

Employee Benefits Report

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Does Your Wellness Plan Need a Checkup?

The Affordable Care Act recognized the importance of wellness programs allowing employers to offer higher incentives for participation. Just be careful your incentives don't violate the Americans with Disabilities Act (ADA).

Wellness programs seek to improve and promote health and fitness among a group of employees or insureds. Programs include smoking cessation classes and treatments, diabetes management programs, weight loss programs, and preventative health screenings. Employers often offer premium discounts, cash rewards, gym memberships, and other incentives to participate.

Title I of the ADA allows employers to conduct voluntary medical examinations and activities, including obtaining information from voluntary medical histories, as part of an employee wellness



This Just In

Small employer marketplaces are coming to retirement benefits as well as health benefits. The states of Illinois and Washington have passed laws creating retirement plan marketplaces for small employers. Illinois' law, which went into effect on June 1, 2015, requires employers with 25 or more employees to participate. Employees fund their benefits with an automatic 3 percent payroll deduction contribution; they can opt out if they choose.

Washington's law allows more options. Employers with fewer than 100 employees can opt whether to participate. The marketplace will offer a variety of individual investment vehicles, from IRA-based plans to life insurance programs. Employees will pick the ones they want; employers can contribute but do not have to.

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program. However, if the employer requires participation or penalizes employees who do not participate, the EEOC no longer considers the program voluntary.

Many employers use incentives to encourage employees to participate in their wellness programs. The Affordable Care Act increased the maximum incentive for participating in wellness programs to 30 percent of premiums if participants must achieve a health-related goal. It boosted incentives for programs aimed toward eliminating or preventing tobacco use to 50 percent.

To help employers avoid programs that violate the ADA, the U.S. Equal Employment Opportunity Commission (EEOC) released proposed rules in April. The comment period for the proposed rules ended on June 19; final rules won't be available for a while. However, they are likely to be similar to the proposed rules.

The proposed rules require wellness programs to:

- ✦ be “reasonably designed” to promote health or prevent disease.
- ✦ have a reasonable chance of improving health or preventing disease in participating employees.
- ✦ be voluntary on the part of employees.

They cannot:

- ✦ collect information without providing feedback to employees or without using the information to design specific health programs.

- ✦ violate the ADA
- ✦ offer incentives for participating or achieving a health goal that exceeds 30 percent of the total cost of employee-only coverage.

The Affordable Care Act's rules recognize two types of wellness programs: “participatory wellness programs,” which are a majority of wellness programs, and “health-contingent wellness programs.” Participatory wellness programs either do not provide a reward or do not require an individual to satisfy a health standard to obtain a reward. Participatory wellness programs would include a program that reimburses employees for all or part of the cost of membership in a fitness center, a diagnostic testing program that does not base any part of the reward on outcomes, and a program that rewards employees for attending a no-cost health education seminar.

In contrast, health-contingent wellness programs require an individual to satisfy a standard related to a health factor to obtain a reward. Final regulations subdivide this category into: (1) activity-only wellness programs, and (2) outcome-based wellness programs, which require the achievement of some health-related standard, such as body mass index or cholesterol level.

Activity-only wellness programs must offer a “reasonable alternative standard” or waive the standard for individuals whose medical condition makes it unreasonably difficult or medically inadvisable to attempt to satisfy the standard. Because outcome-based

Employers' sole obligation will be to handle payroll deduction and transmission of employee contributions.

The coming retirement crisis has caught the attention of legislators across the country. Employers of all sizes can offer retirement benefits at low cost. For more information, please contact us.



programs condition receipt of a reward on meeting specific health standards, they must offer alternatives to a broader group of individuals than activity-only wellness programs. They must provide a “reasonable alternative standard” to all individuals who do not meet the initial standard, with or without a physician's note. The rules require this to ensure that wellness programs are reasonably designed to improve health and not a subterfuge for underwriting or reducing benefits based on health status.

Well-designed wellness programs can encourage healthy behaviors among employees. Don't let compliance issues prevent you from offering wellness programs; for assistance in selecting or reviewing a wellness program, please contact us. ■

Study Proves the Value of Dental Benefits

A study published earlier this year shows that dental benefits decrease the incidence of emergency room visits.

