ECG

NEWSALERT

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Employee Benefits

Employers Curtail Cost-Shifting to Their Workers

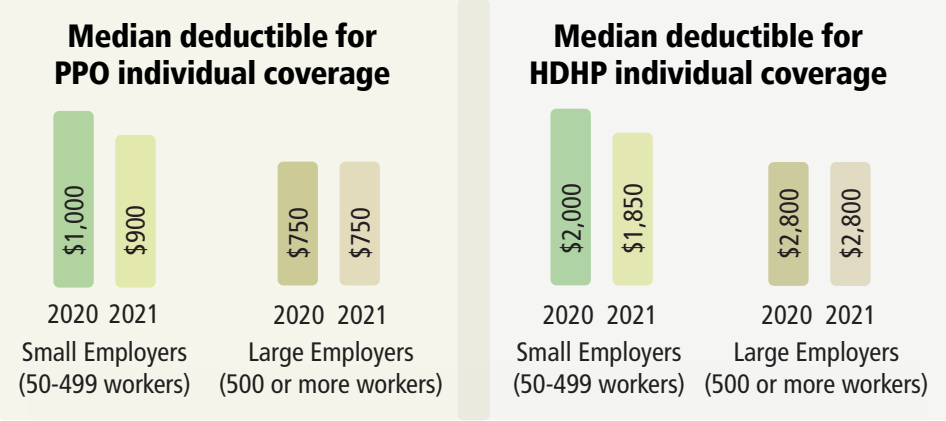
ONE OF THE health insurance trends that went largely unnoticed in 2021 was that employers halted cost-shifting to their employees by reducing or holding steady workers' deductibles and other cost-sharing.

That's according to a new study by consulting firm Mercer, which points out that concerns about health care affordability for lower-wage workers, coupled with a difficult hiring environment and the need to attract and retain talent, has prompted many firms to not pass on cost-sharing in the form of higher deductibles and out-of-pocket maximums.

Additionally, despite average group health premiums growing 6.3% in 2021, employers did not increase employees' share of premiums significantly.

The trend is the result of the COVID-19 pandemic and a competitive labor market where competition for talent is keen. Companies are also adding extra benefits for workers and focusing on the overall health of their staff, who are demanding improved access to mental health and substance abuse benefits, and more.

The average deductible decrease was the first in decades.



Other trends include:

- The average employee share of premiums for employees enrolled in an individual PPO plan rose just $7 to $167 in 2021 from 2020.
- The average employee share of premiums for those with family coverage increased $12 in 2021 to $602.
- While PPOs are still the most popular type of group health plan in the country, the percentage of workers enrolled in high-deductible health plans continues to grow, hitting 40% in 2021, up from 38% in 2020.

The other shoe

The pandemic forced a great deal of suffering on a large swath of Americans, creating a number of personal challenges to their mental and emotional health as well as help in dealing with substance abuse problems that also increased during the pandemic.

As a result, employers have been increasing access to mental health and substance abuse services, with 74% of large businesses rating

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Einstein Health Insurance Solutions Wishes You a Happy New Year

ECG
Einstein Consulting Group

Missouri: 1120 S. 6th Street (Suite 201)
St. Louis MO 63104
Illinois: 280 North Main Street,
Breese, IL 62230

Phone: 877.324.2114
Fax: 888.274.1538
Email: info@ecgins.com

OSHA COVID-19 Standard

As Challenge Plays Out, Follow Rules on Isolating Staff

EVEN THOUGH Fed-OSHA's emergency temporary standard for COVID-19 has been put on hold by courts due to its mask mandate, sections governing actions employers must take if an employee tests positive should be heeded.

In fact, legal experts say that employers should go beyond the requirements of the standard to reduce their liability. With no exceptions, employers should remove any employee who tests positive for COVID-19 from the workplace until their condition has improved and they are no longer able to spread the virus.

There are a number of steps you should take to protect the rest of your staff beyond the controversial mask mandate.

