



State of Employee Benefits for Business Owners

September 29, 2022

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Today's Agenda

1. Changing Regulation
2. Current Employee Market Expectations
3. Recruiting/Retaining Quality Employees
4. Reducing Benefit Costs
5. Open Enrollment Best Practices



Regulation Changes

What you need to know for 2023



Regulation Changes - 2023

- Pay or play penalties increasing
- Affordability percentages decrease
- Inflation Reduction Act – affecting Medicare
- Increase to HSA limits

ESRP Employer Shared Responsibility Payment ~ Pay or Play

Code Section	4980H(a)	4980H(b)	36B(b)(3)(A)(i)
Description	Coverage not offered to 95% of (or all but 5) full-time employees	Coverage offered, but unaffordable or is not minimum value	Premium credits and affordability safe harbors
2023*	\$2,880	\$4,320	9.12%
2022	\$2,750	\$4,120	9.61%
2021	\$2,700	\$4,060	9.83%
2020	\$2,570	\$3,860	9.78%
2019	\$2,500	\$3,750	9.86%
2018	\$2,320	\$3,480	9.56%
2017	\$2,260	\$3,390	9.69%
2016	\$2,160	\$3,240	9.66%
2015	\$2,080	\$3,120	9.56%
2014**	\$2,000	\$3,000	9.50%

ACA Affordability Standard

For applicable large employers (ALEs):

–Affordability percentages

- 2022 plans: **9.61%**
- 2023 plans: **9.12%**

Affordability Chart

Year	Affordability %
2014	9.50%
2015	9.56%
2016	9.66%
2017	9.69%
2018	9.56%
2019	9.86%
2020	9.78%
2021	9.83%
2022	9.61%
2023	9.12%

ACA Employer Shared Responsibility

Are you a large employer?

If an employer has at least 50 full-time employees, including full-time equivalent employees, on average during the prior year

If not an ALE, no ESRP would not be assessed

Do you offer coverage?

If you are an ALE and do not offer at least MEC, you are subject to 4980H(a)

Is the coverage affordable?

If you are an ALE, offer MV coverage and it is not affordable AND at least one person goes to the exchange and receives a subsidy, you are subject to 4980h(b)

ACA Affordability Standard – Action Steps



- ALEs should confirm 2023 plan affordability.
- ALEs may have to significantly lower their employee contributions for 2023 to meet the adjusted percentage.

