

# Employee Benefits Market Trend Report



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# Executive Summary

## Employee Benefits Market Trend Report

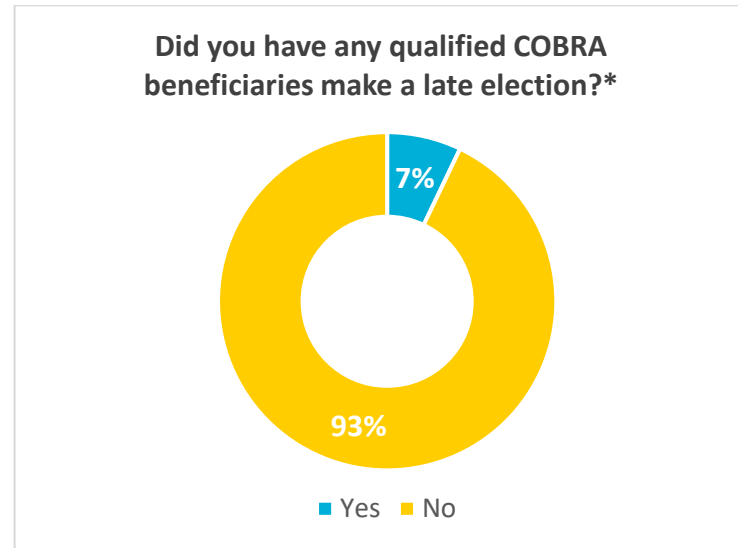
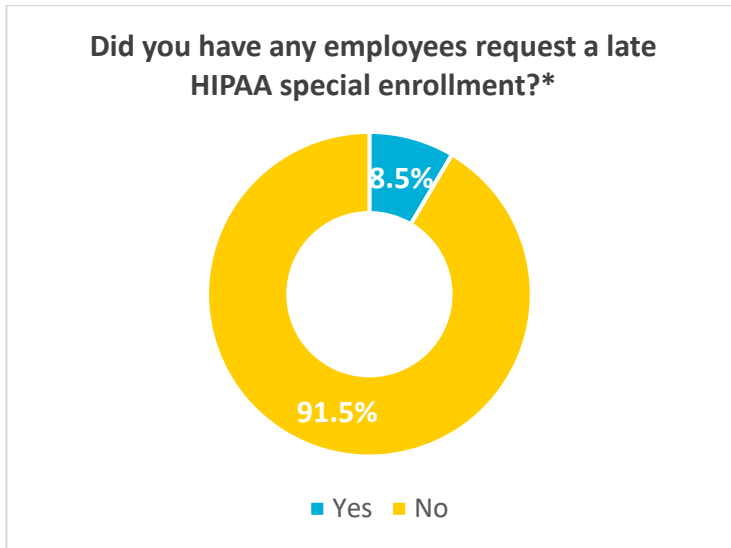
Over the last year, Assurex Global conducted a series of polls during our webcasts with thousands of employers to gain an understanding from them on a variety of employee benefits, human resources, and health care topics.

In this report, you will find useful information about these hot topics along with our poll results presented in chronological order. As an employer, you can use this information to help guide your own decisions as you evaluate your employee benefits offerings.

Should you need any assistance with understanding the findings of any of these topics, please contact your local Assurex Global adviser.

# Impacts of HIPAA and COBRA Deadline Suspensions

The Coronavirus pandemic had great impacts on all parts of business in 2020, and employee benefit plans were no exception. As a result of this pandemic, the Department of Labor (DOL) put notification periods for HIPAA (Health Insurance Portability and Accountability Act) and COBRA (Consolidated Omnibus Budget Reconciliation Act) on hold. This means that anyone meeting the appropriate criteria could enroll in the plan or elect coverage within the outbreak period (defined as 3/1/20 until 60 days after the government officially declares and passes resolution that the pandemic is over). This change created additional administrative issues, as well as potential financial risk, for group health plan sponsors. When we asked our webinar participants about the impacts of HIPAA and COBRA deadline suspensions, their responses were:



