MAPLE BROOKS
Benefits & Consulting

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THE RISK REPORT

Employee Poll

Get Communications Right for Open Enrollment

AS GROUP health plan open enrollment looms for most companies, communicating your offerings to your staff is key to getting as many of them as possible to sign up for coverage.

That requires a solid strategy aimed at helping your employees understand their choices and the financial implications of them. Most importantly, you want to reach those employees who didn't sign up last year and stress the importance of health insurance.

To achieve maximum participation, your communications in the run-up to open enrollment are crucial both in terms of how and what you are messaging. A robust strategy includes:

Simple messaging

Simplify the process of deciding which health plan to choose in a series of snappy messages that are easy to understand. One of the best ways to get the point across is by using vivid examples, preferably with graphics.

Explain the basics

Focus on your employees' costs and coverage considerations:

- Their share of premium,
- Their deductible, copay or coinsurance,
- If their doctor is in the plan's network,
- If drugs they need for any ongoing health issues are covered.

Help them with the math – Many people have trouble grasping the math. They may look at a low premium without considering the cost on the back end in terms of a higher deductible and/or other out-of-pocket expenses.

Break expenses down with different health care scenarios and the associated out-of-pocket costs based on the plan they have.

Explain coverage for big-ticket items – This includes costs associated with things like a knee replacement or cancer treatment. Humanize the examples by creating a persona and how their health plan covered treatment.

Use creative materials – Provide vivid documentation that includes a lot of bullet points and quick, punchy messages.

Use sidebars to cover important information they need to know, like an increase in deductibles or copays, or that a plan has overhauled its doctors' network.

Dispensing sage advice

Help your employees by providing guidance on choosing the right plan:

- Provide clear and direct advice.
- If an employee is getting family coverage, it's important they discuss possible choices with their spouse. You can assist by sending hard copies of the enrollment materials to their home.
- Provide tools for comparing plans to see what their costs would be under each option.
- Highlight wellness and virtual benefits, which are growing in popularity. Provide details on how to sign up and access these benefits.

See 'Send' on page 2

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Health Expenses

Employees and Employers Save with Cafeteria Plans

AS HEALTH care costs continue rising and employees are being asked to shoulder more of the expense burden, you can help them by offering a tax-advantaged plan that allows them to save for medical expenses.

These cafeteria plans, which are governed by Section 125 of the Internal Revenue Service Code, allow your employees to withhold a portion of their pre-tax salary to cover certain medical or childcare expenses. Employees can save an average of 30% in federal, state and local taxes on items they already pay for out of pocket.

Because these benefits are free from federal and state income taxes, an employee's taxable income is reduced, which increases the percentage of their take-home pay.

The plans benefit employers, as well. Since the pre-tax benefits aren't subject to federal social security withholding taxes, employers don't have to pay FICA or workers' comp premiums on those payments. A cafeteria plan can save employers an average of almost $115 per participant in FICA payroll taxes.

TYPES OF CAFETERIA PLANS

Premium-only plan: POP plans allow employees to elect to withhold a portion of their pre-tax salary to pay for their premium payments. Most companies currently have this set up through their payroll provider. A POP plan is the simplest type of Section 125 plan and requires little maintenance once it's been set up through your payroll.

Flexible spending account: With an FSA an employee pays – on a pre-tax basis through salary reduction – for out-of-pocket medical expenses that aren't covered by insurance (for example, annual deductibles, doctor's office copayments, prescriptions, eyeglasses and dental costs).

Dependent care flexible spending account: The dependent care FSA is an attractive benefit for employees who pay for childcare or long-term care for their parents. Employees may hold back as much as $5,000 annually of their pre-tax salary for dependent care expenses, which include expenses they pay while they work, look for work or attend school full-time.