Health FSA Contributions

- 2022 health flexible spending account (FSA) limit*:
 —\$2,850

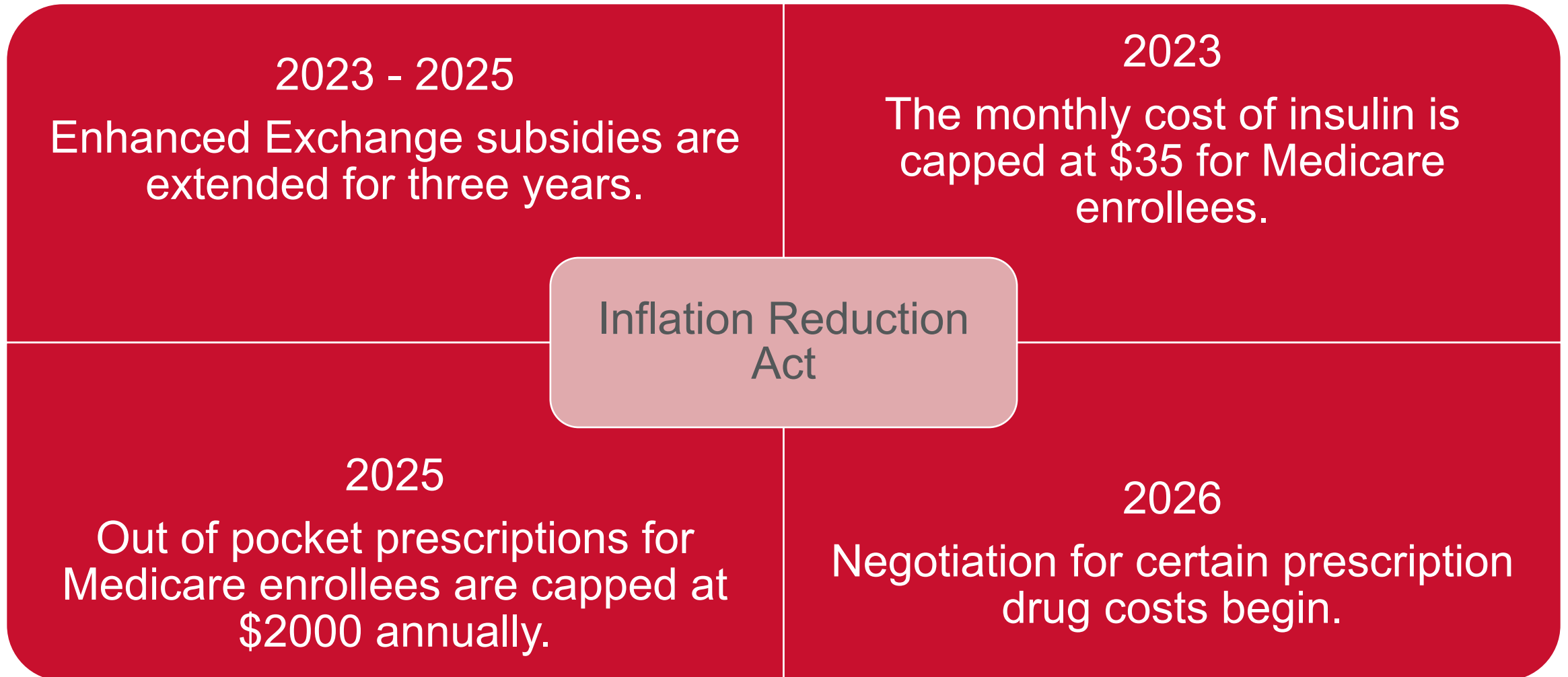
*2023 limit not yet released

Regulation Changes for 2023

High Deductible Health Plan(HDHP) and Health Savings Account(HSA) Changes for 2023

Type of Limit		2022	2023	Change
*HSA Contribution Limit	Self-only	\$3,650	\$3,850	Up \$200
	Family	\$7,300	\$7,750	Up \$450
*HSA Catch-up Contributions <i>(not subject to adjustment for inflation)</i>	Age 55 or older	\$1,000	\$1,000	No change
HDHP Minimum Deductible	Self-only	\$1,400	\$1,500	Up \$100
	Family	\$2,800	\$3,000	Up \$200
HDHP Maximum Out-of-pocket Expense Limit <i>(deductibles, copayments and other amounts, but not premiums)</i>	Self-only	\$7,050	\$7,500	Up \$450
	Family	\$14,100	\$15,000	Up \$900
FSA Changes???				

Regulation Changes



New Threshold Required for Employer CalSavers Participation

CALIFORNIA EMPLOYERS:

On Aug. 26, 2022, Senate Bill 1126 was signed, which expands the term “eligible employer” to include those with one or more employees.

Sole proprietorships, self-employed individuals or other business entities that do not employ any individuals other than the owners of the business are excluded from this definition.

Under the new legislation, California employers with one or more eligible employees that do not provide a retirement savings program will have until Dec. 31, 2025, to allow employee participation in the program.

Program Overview

- The CalSavers Retirement Savings Program is:
- Funded by employee after-tax contributions (through payroll withholding);
- Voluntary for employees (they can opt in or out of participation); and
- Administered by a private-sector financial services firm and overseen by a public board chaired by the state treasurer.
- While covered employers do not need to pay costs or fees in connection with CalSavers, they must facilitate enrollment in the program, set up payroll deductions and remit employee contributions.

Important Dates

Dec. 31, 2025

Employers with one or more employees must either begin to offer their own retirement plans or register for CalSavers by this date.

June 30, 2022

The deadline for employers with five or more employees to either begin to offer their own retirement plans or register for CalSavers.

The new legislation requires employers to participate in CalSavers if they have one or more eligible employees and do not sponsor a retirement plan.



Current Employee Market Changes



Current Employee Market Changes

- Employees Care About Benefits
- The Great Reshuffle
- Remote & Hybrid Work
- Virtual Care
- Mental Health

“The Great Reshuffle”

