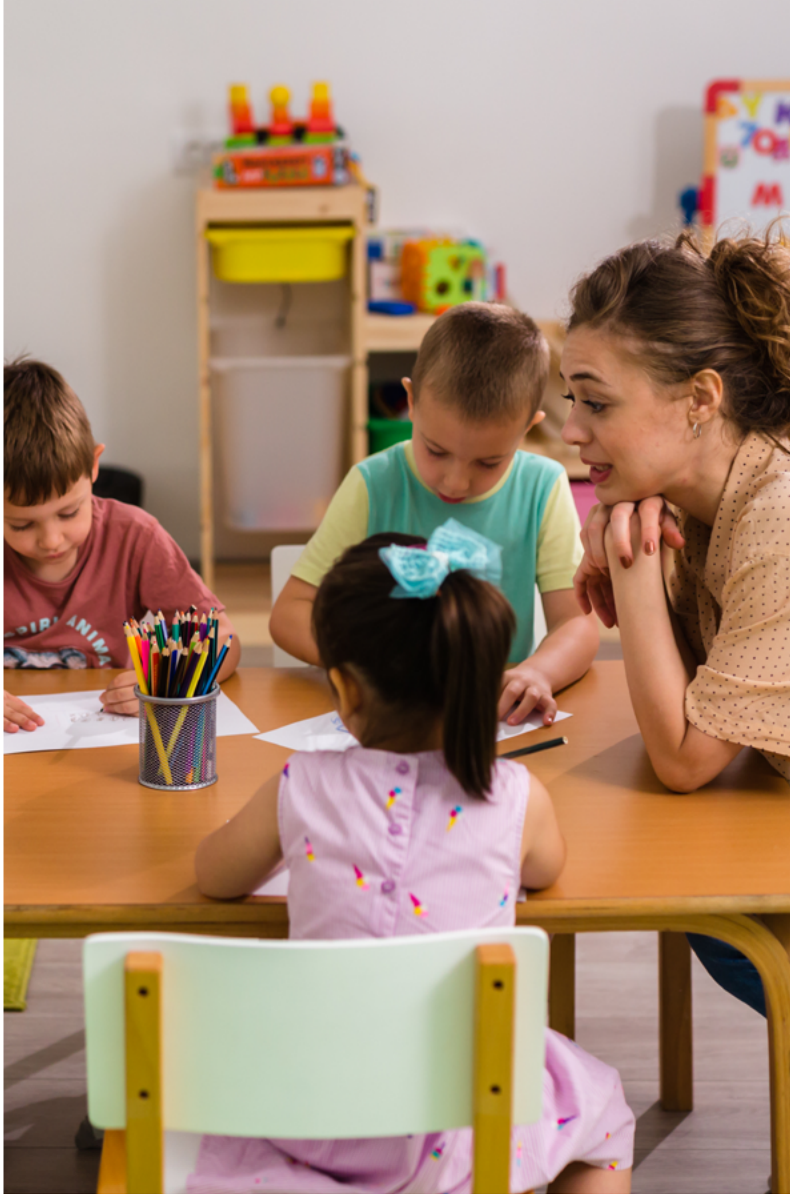
When employees feel more financially secure and better supported in their caregiving responsibilities, they're more focused and productive at work. By offering a benefit that directly addresses a major financial hurdle, you demonstrate concern for their lives both on and off the job. This fosters greater loyalty and engagement.

The money that employees set aside to fund their DCFSAs also provides tax relief on your payroll taxes, which often exceeds administration fees. The excess savings can be put directly back into your payroll account.

Tips for Your Offering

Tip #1: Simplify and clarify what the DCFSA offering is and how it works

A Dependent Care FSA allows employees to choose how much of their paycheck to set aside, before taxes are taken out, for eligible dependent care expenses. The IRS limits how much income can be set aside without being taxed. The current limit is $5,000 per household or $2,500 per person (if married or filing separately).



Tip #2: Ask the right questions to identify need

There will always be employees who approach open enrollment on autopilot, declining everything, even if they don't fully understand what they're saying no to. If we can interrupt this tendency by including a question that seeks to identify a potential need – before giving them an option to decline – we can likely help more employees.

At enrollment, before offering the option to decline the DCFSA, consider asking questions to uncover and identify need. Something like: "Do you pay for care, or expect to pay for care this year for any of the following: Tax dependents incapable of self-care? Service from daycare, preschool, before-school care, or after-school care? Summer day camp? In-home dependent childcare, or elder care that is not provided by a spouse or other tax dependents?"

Then, include a link to Learn More about this option to help employees make an informed decision about what is best for their needs.

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Tip #3: Be mindful of word choices

We don't want an employee to think they're buying something. Instead of phrases such as "coming out," which implies a loss or a purchase, say "setting aside" or "flagging" to more clearly communicate that money is being allocated for something they already plan to spend for qualifying dependent care services. Here's a helpful way to put it: "Contributions are the pre-tax dollars you're setting aside from your paycheck to pay for eligible dependent care expenses."

Tip #4: Provide a relatable story with an impactful visual to show employees how it works

Here's an example of how the plan can help you bring home more of your paycheck:

Ava Marshall works in our accounting department and has an annual salary of $50,000. Like many families, Ava's childcare expenses significantly drain the budget. She currently spends $1,500 a month on daycare, which feels like even more because it is paid for with money that has already been taxed.

