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## Adjusting Group Benefit Strategies to **Accommodate COVID Realities**

As Business Owners Consider The Many Challenges That Are Present In Their COVID-19 Recovery Efforts, It May Be Beneficial To Revisit In-Place Employee Benefit Strategies Due To Several Influences The Pandemic Has Had On Healthcare And The Workplace Environment.



The experts at My Benefit Advisor have been working with clients from the beginning of the COVID-19 crisis, keeping them aware of developments that might impact their business and sharing insights into effective strategies to help them cope with group benefit challenges. Now more than ever, it may be necessary to reshape in-place benefit portfolios to better encompass evolving employee expectations and new healthcare trends as a result of the pandemic.

*As always, you can count on us for guidance.*



## P E R S P E C T I V E

# Most business owners find themselves in uncharted waters as they attempt to rebuild their businesses from the impacts of the COVID-19 pandemic.

Among the countless challenges they face will be the need to reinvent many once normal workplace duties and procedures as social distancing, face masks, sanitizing processes other health and safety concerns are incorporated into business operations. Additionally, the pandemic has taken a financial toll on both individuals and business owners, which will surely affect their future planning and decision making regarding a wide variety of matters.

While no one believes these challenges will be overcome easily, it is the nature of a successful business that leaders will emerge to facilitate pathways to success.

Although some businesses may not survive the logistical and financial setbacks brought on by the virus, many more will, although the operations of a business going forward will likely look very different from what most looked like in the past.

Some may say a good deal of these workplace modifications were already in process and the pandemic simply accelerated their proliferation and acceptance. Other necessary changes may not have been as visible before COVID arrived. In any event, it's probably safe to say that the workplace of tomorrow will look very different from the traditional workplace we've all been used to in the years leading up to this time.





# Assessing the Evolving Workplace Environment

As society struggled to adapt to the changing realities brought on by the COVID-19 pandemic, modifications were made to many aspects of everyday life that will most likely become to some degree, “the new norm.” As it relates to employers and their workforce, the increased level of remote work and the added reliance on technology and online communications will surely be two of the more significant “shapers” of future business trends.

Obviously, neither of these developments represent new concepts but the necessity to shelter in place during the pandemic only served to hasten a more widespread acceptance of both practices in businesses of all sizes. While we know the use of technology in business operations is sure to grow going forward, to what extent employees are permitted to work from home as restrictions are eased remains to be seen.

At the very least, the future of many business operations will probably need to provide a flexible work environment. Both for employees with children at home and for those taking care of elderly parents, the ability to work from home could ease some of their pressures and allow for greater personalization of scheduling. Businesses could potentially save on expenses by downsizing office square footage and employees could save on commuting expenses.

And of course, there are other influences that will impact business owners in the coming months and years. The loss of revenue that many firms have experienced along with the pandemic’s impact on each employee’s personal financial health will exert significant pressure on many decisions that will be made by both employers and their employees.

Concern for the risk of disease contraction will weigh on everyone’s mind and heart and likely impact numerous facets of everyday lives, both at home and at the workplace. And the need for safety precautions such as social distancing, personal and workplace sanitizing, among others, will require adaptations to administrative practices and procedures, communication methods and customer contact that has seldom been seen on such a permanent basis before now.

In short, we are only beginning to understand the many pandemic-related influences that will shape the future of our community and business realities. Although employers might not rank benefit portfolios among their greatest concerns as they look to re-establish their operations, the reality is that the pandemic has powerfully reshaped many aspects of how the workforce thinks, the workplace environment and how people access medical care.

As your benefit consultant, MBA will provide guidance to assist and educate you and your employees. Understanding the various changes manifesting themselves as a result of the pandemic and knowing how to reshape benefit strategies will be essential to achieve successful solutions.

Following in this paper are several pandemic-related influences business owners may want to consider when contemplating changes to benefit design strategies during the months ahead.





# Pandemic-Related Financial Strain Will Necessitate Enhanced Focus on Cost Controls

Most businesses are being confronted by a one-two punch resulting from COVID-19 and face a tough road ahead. The combination of revenue loss due to office closures and lost customers coupled with other unexpected pandemic related expenses are forcing business owners to slash costs. One such area they will inevitably focus on, especially as the next renewal season approaches will be benefit expenses.

During the 2007-2009 recession, many employers directed their cost-cutting measures at shifting health care costs to their employees through higher contribution levels and high deductible programs. At this point, with individuals already further straddled with COVID related financial impacts, any further burden put on employees has the potential to backfire. As a result, budget and benefit planners need to be cautious in their approach.