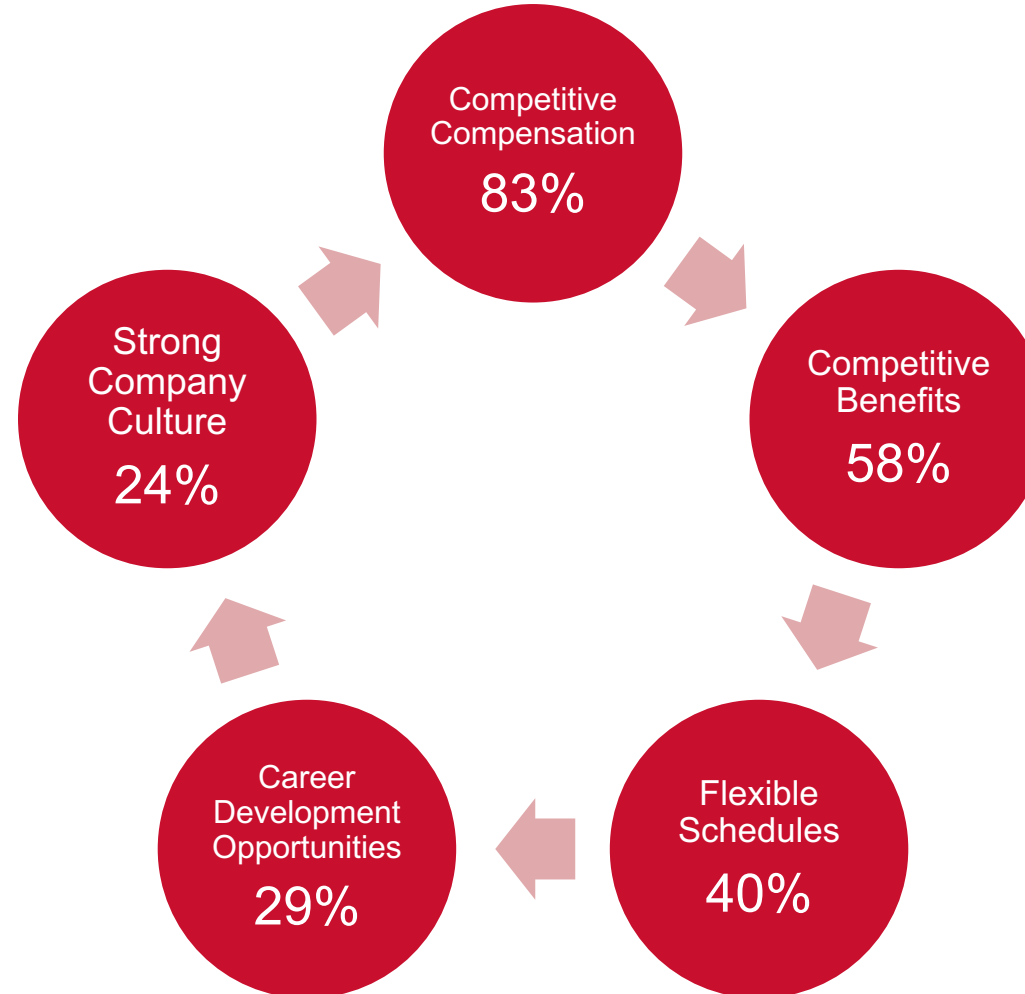
Great Resignation

Great Reshuffle



Current Employee Market Expectation Changes

Employee's Priorities When Looking at a Company to Join



Remote and Hybrid Work

Employees

54% of employees who work remotely would like to work in the office at least some of the time.

37% of remote workers would like to remain exclusively remote.

9% of remote workers want to return to in-person work full time.

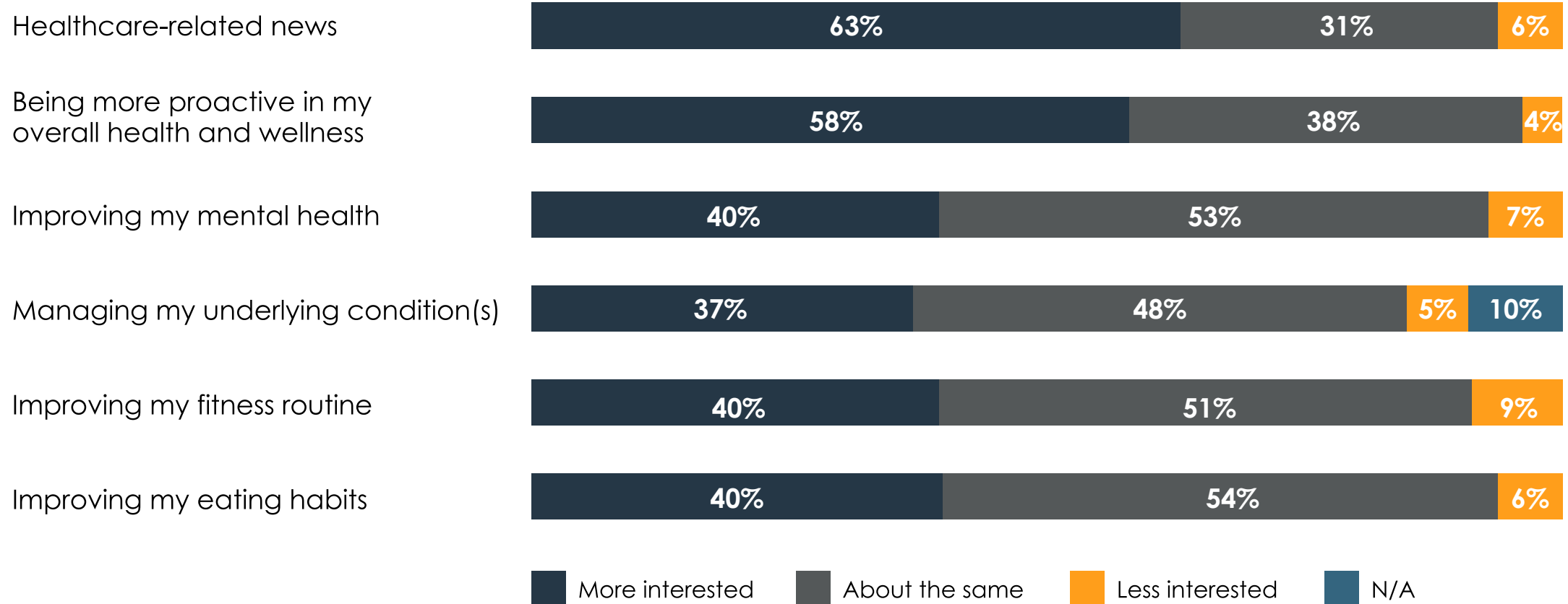
Employers

70% of employers intend to keep their remote policies permanent

83% of employers say the shift to remote work has been successful

Consumers are engaging with their health more than ever!

Covid-19 has changed consumer interest in health





Recruiting and Retaining Quality Employees

Employers' Top Challenges for Attraction and Retention:



Finding and Retaining Top Talent



The Benefits of Benefits

Benefits packages offer value to your employees and help you boost productivity and retention in a cost-effective manner.