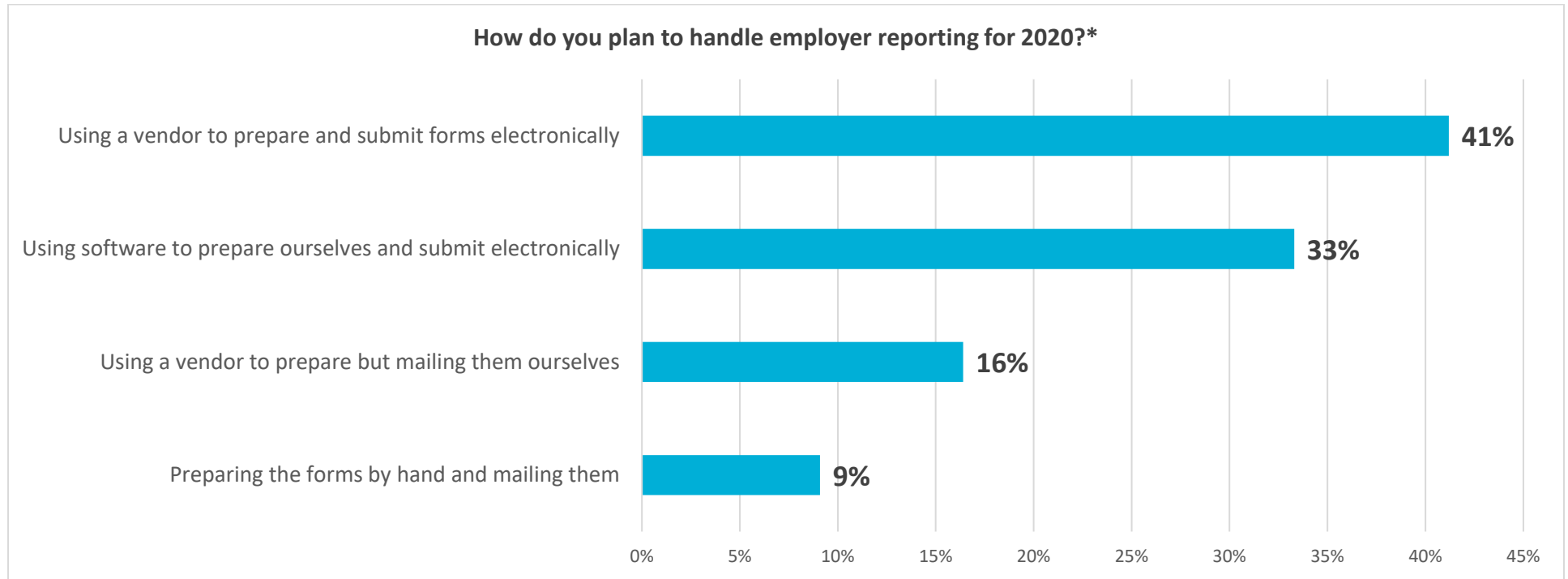
## Key Findings

While most employers were not adversely affected by the additional time, there remained numerous people that were granted coverage when they otherwise would have been ineligible. Access to health insurance is always welcome, but employers will have to monitor the financial impacts the late enrollees might bring.

\*Based on 456 employer respondents. December 17, 2020

## 2020 Employer ACA Reporting

The Affordable Care Act (ACA) requires that applicable large employers and any size employers that offer self-insured group health plans provide the Internal Revenue Service (IRS) with information as it relates to offers of coverage and enrollment. This requirement helps satisfy the employer mandate and has been in place since 2015. Despite being in effect for a few years, many employers remain challenged in getting the information submitted in a timely and accurate fashion. Reporting for this year may be even more difficult for employers that experienced record numbers of leaves of absence, furloughs or terminations. When we asked our webinar participants about employer reporting, their responses were:



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As the IRS continues to increase its oversight into group health plans, it is suspected that more employers may receive letters in the coming year.

