Einstein
Advanced Health Insurance Solutions

NEWSALERT

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Employee Benefits

Lightening Your Employees' Premium Outlays

AS THE labor market tightens and businesses struggle to attract new talent, many companies are starting to boost their employee benefit offerings, particularly voluntary benefits.

But besides added benefit choices, what many employees want is relief from continually increasing health premiums as well as more options to choose from for their health insurance.

As we exit the ravages of the COVID-19 pandemic, more workers are looking to their employers to give them some relief from spiraling premiums and health care expenses. Here are a few things you can do.

Reduce the employee's share of premium

You could pay for a higher percentage of the premium, which would reduce their monthly contributions. If that's not feasible, one tactic that can end up saving you and your employees money is offering to either pay a certain portion of the premium if they choose a silver plan, or pay for the entire premium for those who choose bronze plans.

The trade-off for the workers who choose the latter option is having no premiums, but more out-of-pocket expenses when they use health care services.

But if you are thinking about taking this route, please discuss it with us first as it's best to crunch the numbers to see how cost-effective it would be for you.

The other option is to just offer to pay for a greater percentage of the premium across the board on the policies you do offer. Obviously, that comes with added expense. But it's not a strictly financial decision, as a more generous benefits package can have the added advantage of helping you keep key talent and generate employee loyalty.

Offer more choices

This can be a win-win for everyone. Younger, healthy employees that do not use health care services often can opt for a high deductible health plan, which features a lower up-front premium in return for the participant having to spend more out of pocket for services they access.

But if someone doesn't use medical services often, this type of plan may be the right and most cost-effective option.

On the other hand, for older workers or those who see the doctor more often or have health issues, they may be more

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Annual Update

2022 HSA Contribution Limits, HDHP Minimums, Maximums Set

THE IRS has set the 2022 maximum amounts employees can funnel into their health savings accounts and as well as deductible minimums and out-of-pocket maximums for high-deductible health plans.

The IRS updates these amounts every year to adjust for inflation and other factors.

2022 HSA, HDHP limits, maximums

HSA annual contribution limit
Individual plan: $3,650, up from $3,600 in 2021
Family plan: $7,300, up from $7,200 in 2021

HDHP minimum annual deductible
Individual plan: $1,400, the same as in 2021
Family plan: $2,800, the same as in 2021

HDHP annual out-of-pocket maximum
Individual plan: $7,050, up from $7,000 in 2021
Family plan: $14,100, up from $14,000 in 2021

HSAs explained

Only available to workers enrolled in HDHPs, HSAs are savings vehicles in which employees can park earnings to save for future medical expenses.

An HSA is a special bank account for your employees' eligible health care costs. They can put money into their HSA through pre-tax payroll deduction, deposits or transfers. As the amount grows over time, they can continue to save it or spend it on eligible expenses.

The money is typically put into the account before taxes are taken out. Employees are not taxed on withdrawals to pay for medical services or goods.

Employers can also contribute to the accounts, but the annual contribution maximum applies to all contributions in total (from the employee and the employer).

The money in the HSA belongs to the employee and is theirs to keep, even if they switch jobs. The funds roll over from year to year and can earn interest. Some plans also have investment options for the funds.

Here's how they work:

- Employees can make withdrawals with a debit card or check specific to the HSA.
- Employees can use the money in their HSA to pay for care, medicine and medical products until they reach their deductible, out-of-pocket expenses like copays and coinsurance.
- They can use the funds to pay for other eligible expenses not covered by their HDHP, like dental or vision care (eye exams and corrective lenses). ❖

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PPOs Are Still the Most Common Type of Health Plan

inclined to go with a preferred provider organization (PPO) to pay more for a higher premium in exchange for lower out-of-pocket costs over the year.

For the fifth year in a row, the percentage of companies that offer high-deductible plans as the sole option will decline in 2021, according to a survey of large employers by the National Business Group on Health. That may be a continuation of a trend, but the pandemic has also put an emphasis on improved employee benefits.

Here's a breakdown of the kinds of small group plans across the country in 2020, according to Kaiser:

- PPOs covered 47% of workers.
- HDHPs covered 31%.
- Health maintenance organizations (HMOs) covered 13%.
- Point-of-sale plans covered 8%.
- Conventional (indemnity) plans covered 1%.

Hire more employees

The more people you have in your group health plan, the more the risk is spread around, which can yield lower premiums.

If you divide the risk amount of a small group of workers compared with a large pool, the law of averages dictates that the insurer will pay less in claims per worker in the larger pool.

In other words, the more staff you hire, the more risk is spread around, and the greater premium discount the insurer can offer.

Talk to us

An experienced benefits consultant can help you analyze your spending, and a good broker can help you get the best rates thanks to their network and know-how.

We can provide the insights you need to make the best decision on which types of plans to offer your workers and the best plans for your and your employees' money – and we can negotiate the best rates possible on your behalf. ❖

Employee Choices

Pandemic Shines Spotlight on Voluntary Benefits

ONE MAJOR repercussion of the COVID-19 pandemic is that employees are embracing the voluntary benefits their employers are offering them, but they'd like to see more choices and issues such as mental health and improved benefits have risen to the fore.

The pandemic put the spotlight on the benefits workers have access to due to the stress of having our work and personal lives upended, as well as the widespread suffering, according to the The Hartford's 2021 Future of Benefits Study.