Without dental benefits, more adults end up in the emergency room, found a study published in the May 2015 issue of the journal *Health Affairs*. Researchers examined the effects of removing adult dental benefits from California's Medicaid program. They found emergency room visits for dental problems increased by 33 percent, or by about 1,800 per year under the Medicaid program. That translated into an inflation-adjusted increase of 68 percent in emergency room costs for dental care.

Other studies have found that people who don't have dental benefits are less likely to get regular dental care. According to Delta Dental,

- ✦ Eighty-one percent of individuals with dental benefits reported seeing a dentist twice a year or more, while only 34 percent of uninsured individuals reported the same frequency of seeking preventive care
- ✦ People without dental benefits are less likely to have tooth-saving and restorative procedures (fillings, crowns, root canals) than those with benefits, but more likely to have extractions and dentures.

Unfortunately, oral health conditions can progress rapidly without treatment. Most adults show signs of periodontal or gingival (gum) diseases, with about 14 percent of those aged 45 to 54 having "severe" periodontal disease.

The Surgeon General's study on oral health (2000) points out that oral health is integral to general health. "You cannot be healthy without oral health.... Oral diseases are progressive and cumulative and become more complex over time. They can affect our ability to eat, the foods we choose, how we look, and the way we communicate. These diseases can affect economic productivity and compromise our ability to work at home, at school, or on the job."

Oral health can affect general health in the following ways:

- ✦ Many systemic diseases and conditions have oral manifestations. These manifestations may be the first sign of clinical disease. Regular dental check-ups can help detect these conditions for earlier treatment.
- ✦ The mouth is a portal of entry as well as the site of disease for microbial infections that affect general health status.
- ✦ Periodontal (gum) diseases have been associated with other conditions, including diabetes, cardiovascular disease, stroke, and adverse pregnancy outcomes.

Offering your employees dental benefits can increase their general health, along with their oral health...at a fraction of the cost of medical benefits. For more information on this popular and cost-effective employee benefit, please contact us. ■



Use Voluntary Benefits to Help Retention

An improving economy will bring sighs of relief to many employers. Unfortunately, it could also bring increased employee turnover. A strong benefits program can help you retain your valuable employees.

What factors do employees cite when they talk about leaving their jobs? Leigh Branham, an employee retention consultant, wrote in *Workforce Management* that only 12 percent of people exit-surveyed by the Saratoga Institute cited pay as the reason they left their employer. Of the seven “hidden” factors of why employees left, most had to do with poor job fit, poor management (i.e., lack of feedback and feeling disrespected) and lack of opportunity. Ranking Number Six after these was: “Stress or burnout issues arising from work-life imbalance, inflexibility and excess of work hours and schedules, understaffing, poor health benefits, substance abuse and work-family complications.”

Using Voluntary Benefits to Combat Employee Dissatisfaction

A good benefits program can help employers reduce employee stress caused by work/life imbalance. And voluntary benefits can help employers soften the blow of changes in health benefits due to cost-cutting.

MetLife, in its annual *Study of Employee Benefits Trends*, found a “correlation be-

tween the number of benefits offered and the likelihood employees will stay with their company.” The 2015 study found that the magic number was 11: with 11 or more benefits offered, employees were more loyal, more likely to recommend the company as a great place to work and expressed a higher intent to stay. On the other hand, when an employer offered fewer than five benefits, employees were less loyal, less likely to recommend the company as a great place to work, and expressed a lower intent to stay.

The MetLife survey also found a correlation between benefits satisfaction and job satisfaction. Employees who are very satisfied with their benefits are almost four times more likely to be very satisfied with their jobs.

As the “big three benefits”—medical, dental and life insurance—become standard, employers that offer more can stand out from their competitors. Voluntary benefits allow employers to expand their benefit portfolio at no cost. Interestingly, employees want these benefits even if they have to pay for them. However, as the chart in this article illustrates, small employers are not meeting their employees’ benefit needs.

Employee Access to Benefits, by Employer Size

| | 1-99 employees | 100-499 employees | 500+ employees |
|---------|----------------|-------------------|----------------|
| Medical | 59% | 93% | 98% |
| Dental | 31% | 55% | 73% |
| Life | 40% | 70% | 86% |
| STD* | 29% | 46% | 62% |
| LTD** | 22% | 38% | 61% |

Source: U.S. Bureau of Labor Statistics. National Compensation Survey, March 2014.