### Letter Definitions

- Letter 226J – IRS sends this initial letter to Applicable Large Employers (ALE) that may not have offered minimum essential coverage or offered coverage that was of minimum value and affordable
- Letter 5699 – IRS sends this when they believe employer is an ALE and did not report
- Letter 972CG – IRS sends this letter to inform employer that they are assessing a filing penalty

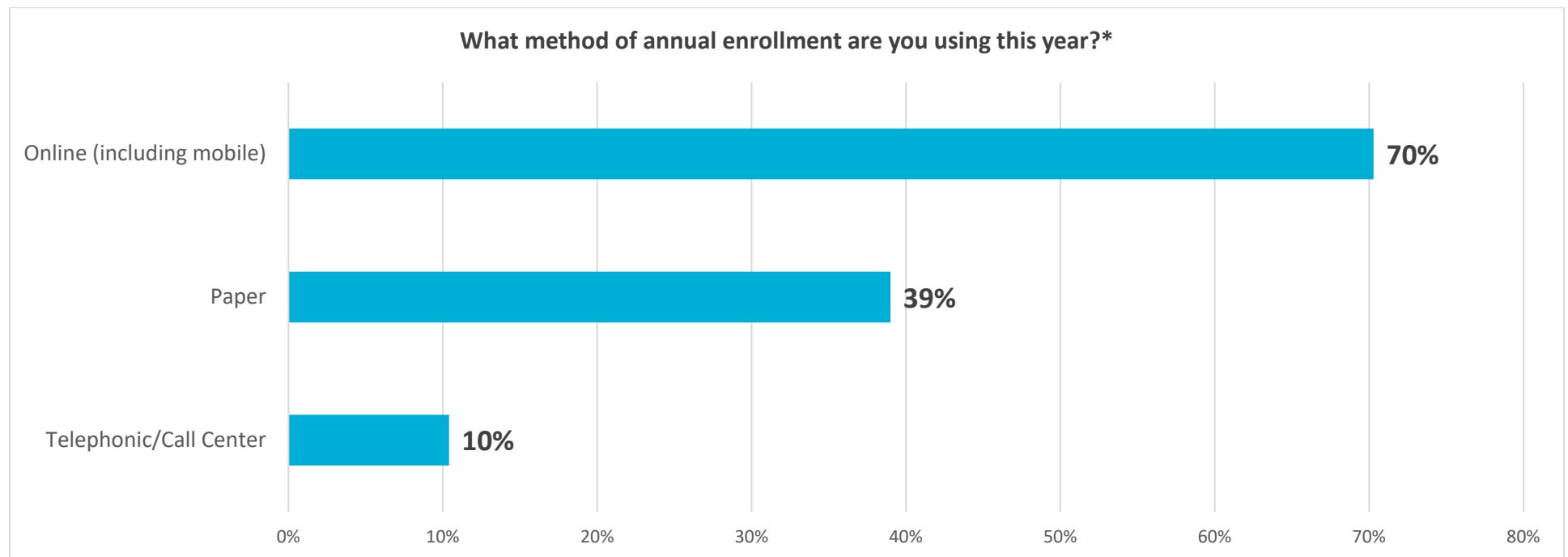


\*Based on 550 employer respondents. November 19, 2020

## 2021 Annual Enrollment Methods

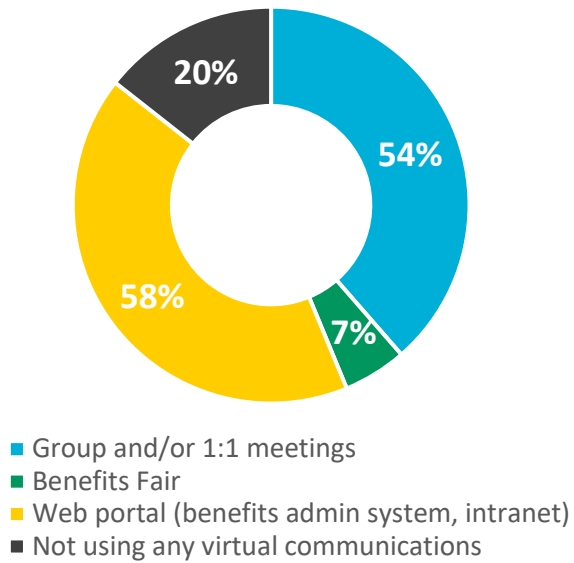
Since many employees are currently working from home and information will be provided virtually rather than in person, this year's process will be unlike any other for both human resources and those who are selecting benefits provided through the workplace.