Talent Attraction and Retention



Healthy, Productive Employees



Satisfaction/Thinking Long-term



Reducing Benefits Costs

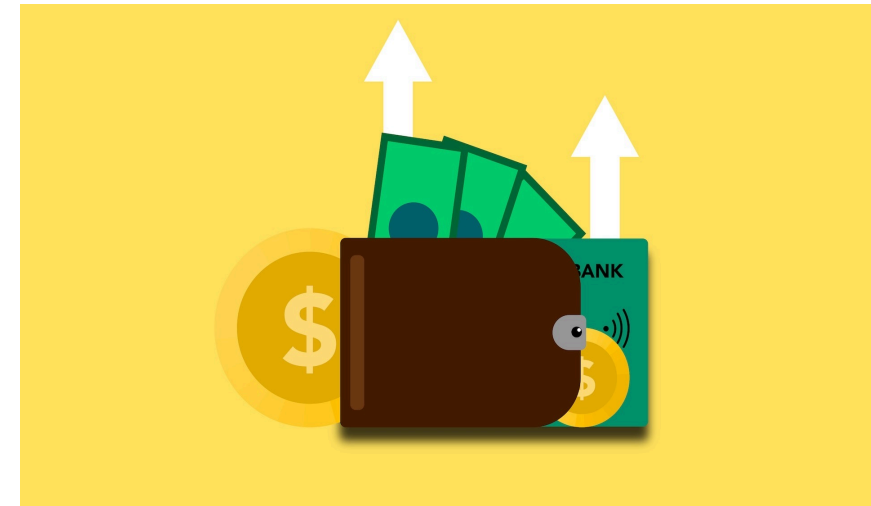
Rising Healthcare Costs

Recovery from COVID-19

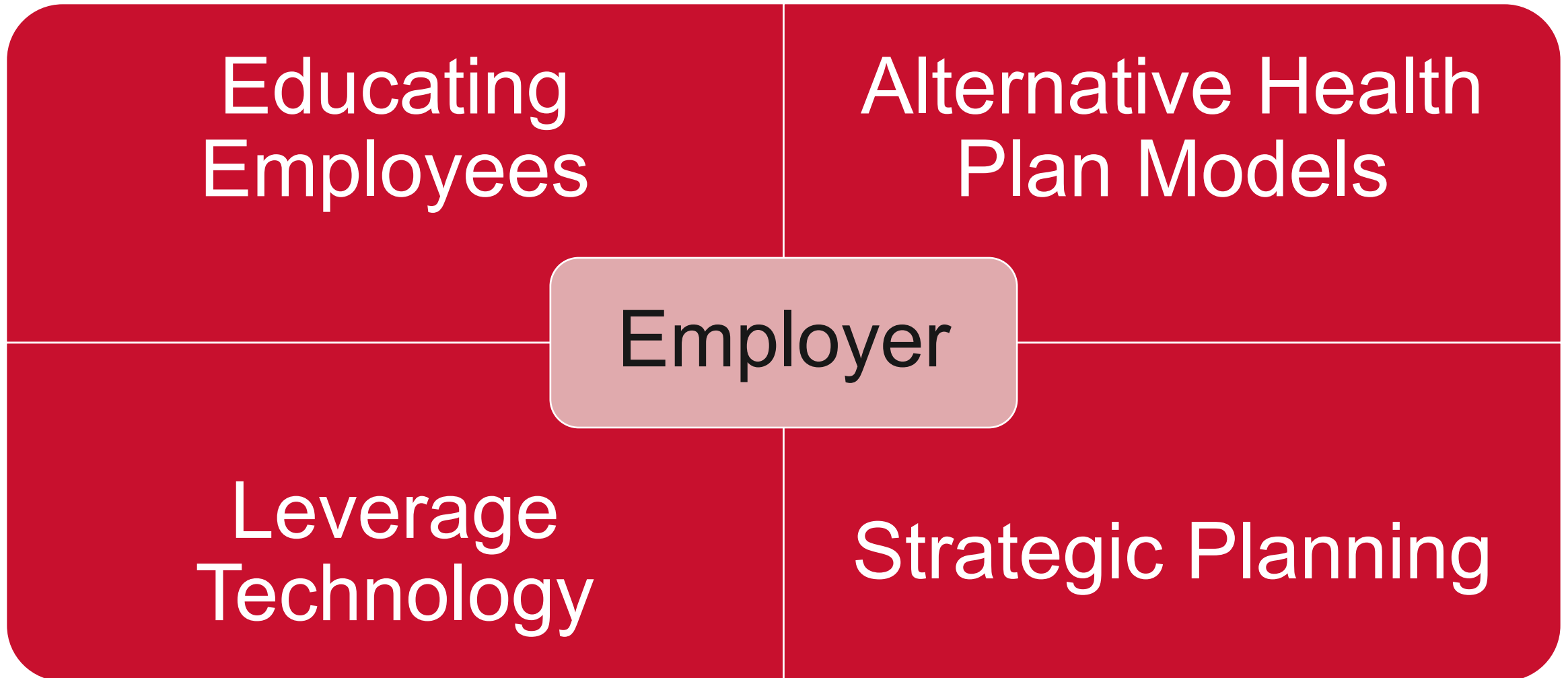
Prescription drugs

Lack of Benefit Education

Selection Strategies



Reducing Benefit Cost

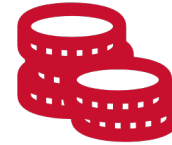


Alternative Health Plan Models



High Deductible Health Plan – HDHP

- Higher Deductible
- Lower Cost
- You pay first
- Combined with an HSA



Level funding

- Employer pays set amount (admin/projected claims/stop loss insurance)
- Carrier pays claims/Excess refunded
- Stop Loss covers overage