HOW AN FSA WORKS

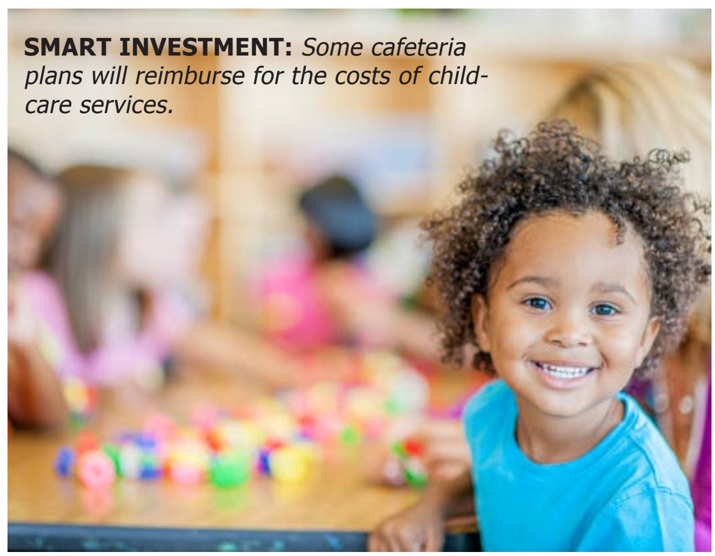
Before the start of the year, employees estimate how much they expect to spend on medical expenses and dependent care over the course of the year.

Employees should be careful to not put too much into the account. (They can carry over $500 in unused funds from the prior year into the new year, but any funds in excess of that would be forfeited.)

Whatever amount they choose to deduct for the year will be deducted on a pro-rated basis from each paycheck and deposited into their FSA.

On or after the first day of the plan year, an employee is restricted from changing or revoking the Section 125 agreement with respect to the pre-tax premiums until the plan year has ended, unless a change in family status occurs.

Employees pay out-of-pocket expenses upfront and then submit a claim and documentation to the plan administrator. They are then reimbursed for their expense in the form of a check or account transfer. ❖



SMART INVESTMENT: *Some cafeteria plans will reimburse for the costs of child-care services.*

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Send Out Reminders as Open Enrollment Draws Near

Staggering your communications

Step up announcements to build interest by focusing on:

New or changing plans – Use these blasts to let them know about any new benefit programs you are offering or plans you may be discontinuing. You can point them to resources on how the benefits work and any demos. You can also announce changes to plan out-of-pocket costs or deductibles, or if a plan has beefed up coverage.

Timely communications – These should include reminders about open enrollment and checklists on what your employees should do before it starts.

Once open enrollments starts, you'll need to send out messaging to get stragglers to act.

Popular programs – If you are adding a plan that your staff has requested, make sure to blast out a few announcements to the troops.

The takeaway

Communication is a key component of a successful open enrollment. You can follow the above advice to generate interest and to help your staff pick plans that are right for them. ❖

Expense Planning

How to Budget for Your Group Health Benefits Plan

FOR EMPLOYERS, the cost of providing group health coverage to their employees can be daunting and one of the biggest hurdles is setting your budget.

While the Affordable Care Act requires that organizations with more than 50 full-time employees are required to provide health coverage, more than half of companies under that threshold also secure coverage.

Regardless of an employer's size, getting their employee benefits budget right is crucial for the company's profitability and cash flow. Here's what you should be considering:

AVERAGE SMALL GROUP PREMIUMS*

SINGLE COVERAGE: $7,813
Employer contribution: $6,485 (83% of premium)
FAMILY COVERAGE: $21,804
Employer contribution: $13,737 (63% of premium)

** Annual premium for firms with up to 199 employees.*
Source: *2021 Kaiser Family Foundation Report*

The considerations

Factors to consider when determining the budget include:

1. Employer premium contributions. Most insurers require you pay at least 50% of the premium and federal tax credits are available only to small employers who pay at least that much.

To get an idea of what your baseline cost will be, multiply the numbers above by the 50% requirement. Keep in mind that premiums tend to rise each year, so your actual cost will be higher even if you limit your contribution to 50%.

Be careful when deciding employee contributions. Setting their contribution too high may discourage them from participating and may make them feel undervalued. If employee participation falls below 70%, you may not be able to purchase the plan you want.