When we asked our webinar participants about enrollment methods, their responses were:

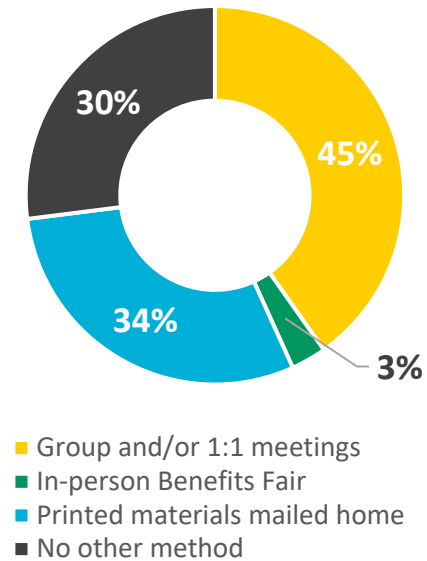


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Method of VIRTUAL communication to share benefits information for upcoming year\*



Method of OTHER communication to share benefits information for upcoming year\*



**Key Findings**

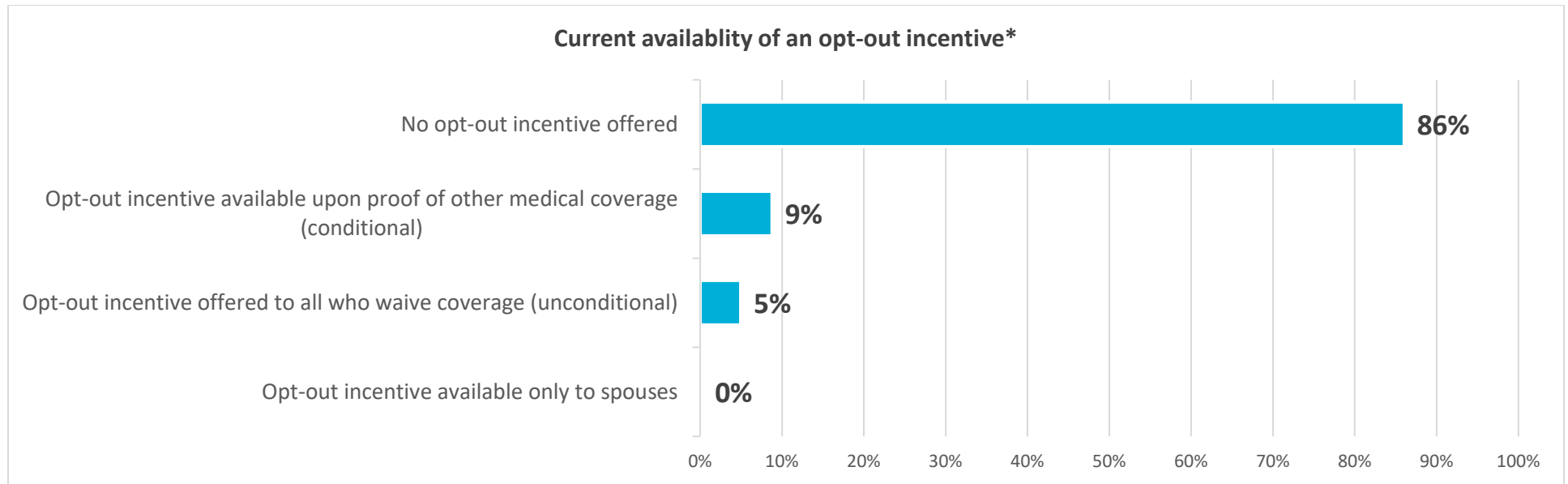
Whether an employer decides to stay with the “tried and true” methods that have served them in the past or decides to try something unique - providing employees with as much useful information as possible and a simple, convenient way to enroll is as critical as ever. Employee benefit offerings remain a valuable component of an employee’s total compensation package and can help protect their family and improve their wellbeing.