Reference-based pricing

- Set spending limits/est Benchmark
- Lower total cost
- Higher employee engagement in decisions



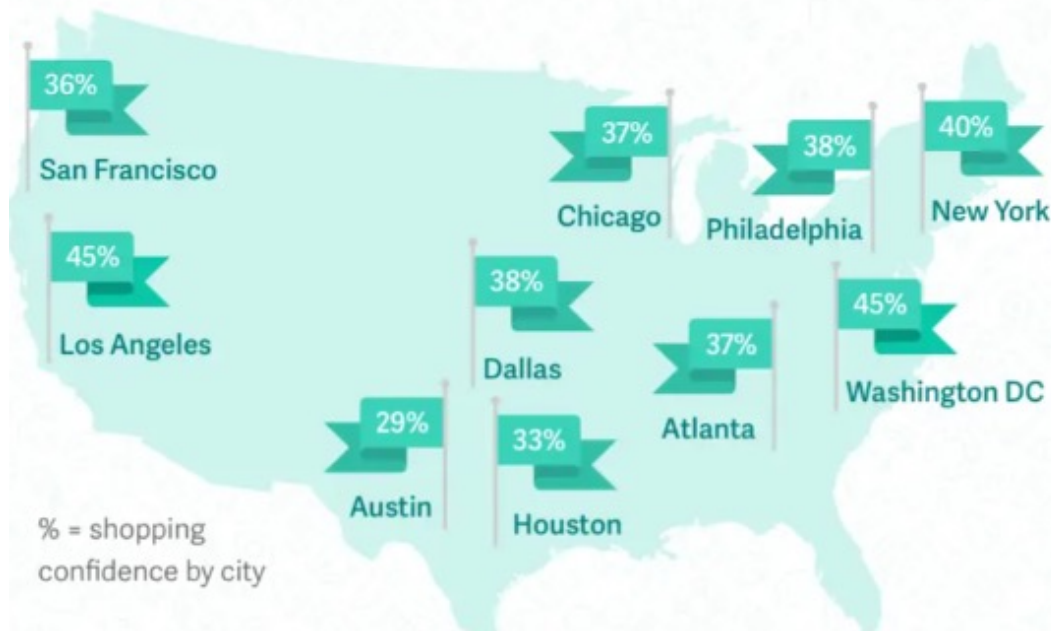
Individual coverage health reimbursement arrangements (ICHRAs)

- Funded by employer
- Account based reimbursement
- Lower cost

Selecting the right Plan?

How confident are Americans in their ability to select the right health insurance plan this year?

Low confidence levels from coast to coast reveal a need for more awareness around policy details.



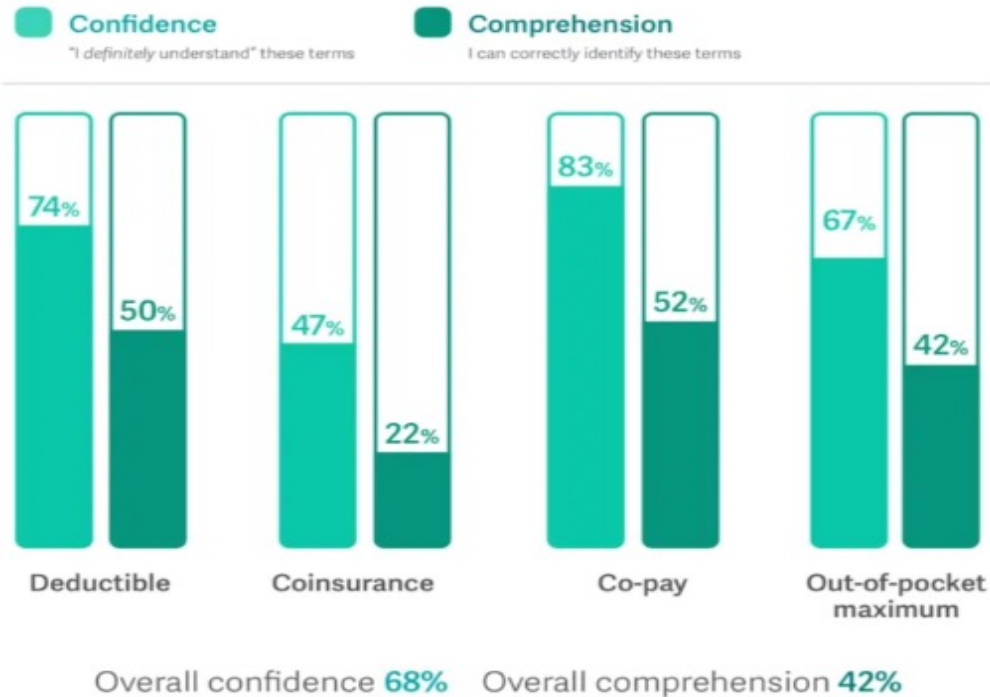
ONLY 40% of Americans say they're VERY CONFIDENT choosing the right health insurance plan

Employee Enrollment/Education:

4 Health Insurance Terms 96% of Americans Don't Know

Co-pay, coinsurance, co-what?