Send them home

Immediately upon learning that an employee has contracted COVID-19, they should be sent home to quarantine.

You should require all employees to notify you if they test positive. Even people that do not show symptoms can spread the virus, and those who are vaccinated can contract and spread it.

Notify other personnel

When you learn that an employee has contracted COVID-19 and likely did so at work, within one business day you should retrace their activities and notify in writing any co-workers who came within 6 feet of the employee for 15 minutes or more two days prior to the positive test.

All of those you have identified as possibly exposed should be tested. Make testing available at no cost and during working hours to all exposed employees, except:

- Asymptomatic workers who are fully vaccinated, and
- Employees who recently recovered from COVID-19 and have not developed symptoms since returning to work.

Bring them back

You can bring a worker who had mild symptoms back if:

- The employee tests negative on a COVID-19 nucleic acid amplification test.
- A licensed doctor recommends the worker can return to work, or
- The employee meets the Centers for Disease Control and Prevention's return-to-work criteria:
  - At least 5 days have passed since symptoms first appeared.
  - At least 24 hours have passed with no fever without fever-reducing medication, or
  - Other symptoms of COVID-19, such as loss of taste and smell, are improving.

For people with severe symptoms, 20 days may be required before they are no longer contagious.

People who tested positive with COVID-19 but were asymptomatic may return to work 10 days after their test, assuming they do not develop symptoms in the meantime.

The takeaway

As COVID-19 continues to spread in our communities, it's imperative that employers isolate staff who test positive to reduce the spread at work and also limit their liability.

Employers that don't take action can be hit by significant penalties and even open themselves up to civil litigation if they were negligent in protecting their workers.❖

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Many Employers Are Absorbing Higher Premium Costs

improved access as important or very important in the Mercer survey. The number is even higher for employers with 20,000 or more workers, with 86% of them rating access to these services as the most important benefits issue for them.

"In today's extremely tight labor market, generous health benefits can help tip the scales in attracting and retaining staff," says Tracy Watts, national leader for U.S. Health Policy at Mercer. "Beyond that, in the wake of the pandemic many employers committed to help end health disparities, and ensuring care is affordable for their full workforce is an important part of that."

Managing costs with no cost-shifting

Instead of cost-shifting, many employers are absorbing higher premiums, which have averaged 6.3% in 2021, according to the study. Mercer found that 60% of employers aren't making plan changes of any type in order to reduce cost increases.

Firms are also tapping into ways to control drug costs for their employees. This includes more closely evaluating their spending on expensive specialty drugs, such as biologics that are injected or infused. Employers are encouraging the use of biosimilars as lower-cost, clinically effective options. ❖

Employee Concerns

Health Care Costs Causing Mental Health Issues: Study

A NEW STUDY has found that more than one in four workers say expensive medical bills are having a major impact on their mental health.

Mental health issues have come to the fore during the COVID-19 pandemic, spurring employers to expect their group health plans to do more for their workers in this area.

The report on the study by health insurer Centivo urges employers to consider new ways to reduce the financial burden some of their employees may be experiencing.

Mental health is already on the radar of employers:

- Large employers reported that addressing their workers' mental and emotional health would be a top priority over the next three to five years, according to a 2021 study by Mercer Consulting.
- Nearly 40% of employers surveyed by the Kaiser Family Foundation in November 2021 said they had made changes to their mental health and substance abuse benefits since the pandemic started.

CENTIVO REPORT MAIN FINDINGS

- U.S. workers are increasingly having difficulties in paying for health care, particularly due to high copays, deductibles and other health plan cost-sharing elements.
- Health care affordability also correlates to sacrifices in care, including mental health care (20% of study participants who experienced major medical expenses said they skipped or delayed needed mental health care or counseling due to cost concerns).
- Medical expenses are a significant cause of mental health and well-being issues for both individuals and families.