\*Based on 439 employer respondents; multiple answers were allowed. October 22, 2020



# Medical Plan Opt-Out Incentive Strategy

As employers look to renew their benefit plans, many begin by revisiting their benefit packages to determine where revisions need to be made. Some employees may have the choice of enrolling in other medical coverage, whether that be through a spouse’s plan, an individual plan or other. While they may have additional plans to consider, the employee may not actually review those options. Employers can financially motivate employees to waive coverage and enroll elsewhere or provide cash to those employees who do not need coverage. When we asked our webinar participants about opt-out incentives, their responses were:



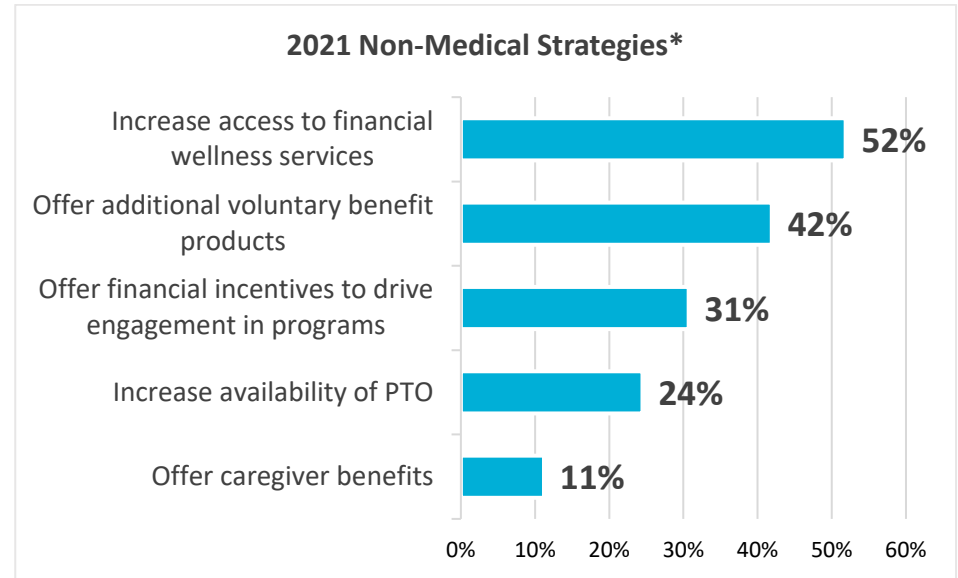
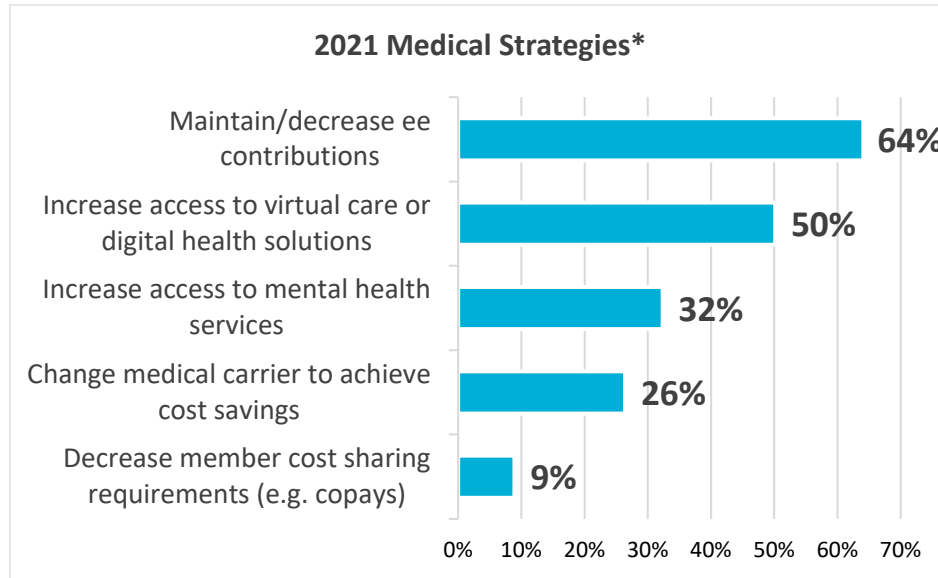
## Key Findings

While offering an incentive to employees to waive the group medical coverage may be appealing and provide financial savings, employers should also consider other areas such as how the incentive will be paid, whether it will count as wages or be taxable, who will be eligible to receive, and whether it will violate any non-discrimination or Medicare Secondary Payer rules.