Whether or not she has a DCFSA, Ava knows she has to pay her daycare provider every month. So she figures, why not do the math.

Check out how much Ava could save!

Ava's Gross Annual Pay is $50,000	**WITHOUT a Dependent Care FSA**	**WITH a Dependent Care FSA**
Total taxable income	If no money is set aside, the full amount of Ava's gross pay is taxable. **$50,000**	If Ava chooses to set aside the max limit of $5,000, her taxable income is reduced by $5,000. **$45,000**
Taxes *(This example assumes a 30% tax bracket to include federal taxes, Social Security, and Medicare taxes)*	**$15,000** *($50,000 x 0.30 = $15,000)*	**$13,500** *($45,000 x 0.30 = $13,500)*
Net Annual Pay (*take-home pay*)	**$35,000**	**$36,500**
The difference in Ava's take-home pay is $1,500!		

Tip #5: Help your employees avoid unspent funds

To set proper expectations and avoid confusion, review your plan literature to ensure it clearly communicates the use-it-or-lose-it rule along with any provisions such as a grace period or rollover. Rather than bury these important details in blocks of text, highlight or bold them in your plan literature to capture your employees' attention.

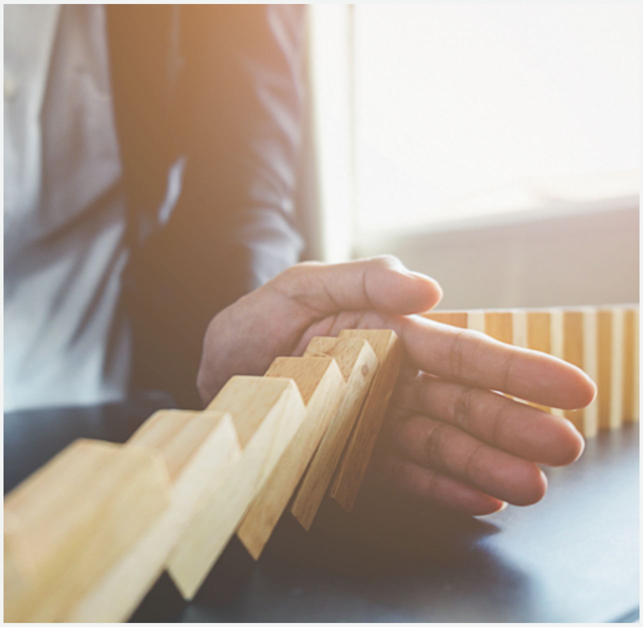
Throughout the plan year, but especially toward the end, be sure to send reminders to employees about spending down their funds to avoid forfeiture. These can be especially helpful at opportune spending times, e.g., an employee who's getting ready to pay to enroll their dependent in a summer day camp.

For complete details and guidelines about Dependent Care FSAs, your primary point of reference is IRS Publication 503. This annual document defines all criteria and can be found online at https://www.irs.gov/forms-pubs/about-publication-503.

By implementing these strategies, you can turn this underutilized benefit into a more effective tool for attracting, retaining, and supporting valuable employees.

Holly Murrah
McGriff Flexible Benefits and COBRA Development Executive

McGriff June Webinar Opportunities



Sustainable Businesses: Business Interruption Insurance & Business Continuity

June 12 | 2:00 pm EDT | 1.0 PDC SHRM/HRCI

Is your business in it for the long haul? With the risk of business interruption threats increasing, business continuity planning is vital for countering the effects of crises events. In this webinar we will explore applications of business continuity plans and business interruption insurance alongside real claim/disaster event examples. We will review critical steps to implement a business continuity plan that will value your operations for coverage properly and help your organization recover quickly.

Presented by:
Jenny Desko, Risk Control Consultant

Register

Understanding Pension Plan Accounting

June 26 | 2:00 pm EDT | 1.0 PDC SHRM/HRCI

Pension plan accounting standards have guidelines for projecting plan expenses that include key concepts like projected benefit obligation, service cost, interest cost and expected return on assets. Market conditions are also a main driver in setting assumptions to determine the cost for plan sponsors. Understanding these concepts, the accounting standards, and the assumptions used to calculate the liability is key to controlling expense and plan viability.

Presented by:
Charles Stinson, McGriff Retirement Consultant
Jim Derengowski, McGriff Retirement Consultant

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!

HSA/HDHP Limits Will Increase for 2026

The following chart shows the HSA and HDHP limits for 2026 as compared to 2025. It also includes the catch-up contribution limit that applies to HSA-eligible individuals age 55 and older, which is not adjusted for inflation and stays the same from year to year.

Type of Limit	2025	2026	Change
HSA Contribution Limit			
Self-Only	$4,300	$4,400	Up $100
Family	$8,550	$8,750	Up $200
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	$1,650	$1,700	Up $50
Family	$3,300	$3,400	Up $100
HDHP Maximum Out-of-pocket Expense Limit (deductibles, copayments and other amounts, but not premiums)			
Self-Only	$8,300	$8,500	Up $200
Family	$16,600	$17,000	Up $400

McGriff Brings You Mineral!

June 24 | 2:00 p.m. EDT

Register

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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EMPLOYEE BENEFIT SOLUTIONS

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