Employee Benefits Report

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Volume 21 · Number 11

NOV 2023

New Benefits

Seven Open Enrollment Tips for Communicating Benefits

This year's open enrollment period presents some unique challenges for employers looking to effectively communicate benefits options to employees. With rising healthcare costs, high inflation, a hybrid workforce split between office and remote settings, and workers facing mounting financial pressures, it is more important than ever for organizations to get open enrollment right.

1. Talk and Listen to Employees

Human resources leaders emphasize the importance of understanding employees' needs and concerns prior to and during open enrollment. Conducting listening sessions and surveys can provide insights into the types of benefits employees hope to see offered or expanded. This allows employers to tailor communications and focus areas accordingly.

For example, employees feeling financial strain may be looking for more robust supplemental health

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This Just In ...

PPACA Penalties Pack a Punch: What Employers Need to Know

The Patient Protection and Affordable Care Act (PPACA), commonly known as Obamacare, levies hefty penalties on employers who do not comply with key provisions of the law.

The Employer Mandate Penalty

Also known as the "pay or play" provision, the employer mandate stipulates that companies with 50 or more full-time equivalent employees must offer a health plan with minimum essential coverage to a minimum of 95% of their full-time workforce and dependents up to age 26. Failure to do so triggers a penalty under **Section 4980H(a)** of the Internal Revenue Code.

The 2024 employer mandate penalty is $2,970 per full-time employee, excluding the first 30 workers. For example, an employer with 100 full-time employees that does not offer coverage would pay $207,900 (100 - 30 = 70 x $2,970). This assumes at least one employee obtains subsidized marketplace coverage.

The Affordability Penalty

Even if an employer offers coverage, they may still face penalties under **Section 4980H(b)** if the plan fails to meet minimum value or affordability standards. This occurs when an employee obtains subsidized marketplace coverage because the employer's plan is unaffordable or does not meet minimum value.

benefits or other offerings to help defray costs. Others working remotely may need more direction navigating enrollment digitally. Listen throughout the year, not just at enrollment time, to keep a pulse on evolving priorities.

2. Embrace Technology While Maintaining a Personal Touch

Digital communication reigns supreme in reaching today's dispersed workforce. Virtual benefits fairs, online enrollment platforms, video calls, and messaging apps like Slack allow employees to access information easily on their own time.

However, experts caution against relying solely on technology. One-on-one counseling remains invaluable for explaining options and addressing individual circumstances. In-person group meetings also foster engagement.

Material sent directly to employees' homes captures attention better than emails alone. Snail mail also reaches spouses who often make medical decisions. Communication should be multi-channeled, with technology complementing personal guidance.

3. Highlight the Value of Voluntary Benefits

The popularity of voluntary benefits like hospital indemnity, critical illness, and accident insurance continues to grow. With household budgets squeezed by inflation, these supplementary policies provide financial protections against unexpected healthcare costs.

Open enrollment is a good time to explain how such options complement traditional medical plans. For example, hospital indemnity pays a fixed cash benefit upon hospitalization, regardless of major medical coverage. Expert input can help employees determine which voluntary offerings make sense for their situation.

4. Discuss Rising Healthcare Costs

Being transparent about increasing medical premiums, deductibles, and other out-of-pocket expenses builds trust and understanding. Employees deserve to know if they will pay more or take on additional cost-sharing responsibilities.

This conversation also allows employers to offer cost-saving strategies like using preventive care, comparing treatment options, checking drug prices, and utilizing tax-advantaged accounts to pay for qualified expenses. Guiding workers to be savvier healthcare consumers ultimately benefits everyone.

5. Explain How Savings Accounts Work

Many employees do not fully grasp how flexible spending accounts (FSAs) and health savings accounts (HSAs) function. Enrollment season provides the perfect opportunity to explain how these accounts can be used tax-free for copays, prescriptions, dental, vision, and more.

Educating staff on the mechanics and advantages of the accounts encourages utilization throughout the plan year. Employees should know FSA funds expire annually and HSAs roll over year-to-year. Participants should be reminded to estimate expenses conservatively when electing a contribution amount to prevent forfeited balances.

6. Promote All Benefit Offerings, Not Just Enrollment Items

While open enrollment revolves around selecting medical, dental, vision, life insurance, disability, and tax-advantaged accounts, it's also an excellent time to spotlight other benefits. For example, use this time to direct employees to mental health resources, wellness programs, employee assistance plans, and more.

If possible, feature real employee testimonials, which will resonate more powerfully. With many facing mental health struggles today, promoting awareness during enrollment may prompt someone to access an overlooked offering. Broadening focus beyond immediate enrollment needs provides a holistic view of the company's full benefits portfolio.

The monthly penalty equals $4,460 (for 2024) divided by 12 for each full-time employee who receives subsidized marketplace coverage. The total penalty cannot exceed the amount the employer would pay if it offered no coverage.

For a company with 300 full-time employees, the maximum monthly penalty would be $66,825 (300 - 30 = 270 x $2,970/12). However, the actual penalty would depend on how many employees obtain subsidized marketplace policies.