*\*Based on 444 employer respondents. September 24, 2020*

# 2021 Employer Health & Wellbeing Strategies

Employee benefits remain a critical aspect of a company’s rewards program. As employers examine their offerings for the next year, many are adopting additional products, limiting financial burdens, or expanding access to resources that are necessary in supporting worker productivity and total wellbeing. When we asked our webinar participants for their upcoming strategies, their responses were:



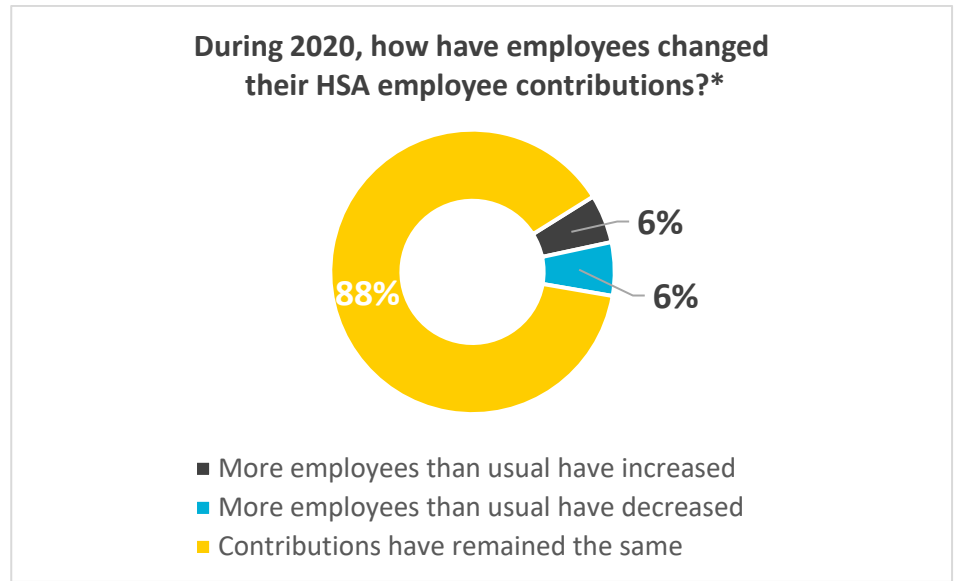
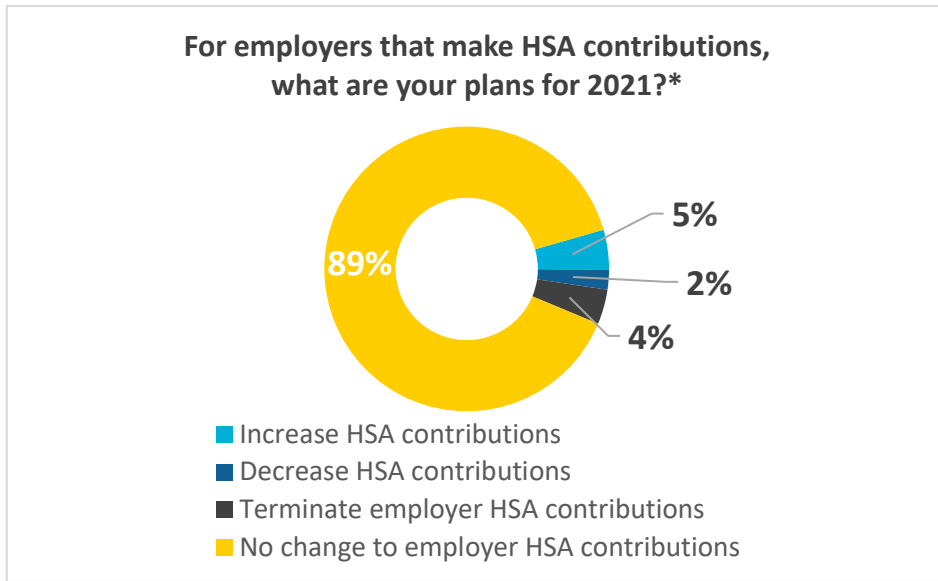
## Key Findings