*Short-term disability: Defined as plans that provide benefits for non-work-related illnesses or accidents on a per-disability basis, typically for a 6-month to 12-month period.

**Long-term disability: Defined as plans with waiting period of 3 to 6 months, or until sick leave or STD benefits end. LTD benefits generally continue until retirement or a specified age.

In addition to the core benefits listed in the accompanying chart, voluntary benefits include programs designed to fill the gaps in employer health plans. These include:

- ✦ Accident, or accidental death and dismemberment (AD&D) policies, which pay benefits when an insured suffers a covered injury accident
- ✦ Cancer and critical illness policies, which pay benefits when an insured receives a diagnosis of cancer or other critical illness listed in the policy

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- ✦ Hospital confinement indemnity plans, which pay a specified per diem amount when an insured is admitted to a hospital
- ✦ Intensive care plans, which pay a benefit for each day an insured is confined to intensive care.

Most supplemental health plans have no deductible, and many are compatible with health savings accounts. Offering these benefits can increase employee acceptance of high-deductible health plans and boost employee satisfaction with their benefits...at no cost to the employer.

For more information on using voluntary benefits to drive employee loyalty and retention, please contact us. ■

More Effective Enrollments = More Satisfied Employees

LIMRA's 2015 U.S. Worksite Sales survey shows that voluntary benefits sales increased 5 percent between 2013 and 2014, marking four straight years of growth. Many experts agree that voluntary benefits will play an increasingly important role in American workplaces.

"Voluntary benefits are on a growth trend, in part because they allow employers to enrich their employee benefits portfolio at no direct cost," said Ron Neyer, assistant research director, LIMRA Distribution Research. "In a recent LIMRA study, 7 in 10 employers who offer voluntary benefits said that these options help improve morale for existing employees and assist them in attracting and retaining new talent."

Earlier LIMRA research found nearly 60 percent of employees prefer to buy health insurance benefits at work and nearly half

prefer to buy life insurance through their employer. However, employers think the enrollment process could be improved. Of those surveyed, 40 percent said it was extremely or very difficult to communicate the value of voluntary benefits with employees age 30 and younger. More than one-third (37 percent) said it was also difficult to communicate their value to employees between ages 31 and 40.

What would make enrollments more effective? Most observers agree that more opportunities for one-on-one discussion and education would increase employee understanding of their voluntary benefit options—and increase enrollments.

For more information on how we can make benefit enrollments easier and more effective, please contact us. ■



Concierge Benefits

Just like at a hotel, an employer's concierge can perform services such as making a restaurant reservation or buying tickets for a concert, to finding a plumber or babysitter. Without a concierge, employees might otherwise spend work time handling these tasks.

The point of concierge services is to make employees' lives easier. Employers that offer these services often have employees who work long hours and have long commutes. Concierge services can help make it easier for them to juggle their home and work responsibilities, as well as to unplug and enjoy life.

Offering concierge services might also be bowing to the inevitable. A survey by digital media group Captivate found that 93 percent of business professionals took care of personal business during work hours. Some of the personal tasks they did included making online orders, leaving the office to run errands or going shopping during breaks. Twenty percent of employees admitted doing all these chores in a given week.

In years past, many employers forbade employees from conducting any personal business during work hours. But to-

day some human resource professionals are looking at things differently. With employees working longer hours and facing longer commutes, allowing people to take care of personal tasks—within reason—during work hours can actually reduce stress and increase productivity.

Concierge services can help your employees take care of some of life's little chores while they're at work. Services cost from \$3 to \$8 per employee per month. Employers typically pay for the concierge, but employees pay the actual cost of services—such as the cost of their concert tickets or travel. If the employer pays for actual services, it must report their value on the employee's Form W-2. The value will be included in the employee's taxable income.

Some EAPs (employee assistance programs) offer concierge services as an add-on, but you can also buy standalone concierge services. According to the 2014 SHRM Benefits Survey, 3 percent of employers now offer concierge services. Concierge benefits can help distinguish your firm from your competition. For more information, please contact us. ■

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