For the business owner, this will require creative and new strategies to accomplish corporate goals. Today fortunately, an expansive system of health care navigation, management services and technology all combine to present viable methods for accomplishing this task. By utilizing these avenues and integrating data concerning the company's benefits budget, corporate benefit objectives, employee demographics and any utilization data available, a long-term benefit strategy can be crafted and tailored to meet the business owner's objectives.

Employers severely impacted by the COVID-19 healthcare crisis may have had to reduce staff through layoffs and furloughs. Employers in those situations may direct employees to obtain individual insurance coverage or through one of the newer options available-Individual Coverage HRA (ICHR), explained in more detail later in this paper.

Business owners looking to maintain their employee benefit programs will need to achieve a balance between controlling their own costs while also limiting the financial burden placed on their employees. Most likely, employers willing to continue providing an adequate benefit package may find employees more willing to consider new plan options or alternative means of seeking health care advice.

As employers seek ways to reduce costs post-pandemic, they will look to their health insurance brokers and consultants for guidance. MBA stands ready to provide its clients with research-based, thoughtful, creative, innovative and effective solutions.

# COVID Related Premium Increases: Should They Be Passed on to Employees?

While most industry professionals would agree the COVID-19 pandemic will impact health insurance premiums, few have a grasp yet on just how significant any increase will be. Until we know more, one question employers might want to consider thinking about is whether they should pass any increase on to employees.

Although many employers have traditionally passed on parts or all of an annual premium increase to employees in the past, doing so at this time might not be a good strategy. Although bearing the extra cost for healthcare insurance might place extra weight on the employer's bottom line in the near term, by looking at the long-term picture, there might be some solid reasons to avoid doing so. Here are a few points to consider:

- Although many employers have been impacted significantly by the COVID-19 crisis, many employees have suffered even more. In addition to the strain on their personal finances, some have also felt the pandemic's effects quite emotionally through illness and deaths of those they love.
- Higher health insurance costs or increased deductibles and copays, especially during this time when their financial situation may already be compromised could lead employees and their covered dependents to skip preventive healthcare or necessary medical procedures. This in turn can have significant impacts on the employer, both in terms of productivity loss and higher healthcare costs down the road if and when any untreated medical conditions worsen.
- Many contemporary studies show that employee well-being is more likely when workers are engaged in a pro-healthcare office environment. Passing on increases or raising cost-sharing through copays and deductibles can sabotage the level of employee engagement and can lead to a reduced level of employee happiness and greater employee absenteeism and turnover, all of which can impact the employer's bottom line.

Most employees will be very appreciative that their employers chose to treat them well during this time when they struggled financially. Employers should consider the benefits, increased employee productivity, enhanced loyalty and improved morale before deciding on whether they should pass on any COVID related increases to their workforce.



# Incorporating More Telehealth Services in Benefit Portfolios as Acceptance Grows

Telemedicine has been around for some time but with generally low levels of acceptance. As a result of COVID precautionary measures, however, large numbers of patients were instructed to connect with their provider via electronic means instead of physically visiting a hospital, clinic or physician's office. The surge in use will likely usher in a period of greater acceptance and widespread utilization.

Employees who have utilized telehealth services have become generally comfortable with the practice and their interest along with job seekers, should provide enough reason for benefit personal to expand access to telehealth services.

But there are additional benefits of telehealth services. Patient safety is achieved by keeping them out of physical space shared with other people and therefore lessening the risk of disease transmission. Costs are generally lower for telehealth services, efficiency of care is increased, patients are more apt to get the care they require, and physicians can expand their patient base by caring for persons unable or unwilling to travel to the physical location.

Additionally, due to the stresses many have experienced during and after the COVID-19 pandemic, many individuals have undergone bouts of depression

and anxiety. Even without the COVID restrictions most have lived through, obtaining quality mental health care is difficult for many throughout our country. Incorporating mental health treatment options in a telehealth program may provide a convenient and effective method for employers to provide these services to their employees.

It is expected that carriers and vendors will continue to expand coverage of telehealth programs, allowing employers to incorporate coverage through group health insurance plans, wellness programs and voluntary benefit offerings.



# Co-morbidity Factors Should Receive Increased Attention

The COVID-19 pandemic has shed additional light on the danger lurking in individuals with comorbidity conditions. It is already known to a large extent that these conditions, including diabetes, high blood pressure, asthma, chronic lung disease, obesity, heart disease, etc., especially when combined, increase the odds of greater healthcare costs and poor health outcomes. The pandemic has only served to increase the visibility of this heightened risk.