Can you correctly define the top 4 health insurance terms?
96% of Americans can't, but most thought they could.



Only 4% of Americans could actually define all **four** terms.



On average only
36% of Millennials
correctly identified
any terms

https://www.policygenius.com/health-insurance/health-insurance-literacy-survey/?utm_medium=301&utm_source=/health-insurance/learn/health-insurance-literacy-survey

Information to Educate

- The **Deductible** is the amount of money you pay before the insurer starts covering the cost of medical expenses
- Higher deductibles typically mean lower health insurance premiums and vice versa
- Deductibles are a form of cost sharing; the insurers splits the cost of care with you
- Your deductible resets every year, even if your expenses exceeded it the previous year
- A **Copay** is a flat fee you pay whenever you receive certain health care services or get prescription drugs
- Copays may apply before and *after* you hit your deductible
- A copay is different from coinsurance, which only applies after reaching your deductible and is the percentage of your final bill that you pay
- **Coinsurance** is the percentage of your medical costs that you actually have to pay, but it only applies after you hit your deductible
- **Out of Pocket Max**
- With most health coverage, your coinsurance and copays both count toward your out-of-pocket maximum. Once you spend enough overall to hit the out-of-pocket limit, your insurance will step in to cover 100% of your medical costs for the remainder of the calendar year.

Chronic Diseases in America

The Leading Causes of Death and Disability and Leading Drivers of Annual Health Care Cost

Heart Disease

Cancer

Chronic Lung
Disease

Stroke

Alzheimer's

Diabetes

Chronic Kidney
Disease

**6 in 10 Adults in the US
Have a Chronic Disease*

**4 in 10 Adults in the US
Have two or more*

Did You Know?

NEARLY 8 IN 10 PRESCRIPTIONS filled in the United States are for generic drugs.



Generics cost
80-85% LESS THAN
name brands.



Generic drugs can be **SOLD CHEAPER**, since they do not have to pay for costly clinical trials already completed by the name brands.



The FDA requires generics to have the **SAME ACTIVE INGREDIENTS** as their name-brand counterparts.

Many generic drugs are made in the **SAME MANUFACTURING PLANTS** as the name-brand drugs.

Source: FDA



SAVE MONEY ON YOUR PRESCRIPTION



Combine pills.



Review the formulary for lower-cost drug options.



Follow step-therapy rules.



If you need a drug exception, ask.



Use preferred pharmacies.



Be cautious of online scams.



Look at other insurance options.



Talk to your doctor.



Price check drugs.



Avoid drugs advertised on TV.



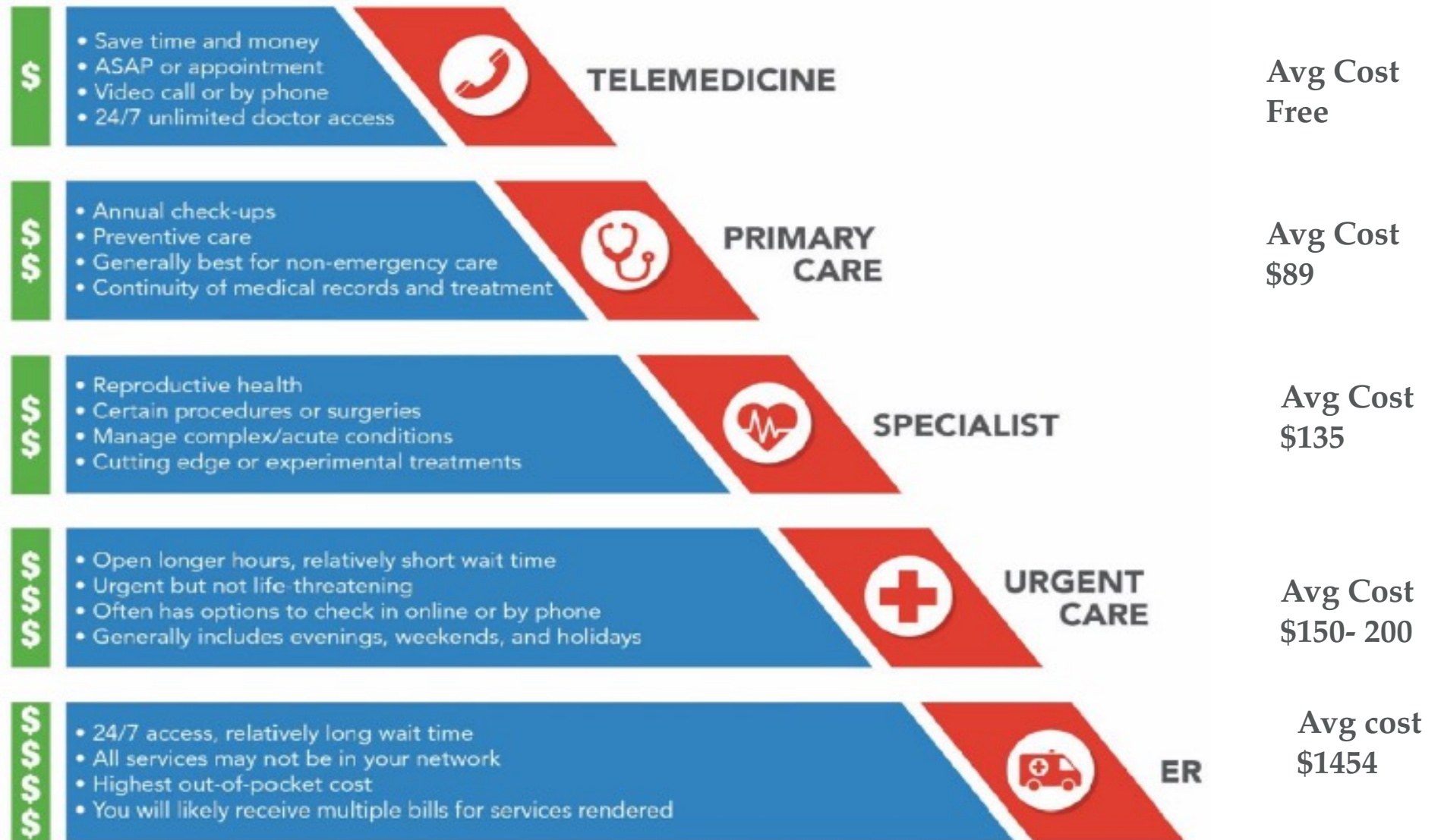
Consider nonprescription medication.