Stress drivers

The report states that the survey findings raise concerns about whether some employees can even afford to use their health plans.

The report stressed two main points:

High deductibles – The report found one of the main drivers of stress was high deductibles and other out-of-pocket costs.

Only 10% of those surveyed had a health plan with a no deductible.

More troubling was that 40% of those with deductibles ranging from $1,000 to $3,999 did not have enough money saved to cover a major medical expense.

Savings trumps more features – The study found that group health plan enrollees' top priority in their health plans was to save money – both on the front end in premiums as well as the back end in out-of-pocket costs.

Respondents said they would take saving money over expanded features, even if they had fewer choices in their health care. In fact, nearly three out of four respondents said they would trade off being able to see their current provider or specialist for a plan that is 10 to 30% less expensive than their current one.

The takeaway

One interesting finding in the study was the less that employees saved for health care, the more likely they were to report that a major medical expense had affected their mental health. Only those that reported more than $10,000 in savings said they'd had low levels of mental health issues.

That highlights the need for employees to set aside funds for health care expenses through health savings accounts, flexible spending accounts and health reimbursement accounts. These are funded with deductions from the employees' salaries before taxes are taken out.

Centivo's chief medical officer, Dr. Wayne Jenkins, said that employers can help workers reduce their overall medical outlays by working with their employee benefits brokers to:

- Eliminate or reduce deductibles,
- Engage with health insurers to provide simple and predictable copays, and
- Make primary care visits free (which helps physicians diagnose serious ailments earlier, resulting in lower medical costs over time).

Employers may also consider "skinny plans," which typically have fewer provider choices in exchange for lower premiums and out-of-pocket costs. ❖

Forms 1094-C and 1095-C

IRS to Get Tough on ACA Reporting Form Mistakes

THE TIME when the IRS offers relief from financial penalties to employers that make errors on their group health insurance reporting forms has come to an end.

Starting this year, the IRS will no longer offer protection against reporting error penalties when "applicable large employers" (ALEs) file their Forms 1094-C and 1095-C and the employer has made a good-faith effort to comply.

The change starting with the 2021 tax reporting year means that employers can face steep penalties for mistakes on their forms.

IRS Code requires employers who are obligated under the Affordable Care Act to offer their employees health insurance benefits to also file these forms annually.

But since employers were required to first start filing these forms in 2018, the IRS has been lenient against those that make good-faith errors on the forms.

Typically, when the IRS identifies instances when an employer may be liable for employer-shared responsibility penalties based on information provided on the forms, the agency will send them a Letter 226J.

These letters will identify an employee who may have received health insurance from their employer but is also receiving premium tax credits from a policy on an exchange.

To date, the IRS has allowed ALEs to ask for corrections on their filed forms, or to reduce the penalty without imposing reporting error penalties as well. That comes to an end this year when employers file their 2021 forms.

A few heads up

- Starting this year, the IRS will no longer offer good-faith relief from penalties for incomplete or incorrect forms.
- For the 2021 reporting year, these penalties are $280 per form that must be furnished to employees and $280 per form filed with the IRS.
- According to reports, the IRS is especially focused on employers who may not be satisfying ACA requirements that all health plans they offer their staff must be "affordable," which means costing no more than 9.83% of the employee's household income for the 2021 tax year
- Thanks to the American Rescue Plan Act, more Americans qualified for premium tax credits on ACA exchanges and the act drastically increased those tax credits to the point where some people were paying $1 a month for coverage. Employers could face reporting problems if any of their staff dropped their employer coverage and got coverage on an exchange. ❖

IMPORTANT DATES

Jan. 31 (extended to March 2): Deadline for furnishing 1095 forms to employees.*

Feb. 28: Deadline for filing paper 1094 and 1095 forms with the IRS (only for employers with fewer than 250 employees).

March 31: Deadline to file forms electronically with the IRS.

*Employees can file their taxes before receiving their 1095 form, but should keep it in their records with other tax documents.