As new personal and professional challenges for employees have emerged, it is paramount for employers to consistently review and critique their employee benefit strategy. No single approach is right for every plan sponsor, but understanding the needs of the workforce and where the market is trending will help employers ensure their offering remains competitive.

\*Based on 718 employer respondents; multiple answers were allowed. August 20, 2020

# HSA Contributions

Financial security remains tenuous for many Americans. Health savings accounts (HSA) have provided numerous individuals with a great option for medical expense reimbursement. HSAs are the only triple-tax favored vehicle (no federal tax charged on contributions, interest earned or qualified distributions) and allow employees in a qualified high deductible health plan (HDHP) the opportunity make health care more affordable. When we asked our webinar participants for their plans for 2021 and about employee contribution changes in 2020, their responses were:



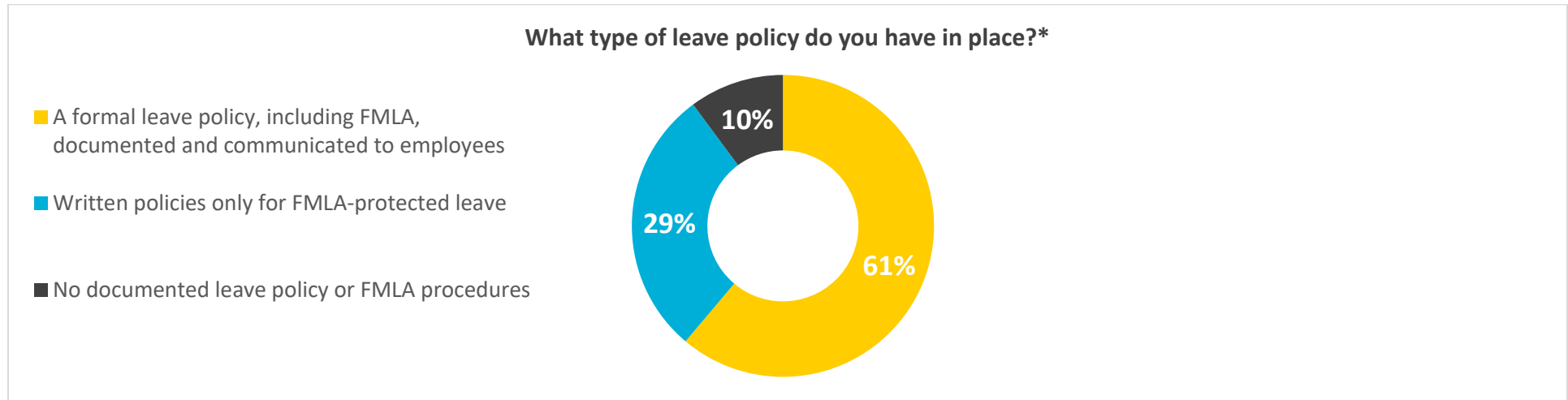
## Key Findings

In these challenging times, it appears employees will continue contributing at current levels and employers will continue supporting employees with similar contribution amounts. If your company isn't contributing to the HSAs of your workforce today, it would be worth considering the investment for the coming year. Without a proper HSA balance, employees may defer necessary care (leading to higher costs in the future), tap into emergency savings, or take an early withdrawal from their retirement account. HSAs can act as another tool within an employer's broader financial wellness strategy.