2. Your employee profile. The ACA prohibits insurers from raising premiums based on most employee characteristics. However, it does permit them to raise premiums based on employees':

- Age
- Tobacco usage
- Residence location

3. The type of plan you pick. The ACA requires state health insurance marketplaces to offer four tiers of coverage. These tiers differ based on the premium cost and the percentage of health care costs the plan pays for:

- Bronze (least expensive; insurer pays 60% of health care cost, employee pays 40%)
- Silver (insurer pays 70%, employee pays 30%)
- Gold (insurer pays 80%, employee pays 20%)
- Platinum (most expensive; insurer pays 90%, employee pays 10%)

You aren't limited to offering just one tier. You can give your employees a choice of plans in different tiers and still hold your per-employee cost constant.

The takeaway

Some businesses simply cannot afford to provide their employees with health insurance.

Those that can, however, should view this benefit as an investment in the business. They make employees' lives more comfortable, and good employees who are comfortable tend to stay.

Finding the budget space isn't easy.

However, many successful companies have found offering benefits to be worth the effort and cost.

For them, it has paid off because it has enabled them to attract and keep the talented employees who make their businesses successful. ❖

Worker Stress

Employee Assistance Programs in Times of Need

THE COVID-19 pandemic has brought mental health to the forefront for many people, as they tried to cope with abrupt changes to their work and social lives, isolation, fear of getting sick and losing loved ones to the disease.

A recent National Safety Council survey of 1,600 employers and 7,000-plus workers found that half of large employers saw an increase in mental health or impairment-related absences and incidents. Meanwhile, mental health has become American's biggest health concern, overtaking COVID-19, according to a study by Ipsos.

Fortunately, employers can step up their efforts to help employees dealing with mental health issues by offering an employee assistance program.

Many employers already have. According to the NSC study, 25% of organizations with an EAP implemented that program during the pandemic, while 66% expanded their offerings.

If you do not already have an EAP, you may want to learn more about them as it can be crucial to helping struggling workers.

What's an EAP?

An EAP is an intervention program designed to help employees resolve personal problems that might be affecting their work performance. Many employers make EAP services available to employees' family members, as well.

These programs can help cover the costs of counseling services that employees seek out. An EAP provides outside counselors, resources, and referrals to assist employees and their family members. Any EAP benefits received by employees or family members remain confidential. Employers do not get to know who is utilizing the service, what the reasons are for, or how often employees call.

EAPs also help managers to become more effective. They can help them develop skills in consulting with employees, managing workplace stress, maintaining drug-free workplaces, responding to crises, and helping employees achieve an appropriate work-life balance.

EAP options

Employers have several options for establishing EAPs.

They can run them with their own staff or outsource them to third party providers. Providers can be hired on a fee-for-service basis or for a fixed fee.

They can be arranged by single employers, groups of small employers banding together, or by unions. Some employers or unions even train employees to provide peer counseling to their fellow workers.

EAP providers should meet the standards set by the Employee Assistance Professionals Association. These include standards for program design; management and administration; confidentiality; direct services; drug-free workplace and substance-abuse professional services; partnerships; and evaluation of the program.

The takeaway

Besides COVID-19, employees are subject to the stresses of day-to-day living, sudden illnesses or deaths of loved ones, natural catastrophes and work.

Family members can develop substance-abuse problems; parents grow old and need care; unexpected financial shocks occur; and marriages often deteriorate.

By implementing an EAP, an employer can help make these problems, and the shock of a natural disaster, a little easier for their employees to manage.

EAPs can help retain good employees, make them more productive, and make their lives easier. ❖

How an EAP Can Help

Typical services include:

- Mental health counseling
- Family and marital counseling
- Substance-abuse services
- Smoking cessation programs
- Legal assistance
- Childcare services
- Elder care services

Benefits to Employer

A University of Warwick (UK) study found that employers who implement EAPs experience:

- Reduced absenteeism
- Fewer workplace accidents
- Lower medical and workers' compensation costs