Buy prescriptions in larger quantities.

Disclaimer: This section is for informational purposes only and should not be construed as medical advice.
For further information, please contact a medical professional.

Place of Service – Cost Driver



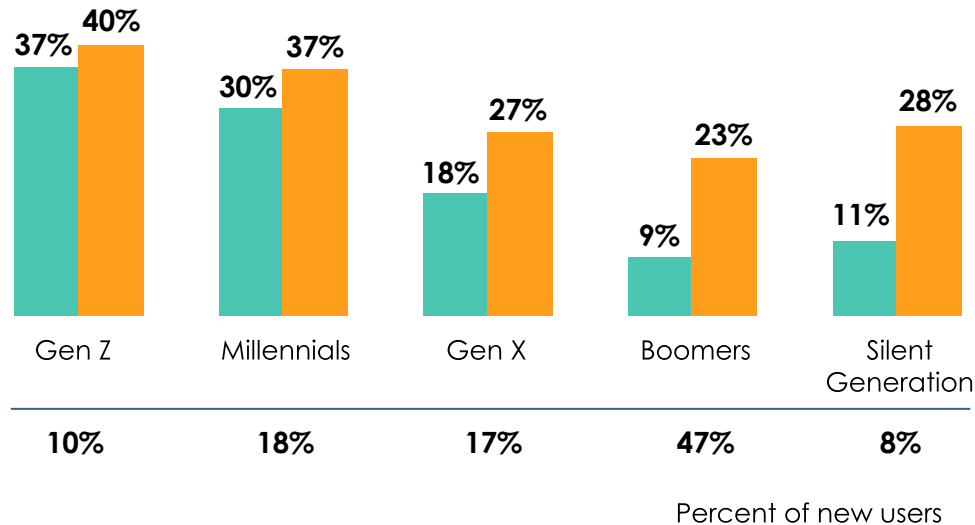
Virtual Care



Adoption and engagement with virtual health has increased across all ages.

Gen Z uses virtual health most, but Boomers have seen the biggest increase since the pandemic.

Virtual visit use across generations



- Gen Z and Millennials are the largest population of users
- Boomers increased usage by 155% from pre to post pandemic.

Virtual care opens the door to health equity.

Half the world's population can't obtain essential health services.

Clinician shortages



83 million

number of Americans who live in Primary Care shortage areas



61%

of Primary Care Health Professional Shortage Areas **are rural**

Virtual care can help achieve health equity



Expand access



Improve outcomes



Reduce total cost of care

Source: [Primary Care Health Professional Shortage Areas \(HPSAs\) | KFF](#)

Source: <https://data.hrsa.gov/topics/health-workforce/shortage-areas>

Source: [Half the world lacks access to essential health services – UN-backed report - United Nations Sustainable Development](#)

Source: [Healthcare Access in Rural Communities Overview - Rural Health Information Hub](#)

Employers are making mental health a priority.

Providing virtual mental health services is key for employers, as an effort to improve well-being in the workplace.