\*Based on 377 employer respondents. July 23, 2020

# Leave Policies

Too often, employers struggle to address benefit eligibility and contributions for employer-sponsored coverage in the midst of a leave of absence or break in service without clear policies or procedures. As the impact of the pandemic continues to evolve, employers are addressing leaves and breaks in service at a much higher volume and deciding whether to provide further benefit eligibility. Beyond the federal law, many states and cities have also passed some form of leave laws, making a formal employer leave policy imperative. It is essential to have a policy in place and ensure that employees are aware of the policy. Employees should also understand what is expected of them and if they are eligible for any leave. When we asked our webinar participants about leave policies, their responses were:



### Key Findings

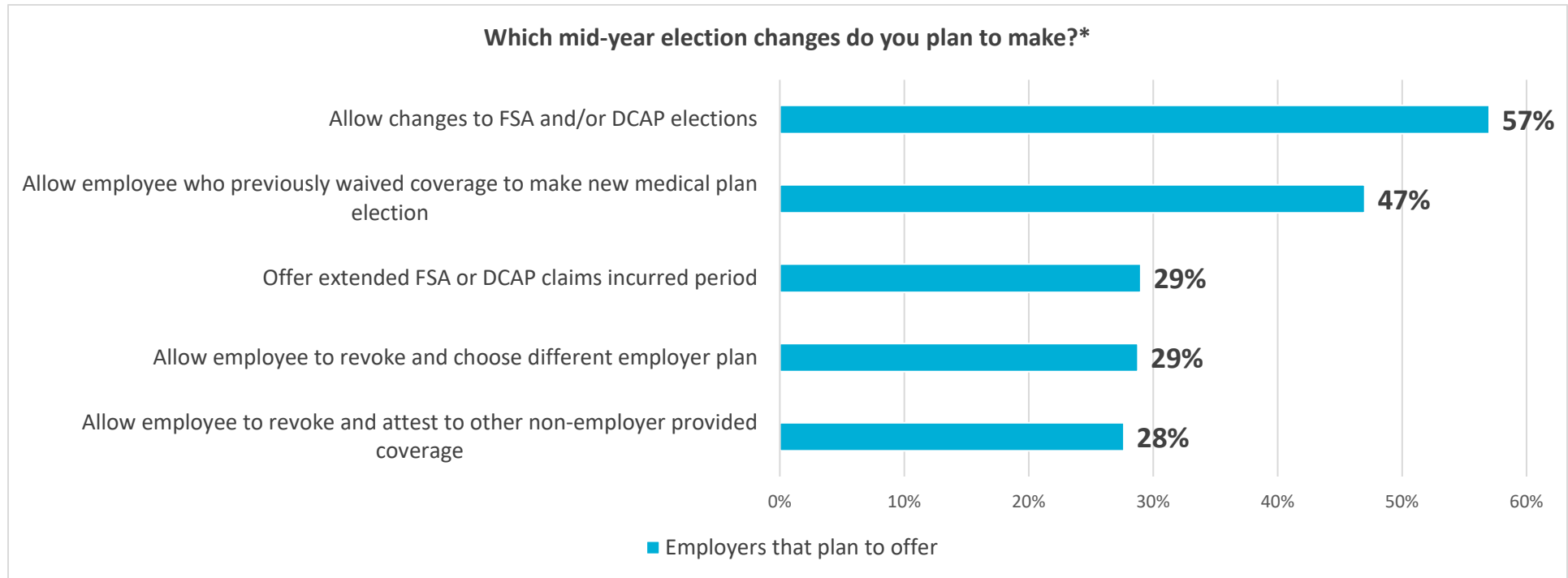
Even if you have a formal leave policy in place, it may be prudent to review it again to ensure it addresses eligibility, contributions, and payment policies.

*FMLA – Family Medical Leave Act*

*\*Based on 296 employer respondents. June 25, 2020*

# Mid-Year Election Strategies

Due to the impact of Coronavirus pandemic, the Internal Revenue Service (IRS) has issued notice 2020-29. The intent of the notice is to allow employers to provide additional flexibility in permitted mid-year election changes for benefits provided through a Section 125 cafeteria plan. Many employers are attempting to determine which of these changes they would like to implement, as the various election changes are optional. When we asked our webinar participants about mid-year election changes, their responses were:



FSA – Flexible Spending Account  
DCAP – Dependent Care Assistance Program

\*Based on 351 employer respondents; multiple answers were allowed. May 21-22, 2020