Since comorbidity conditions tend to increase in the elderly, our aging workforce only exasperates the condition. And because comorbidity conditions typically impact health care costs more than individual conditions do on their own, finding solutions that will help employees with multiple conditions will likely be a priority. Furthermore, employees with comorbid conditions are not only more likely to incur higher medical costs but also have an increased risk of lost time and productivity, all impacting the employer's bottom line. Comorbid conditions typically carry a higher risk of complications and delay an individual's recovery process.

Employers may feel that it is difficult to combat the rise in comorbid conditions among their employees but the impact on claims and loss of employee productivity could impact them substantially if left unaddressed. MBA will work with clients to address comorbidity through a variety of methods, depending on the size of the group.

## Early Identification and Coordination of Care

Early detection of comorbidities in someone who has initiated a claim is beneficial for the employee and employer. By applying clinical management for coordinated care and the use of analytics, especially in larger groups, the condition can be assessed from multiple angles, allowing more efficiently targeted treatment for reduced care costs and better patient outcomes.

## Prevention through Wellness Programs

Through a properly designed wellness program, employees can be encouraged to manage any comorbid health conditions they may have. By promoting healthy habits and improving overall wellbeing, any illness or injury claims are likely to have a dampened financial impact on both the individual and the business.

Good case managers who are skilled in identifying comorbidity conditions are key to a good program since not all individuals may be aware that they have one or more conditions. By digging around and asking questions early enough in the process they may be able to uncover factors that could be contributing to the employee's symptoms. This can allow for more directed care, potentially enabling a quicker recovery without unnecessary tests, procedures and their accompanying costs.



# Utilizing Individual Coverage Health Reimbursement Arrangements (ICHRA)

Recently issued regulation allows employers to offer an Individual Coverage Health Reimbursement Arrangement as an alternative to offering a traditional health insurance plan. Through this program, employees can utilize pre-tax dollars to pay for qualified medical expenses, such as monthly premiums and out-of-pocket costs like deductibles and coinsurance.



## Eligibility Requirements

An employee who elects to participate in an ICHRA offered through their employer must enroll (along with any covered dependents) in one of the following required programs:

- Individual health care coverage either through the Marketplace or through a private plan
- Medicare Parts A (Hospital Insurance), Part B (Medical Insurance) or Part C (Medicare Advantage)



**NOTE:** Short term plans and limited benefit programs like dental or vision do not fulfill these coverage requirements.

It is necessary that coverage in one of the required programs start by the time the employee's individual ICHRA begins. And if the employee and any dependents are already enrolled in individual health insurance coverage at the time their ICHRA becomes effective, there's no need to change that coverage. Likewise, if someone is already enrolled in Medicare Part A, Part B or Part C, their enrollment will satisfy the ICHRA requirement.



## Employer Criteria for Offering an ICHRA

- Any size employer can offer an ICHRA
- An employer who doesn't offer any group medical insurance can offer ICHRA to all eligible employees.
- If an employer already offers a group medical program, they can also offer an ICHRA, but they may not offer the same employee a choice between the two programs. In this scenario, the employer would establish classes of employees based on certain employment distinctions, such as full-time employees, part-time employees, salaried and non-salaried employees, seasonal employees, employees who have not satisfied a waiting period or employees working in a distinct geographic location. Either group coverage or ICRA can then be offered to each participant on the same terms within a selected class. For groups with less than 100 employees, the minimum class size is ten employees (the minimum size formula changes for groups with over 100 employees).

# A Post-Pandemic Employee Recruitment and Retention Strategy to Consider: Incorporating Student Loan Repayment Programs

As a result of the pandemic, many individuals and families have suffered financially. Additionally, large numbers of employees comprising today's workforce are burdened with substantial student loan debt. When compounded with the added financial burdens due to the pandemic, this presents an opportunity for a review of the demographics and needs of today's workforce to determine the value of adding a Student Loan Repayment Plan through a company's voluntary benefits program. Additionally, the March 27 passage of the CARES Act has provided an added incentive.



From March 27 through December 31, 2020, the CARES Act expands tax code Section 127 that previously only allowed employers to contribute up to \$5,250 toward tuition assistance to now allow employers the ability to combine these reimbursements with student loan payments, both of which can be excluded from taxable income.

With the competitive pressures in today's employment market, demonstrating that you care about the financial future of both your employees and any prospective talent by providing student loan repayment assistance goes a long way to help your company stand out among industry peers. And by incorporating the program in a voluntary benefits package, you can customize the program according to your workforce interests and company budgetary capabilities, combining it with other valuable worksite programs.