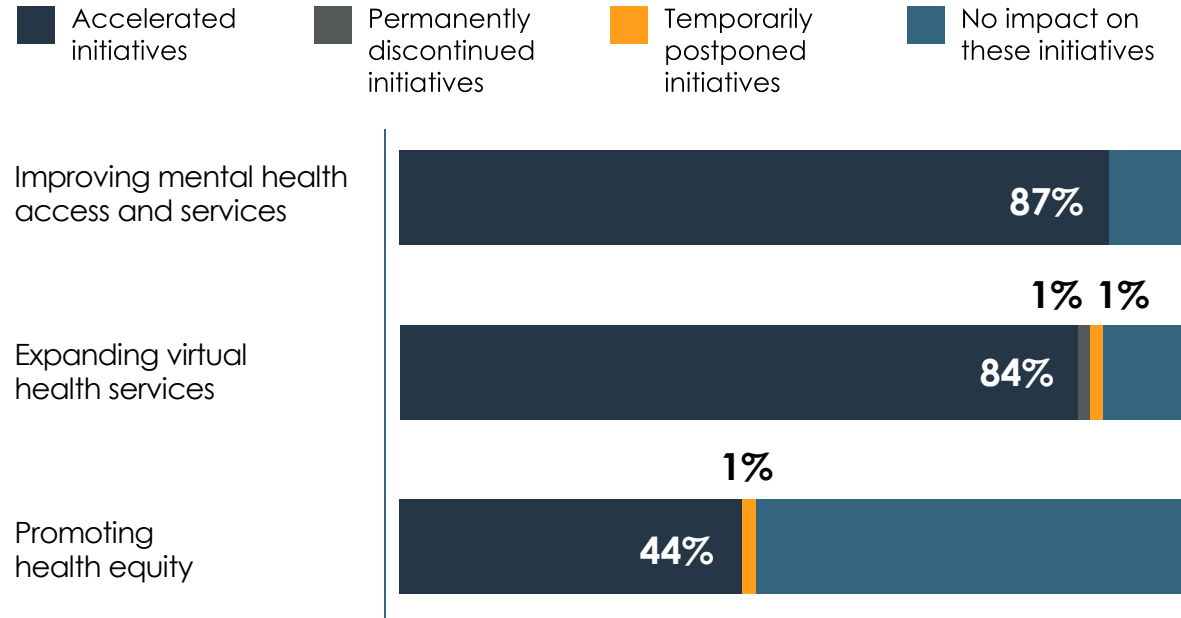
82%

Globally say **employee well-being** is important at their company

78%

of people who sought mental health support during the pandemic say they have a **better impression** of their **employer/health plan** if they offer different ways to access mental health services

Impact of COVID-19 on employer well-being initiatives



Strategic Planning

- Contribution Strategy
- Which plans work best for your population
- Ease of Usage
- Over all Goals



Reducing/Controlling Benefit Cost



Educating Employees



Redesigning your offering package at open enrollment



Joining G&A as a partner for all your benefit needs.

Open Enrollment Best Practices



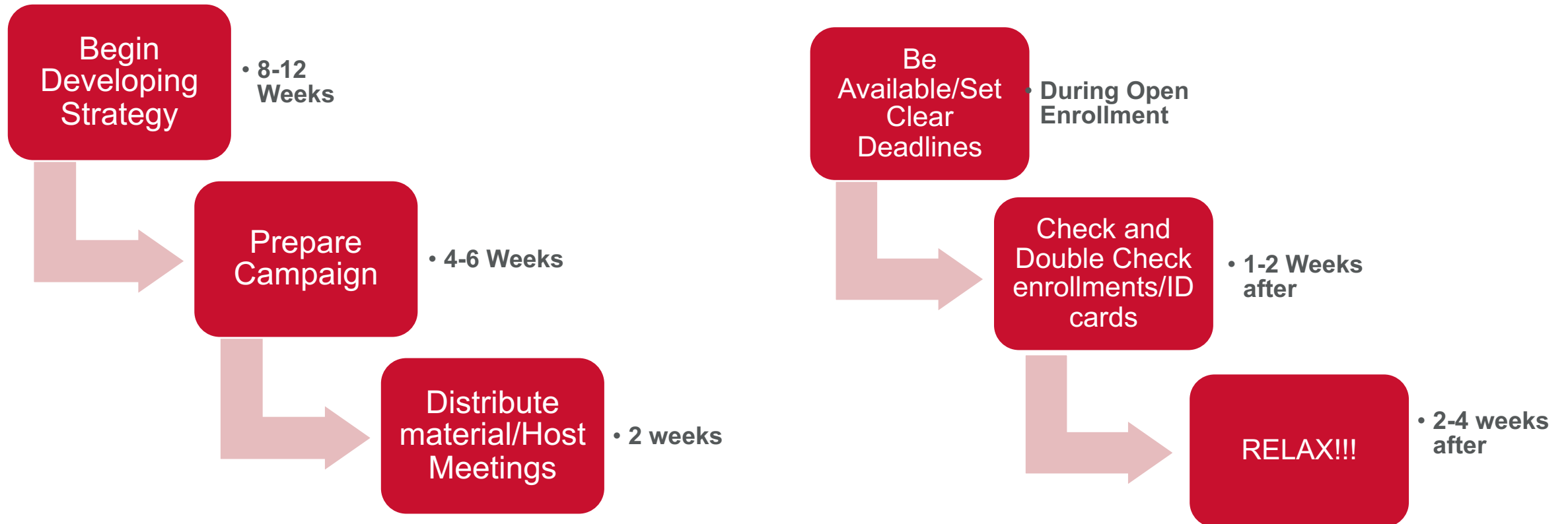
Early Preparation Is Crucial for 2023 Open Enrollment



What should you be doing to prepare early for open enrollment?

- Surveying employees to determine which benefits they want
- Revamping benefits offerings to meet workforce needs
- Strategizing employee messaging
- Effectively communicating benefits offerings

Open Enrollment Timeline



Most Important Things to Remember

- **Start Open Enrollment 8-12 Weeks Out**
- **Encourage Virtual Care Use**
- **Consider Alternative Health Plan Models**
- **Make Benefits a part of your Recruitment and Retainment Strategy**
- **Consider Partnering with a PEO**