Avoiding Penalties

To avoid these penalties, coverage must be offered, and it must provide minimum essential coverage, meet minimum value and affordability tests. Minimum essential coverage means the health plan is employer sponsored. Minimum value means the plan pays for at least 60% of covered health expenses. Affordability means employee premium contributions do not exceed 8.39% of household income in 2024. Employers can use safe harbors based on W-2 wages, or rate of pay, or Federal Poverty Level to assess affordability.

7. Set Goals and Benchmarks for Measuring Success

HR experts emphasize defining what makes for a successful open enrollment at the outset. Is enrollment mandatory or optional? What percentage of employees must participate to meet objectives? Establish metrics early to gauge progress regularly.

Track employees' understanding of options, enrollment completion rates, utilization of support resources like benefits counselors, and post-enrollment satisfaction surveys. This data reveals what works well versus areas needing improvement. Setting targets and regularly assessing performance is vital to maximizing future enrollment periods.

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Virtual Physical Therapy: An Employer's Secret Weapon Against Opioids

The opioid epidemic continues to ravage communities across America, taking more than 41 lives per day and costing billions in lost productivity and increased healthcare expenses. As employers seek solutions to keep their workforce safe and productive, virtual physical therapy has emerged as an innovative approach.

The Dangers of Opioids

The impact of widespread opioid addiction and abuse is being felt across industries. Approximately three-quarters of employers report their workforce has been affected in some capacity, whether through side effects like fatigue and confusion or more severe dependence and addiction issues. However, most organizations feel unprepared to properly address this growing crisis.

The trouble frequently begins with prescription painkillers for acute injuries or recovery. While intended only for short-term use, these highly addictive medications can trap patients in a dangerous cycle of dependence, especially those who have chronic musculoskeletal disorders, which affect half of Americans.

Initially, opioids may seem like a straightforward solution for pain management. However, experts caution they rarely treat underlying conditions and often create more harm than good. In addition to the risks of addiction and overdose, typical side effects like impaired cognition frequently reduce worker performance and productivity.

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Virtual Physical Therapy Offers Safe, Effective Treatment

Instead of automatically prescribing drugs, medical experts recommend beginning with more conservative therapies like physical therapy. According to one study, digital physical therapy programs alone can decrease opioid prescriptions by up to 42% for chronic pain patients while providing lasting relief.

Virtual physical therapy eliminates obstacles like transportation and inflexible scheduling through mobile and web platforms. This gives individuals access to customized exercise regimens, education, and coaching anytime, anywhere. Treatment plans are tailored to each patient's specific condition and needs.

Licensed physical therapists supervise virtual sessions and provide personalized feedback and modifications. Patients are guided through activities and exercises designed to improve strength, flexibility, balance, coordination, and proper movement patterns. Therapists also advise on pain coping techniques, posture, and ergonomics.

Remote health coaches offer accountability, motivation, and lifestyle guidance. They help patients integrate therapy into daily routines, track progress, and overcome obstacles. Education modules further empower individuals to self-manage their condition.

Experts emphasize that consistency is vital for results. The digital format enables users to easily integrate therapy into daily life and continue progressing independently. It also allows closer tracking of adherence and engagement.

On average, research shows virtual physical therapy reduces pain by 68% while cutting associated mental health issues by nearly half. For employers, this directly translates to less absenteeism and "presenteeism," where employees are physically present but not fully productive.

An Investment in Workforce Health

Adopting new benefits can be challenging, given limited budgets and a slew of priorities competing for resources. But as the fallout of the opioid epidemic makes clear, chronic pain affects more than just individuals. The ripple effects of lower productivity, increased absenteeism, and higher turnover stemming from unresolved conditions take a tremendous toll on organizations and the bottom line.

While opioids may seem like an inexpensive short-term solution, they rarely provide lasting relief. Instead, over time they often worsen underlying issues while creating additional problems—from mild side effects like fatigue and dizziness to severe dependence and addiction. The costs of these direct and indirect impacts accumulate quickly.

Conversely, virtual physical therapy seems to foster a positive cycle, with employees receiving specialized treatment and employers seeing gains in engagement, retention, and performance. For both parties, digital therapeutics offer superior value across a range of metrics:

- Increased employee health, well-being, and satisfaction
- Reduced need for addictive opioid medications
- Less time away from work and fewer disability claims
- Higher workforce productivity and reduced presenteeism
- Decreased turnover leading to substantial savings in hiring and training
- Stronger company culture and employee loyalty.

Virtual physical therapy also aligns with the growing prioritization of well-being for all generations of the workforce. Providing compassionate, tailored solutions reflects an organization that genuinely listens and cares about its people. This also makes attracting top talent easier.

In many cases, virtual physical therapy may qualify for full or partial insurance coverage, reducing out-of-pocket costs for employees. When viewed holistically, digital therapeutics deliver unparalleled value for employers working to build a thriving, empowered workforce.

How Smart Employers are Using Second Opinions to Avoid Unneeded Surgeries

When employees require surgery, the costs to employers can be immense—not only the direct medical bills but also lost productivity from time off work. However, a growing number of employers are realizing that many recommended surgeries may be unnecessary. By offering employees access to second opinion consultations through virtual health partners, employers can enjoy significant savings per avoided surgery while improving worker health outcomes.