Student Loan Repayment programs can vary based on the vendor chosen, but typically the program options include models focusing on refinancing, consolidation or payroll deductions, such as:

- The employer can set a specific amount they agree to pay toward the student's debt over the course of a year. This is an arbitrary amount set by each employer and although it can be \$0, many employers typically choose \$1,000 or \$2,000 per year. Larger firms often contribute as much as \$10,000. The employer can also set certain eligibility criteria, such as requiring the employee to be actively at work for the firm for a required minimum time period or having graduated within a certain number of years.
- The employer can choose to match the student loan payment amount by contributing funds into a 401(k) on behalf of the employee. This relieves the employee with the burden of making the choice to either repay student loan debt or save for retirement.
- The employer can select a vendor to refinance the debt, lowering the interest rate and corresponding monthly payment. This also converts the loan from a federal to a private one.
- A Vendor can be chosen with the ability to consolidate loans, whereby multiple loans are combined into one with a recalculated interest rate and monthly payment.

Offering a student loan repayment program not only helps students pay down their loan debt quicker and provides them valuable cost savings, but employers benefit since it also helps to reduce the stress and anxiety levels of these employees, boosting their workplace productivity.

# Using Technology to Streamline Administrative Functionality



Administering employee benefits has always been costly and complex and the COVID-19 pandemic has only served to increase the degree of both. Clients should consider whether they might benefit from installation of or an expanded use of benefit administration technology.

Since the pandemic will most likely compel employers to more closely scrutinize the dollars spent on employee benefits, a benefit administration could help maximize the overall utilization of benefits, streamlining many benefit and HR processes, reducing manual errors and increasing the level of employee engagement. With more employees working outside the office, the ability to access critical benefit and HR information provided by most systems becomes an invaluable part of any employee benefit portfolio. Options exist for groups of all sizes, and generally include some or all of the following employee benefit features:

- Eligibility Management
- Employee Benefits Enrollment Capabilities
- Consolidated Carrier Invoicing
- Reconciliation of Insurance Carriers Invoices
- Compliance Resources
- Benefit Communication Modules

Whether part of a broad-based human capital management program (HCM) or as a separate, stand-alone tool, a benefit administration system can provide significant employer cost control opportunities.

# My Benefit Advisor: We Are Here to Help

We're Providing Business Solutions To Help You Through The COVID-19 Outbreak.

As the pandemic continues to impact individuals and businesses throughout our country, My Benefit Advisor (MBA) has focused its efforts on providing clients with a vast array of resources to assist them through an unprecedented and difficult period. Through dedicated and knowledgeable staff, in-house team of legal and compliance advisors, an unparalleled level of technology and partnerships with the nation's leading insurance service carriers and service vendors, we can provide innovative client-specific solutions to help you with all your insurance and human resource needs.

Our Account Managers and their support team are available to assist you with your benefit program in any way necessary. Our business continuity plan and technical resources enable our employees to work remotely with full access to our systems and information to ensure we can support your business. The COVID-19 situation is a challenging time for all of us and we want you to know that our team is ready and here to help.

## Experience Makes The Difference

When confronted with a difficult situation, experience counts. At MBA, our staff are trained to provide thoughtful and effective solutions to complex problems. We'll discuss specific COVID-19 related impacts in detail, analyze available data and outline a path to resolution. Ultimately upon approval of the plan, we'll facilitate implementation and utilize targeted employee communication to assist widespread understanding and acceptance of the strategy.

## Best-In-Class Resources

As a leader in the field of employee benefits, you can count on MBA to deliver top-notch, professional guidance on COVID-19 as it relates to insurance and human resource matters. In addition to the resources mentioned above, our portfolio also includes:

- **A Benefit Service Center** - open and available to assist your employees with any benefit related questions
- **Individual health insurance and Medicare experts** to help in situations where group benefits may not be a good fit
- **A Voluntary Benefits Division** for rounding out an employer paid benefit portfolio
- **Webcasts, Compliance Bulletins and Legislative Updates**, all designed to assist business leaders keep up with the latest information on COVID-19 and other critical insurance-related information

Our team thrives on helping businesses achieve success, contact us and let us prove our value to you.





## About My Benefit Advisor

My Benefit Advisor (MBA) is an employee benefits platform designed to guide employers through the complexity of planning, communicating and managing a successful employee benefits program.

To learn more about My Benefit Advisor, visit us online at

[www.mybenefitadvisor.com](http://www.mybenefitadvisor.com)

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