The most significant shift that The Hartford noted has been in what employees value most and would like to see employee benefits cover better. There are four main areas.

Solid voluntary benefits

As a result of the pandemic, voluntary benefits have become a larger priority for many workers.

Employees are expressing more interest in supplemental benefits such as critical illness insurance, hospital indemnity insurance and accident insurance. Employers listened and during the last year:

- 36% of companies surveyed added accident insurance, half of them due to the pandemic.
- 32% added hospital indemnity insurance, nearly two-thirds of them adding the coverage in response to the pandemic.
- 29% added critical illness insurance, 84% of which did so due to the pandemic.
- 27% added life insurance, three-fourths of which did so due to the pandemic.
- 21% added long-term disability, nearly two-thirds of them doing so due to the pandemic.

A new focus on mental health

Many people have been dealing with mental health and work-balance issues brought on by the pandemic, which has prompted a greater demand for employers to prioritize mental health for their staff. The study found that:

- 59% of workers said their company's culture has been more accepting of mental health challenges this past year.
- 27% of employees said they struggle with depression or anxiety most days or a few times a week.
- 70% of employers now recognize that employee mental health is a significant workplace issue.

You can help by ensuring that your health plans include a mental health component, offering your workers an employee assistance program and providing staff with resources, help and education that address wellness and mental health.

Engagement and tech

Last year, employers had to figure out how to conduct open enrollment and effectively provide benefits education if a significant portion of their staff was working remotely. Most employers opted for remote educational and open enrollment events that include teleconferencing and online portals for choosing health plans.

As a result, 75% of employers say their open enrollment strategy will depend more strongly on online resources going forward.

The Hartford said that personalization would be key to the success of any employee benefits program:

Personalizing benefits

- 58% of workers surveyed said they would like a personalized recommendation for what insurance benefits they should be buying.
- 76% of employers said that they are offering personalized benefit recommendations during open enrollment.
- Story-driven enrollment tools can offer an employee context. Presenting the material in a relatable way and tailoring the message based on an understanding of an individual's benefits needs, influences and life stage, can help someone better evaluate whether a certain benefit is right for them.

Paid time off

COVID-19 prompted a number of states as well as the federal government to support paid time away from work through new laws and regulations.

Employers also took note, and 75% of them ended up increasing the types of paid time away from work they provided, beyond state and federal requirements.

Here's what happened:

- 46% of employers expanded their paid medical leave.
- 46% expanded their paid sick time.
- 39% expanded paid family leave.
- 30% expanded paid parental leave.
- 30% expanded paid time off or vacation time. ❖

ONLINE ENROLLMENT: *Employees are looking for more personalization in their employee benefits, as well as being able to enroll and participate in orientation meetings online.*

Rescue Plan

DOL Issues Model COBRA Subsidy Notices

AS YOU may recall, the American Rescue Plan Act of 2021 (ARPA) includes a 100% COBRA subsidy for people who were laid off during the pandemic.

As part of the law, which took effect April 1, the Department of Labor was required to issue model notices that employers can use to send to eligible former employees.

The ARPA requires that employees laid off or who saw their hours cut during the pandemic to the point they no longer qualified for group health insurance, are eligible for COBRA continuation coverage that is 100% subsidized.

Model notices

The ARPA required the DOL to create three model notices (general, election and termination of the subsidy)

Employers are allowed to use their own notices as long as they satisfy the COBRA notice content requirements.

As with all model notices created by the DOL, employers will need to fill in the blanks for their own COBRA plan and can rely on the boilerplate verbiage to avoid running afoul of regulations.

The DOL created four notices in total:

Model general ARPA COBRA notice – This form is to be provided to qualified beneficiaries who have a qualifying event (termination or reduction in hours) between April 1 and Sept. 30. You can download it *here*.

Model COBRA notice with extended election periods – This form is to be provided to individuals who may be eligible for the COBRA subsidy if they had a qualifying event that took place prior to April 1. You can download it *here*.

Model alternative notice – This form can be provided to individuals with insured coverage subject to state continuation coverage, who have a qualifying event between April 1 and Sept. 30. The form can be downloaded *here*.

Model notice of expiration of premium assistance subsidy – This form should be sent to individuals whose COBRA subsidy will end before Sept. 30. You can download it *here*.

Summary of major provisions and form

The DOL also released a document called the Summary of the COBRA Premium Assistance Provisions under the American Rescue Plan Act of 2021.

This four-page document is designed to be completed by the employer (or your COBRA plan administrator) and included with any COBRA assistance notice that is sent to an eligible terminated worker. This document includes a summary of the major provisions of the law pertaining to 100% COBRA subsidy.

The employer must include the name of the COBRA administrator in this document. The document also contains a few pages that will allow a terminated employee to ask to be treated as an eligible beneficiary if the employer has not yet done so.

Once the completed forms have been returned, the employer will complete a section indicating if the request is approved or denied, and if denied, the reason for the denial.

The takeaway

You should review these model notices so you don't run afoul of the law. You'll want to make sure that you have sent notices to all of the eligible employees.

If you are using the model notices, make sure that you include all of the relevant information for your own plan.

If you are using your own notices, you should compare them to the model notices and review the guidance to make sure yours include all the content the forms are required to have.

The DOL notes in its FAQs that it considers the use of the model election notices to be good faith compliance with the law. ❖