The High Costs of Surgery

According to data, the average cost of common surgeries ranges from over $18,000 for a knee arthroscopy to over $110,000 for a spinal fusion. Even "minor" procedures like a tonsillectomy can cost from $3,500 to nearly $9,000.

For employers who pay a portion of employee medical bills, these costs quickly add up. A company with just 100 workers could easily spend $500,000 a year on surgeries alone.

Additionally, employees undergoing surgery require

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considerable time off work to recover. The average recovery time for an orthopedic procedure is 12 weeks, but it can be longer for a more complicated procedure. At a median weekly salary of $1,100, that results in $13,200 in lost wages per surgery – not counting the costs of hiring temps or paying overtime.

How Second Opinions Prevent Unneeded Surgeries

According to experts, up to 30% of medical services in the U.S. may be unnecessary. This includes procedures like spinal fusions, hysterectomies, prostate removals, and knee arthroscopies.

By providing employees access to second opinion consultations, employers give workers the chance to ensure surgery is truly the best option. Top specialists review the employee's records and provide an expert perspective on whether alternative treatments like physical therapy or medication could be effective.

According to one major second opinion provider, over 70% of patients who consult with their specialists are given a diagnosis change or recommended alteration to their treatment plan. For musculoskeletal issues, in particular, the average savings from avoided surgery is $36,000 per patient.

The Benefits of Second Opinion Programs

Offering a second opinion program through a virtual health partner provides advantages both for employees and employers.

For employees, key benefits include:

- Convenient access to top specialists without travel
- Faster answers, with appointments in days instead of months
- Improved treatment plans and medical outcomes
- Avoiding unnecessary surgeries and associated risks
- Reduced time off work for recovery.

For employers, benefits include:

- Significant savings for each avoided surgery
- Lower insurance premiums as unnecessary costs are reduced
- Less spent on hiring temporary workers or paying overtime
- Improved productivity as workers recover quicker
- Boosted worker morale and retention.

Best Practices for Implementation

Implementing a second opinion program requires partnering with a respected virtual health provider. The best solutions offer access to multiple top U.S. hospitals and health systems, along with an efficient intake process to collect medical records.

Key best practices include:

- Promoting the program in new hire packets, e-newsletters, and other employee communications
- Training benefits administrators and HR staff on how to refer interested employees
- Streamlining intake procedures to make the process simple for workers
- Following up with employees after the consultation to document outcomes
- Tracking program ROI through costs avoided.

For employers facing rising healthcare expenses, second opinion consultations represent an innovative way to reduce costs while also improving worker health. By avoiding unnecessary surgeries, companies can save thousands per procedure. Employees benefit from better treatment plans and faster recovery times, resulting in healthier, more productive workers.

Employers Apply Brakes to Runaway Compensation Growth

Employers are still boosting compensation for workers, but the pace is slowing, according to new data from the U.S. Bureau of Labor Statistics (BLS). The latest BLS Employer Costs for Employee Compensation report shows total compensation costs for private-industry workers rose just 0.59% from March to June 2023. This indicates that as economic uncertainty continues, employers are tapping the brakes on runaway compensation growth.

The data provides a snapshot of how employer compensation strategies are shifting. With high inflation persisting and a potential recession looming, companies appear to be taking a more cautious approach to compensation budgets.

Compensation Growth Moderates in Recent Months

The BLS reported that total employer compensation costs for private-industry workers averaged $41.03 per hour worked in June, up slightly from $40.79 per hour worked in March.

Wages and salaries averaged $28.97 per hour worked in June, making up 70.6% of compensation costs. Benefits like health insurance and paid leave accounted for the remaining 29.4%, or $12.06 per hour worked.

The 0.59% increase in total compensation from March to June is notably less than the 1.1% growth seen in the previous quarter. It indicates the rapid compensation growth of 2021 and early 2022 is beginning to lose momentum.

Factors Driving the Slowdown

Several factors are likely contributing to the deceleration in compensation growth.

- Inflation - While high at 8.3% annually, inflation has cooled since hitting 9.1% in June, reducing pressure on employers to hike wages to help workers keep pace.
- Economic outlook - Recession fears persist, leading some employers to budget more conservatively for future compensation.
- Labor market - With job openings declining but still robust, the labor market is less tight, giving employers more leeway to restrain compensation growth.

Benefits Costs Also Growing More Slowly

For benefits, BLS data shows costs grew just 0.33% over the quarter — down from a 0.51% increase in the prior quarter. This pullback indicates employers are also carefully managing benefits spending.

The cost of health insurance rose just 0.31% from March to June despite high medical care inflation. Paid leave and supplemental pay like overtime also increased by less than 1%.

Compensation Still Strong Historically

Despite the slowdown, compensation remains relatively strong a year into the post-pandemic recovery. The BLS reports wages and salaries were up 5.7% for private-industry workers from June 2021 to June 2022.

Many employers are still boosting pay and benefits to attract and retain talent in a competitive labor market. However, the latest data signals they are being more judicious than in 2021-2022 as economic growth downshifts.