

It Benefits You

Your Employee Benefits Newsletter

July 2021

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Few things can lift your spirits more than a hug and a warm greeting from an old friend. On the heels of our first ever **"May We Say Thank You"** month, we had many reasons in June to continue the celebration for McGriff and our clients. Many opportunities to affirm our relationships with you. As our communities continue to open up and economic and social activities return, we have begun to resume in-person activities in a thoughtful, responsible and, at times, emotional manner. McGriff has stood with you over the past 16 months, providing support, guidance, and empathy towards shared challenges from a distance. I have often said that our virtual door is open. But the strength and tenure of our relationships extend well beyond business and employee benefits. We are energized that the day is near when we will be able to greet each other again in person. As you are ready, and when the time is right, we look forward to seeing you soon!

Brian Patterson

McGriff Employee Benefits Specialty Practice Leader

ACA Remains in Place

On June 17, 2021, the U.S. Supreme Court rejected a lawsuit challenging the constitutionality of the Affordable Care Act's (ACA) individual mandate in a 7-2 ruling. According to the Court, the plaintiffs in this case did not have a legal right to sue. As a result, the ACA as it exists today will remain in place. You can review the full Supreme Court opinion [HERE](#).

Upcoming Compliance Deadlines

August



PCORI Fee/Form 720 Deadline (Requirement Extended to 2029)

If an employer sponsors a self-insured health plan, including an employer-sponsored HRA, the ACA requires the employer to submit the annual Participant-Centered Outcomes Research (PCORI) Trust Fund Fee. The PCORI fee amount for plan years ending between October 1, 2020, and September 30, 2021, is **\$2.54** multiplied by the average number of lives covered under the plan; plan years ending on October 1, 2021 through December 31, 2021 must use **\$2.66**. Plan sponsors must report and pay the PCORI fee using IRS Form 720. The deadline for filing [Form 720](#) is July 31 (which falls on a Saturday in 2021, making the deadline August 2). Please contact your McGriff Benefits Consultant to discuss the appropriate method to calculate the fee total using one of the IRS approved calculation method.

August



Form 5500 Filing Deadline

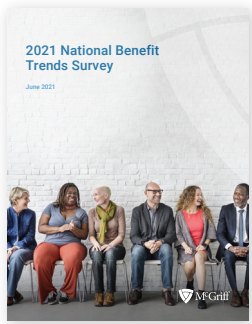
Generally, a Form 5500 must be filed no later than the last day of the 7th month after the end of the plan year for ERISA pension and welfare benefit plans. For calendar-year plan years, this deadline is July 31 (which falls on a Saturday in 2021, making the deadline August 2). With few exceptions, an employer must file a Form 5500 if any of its ERISA benefit plans had 100 or more covered participants on the first day of the plan year.



COVID-19: Developing a Recovery Plan

Mask mandates are lifting, travel is increasing, and temperatures are rising—summer of 2021 has arrived as the grip of the COVID-19 pandemic loosens on our country. But before we pack our bags and celebrate, what are some considerations for longer term impacts, and what can we do to help mitigate the potential damage? The mental and emotional impacts of stay-at-home orders, missed doctor's appointments, pandemic weight gain, and long COVID are just some of the issues we're battling in our post-disaster recovery efforts. What should your COVID-19 recovery plan look like to help employees re-engage in wellbeing, manage their anxiety, and help your organization prepare for future claims? Don't miss our recent webinar on developing your COVID-19 recovery plan.

[Click here to play "COVID-19: Developing Your Recovery Plan"](#) ;
Recording Password: McGriff!2021



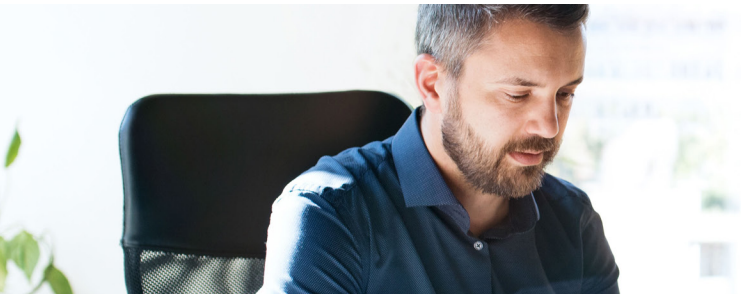
2021 McGriff Benefit Trends Survey

McGriff recently released its inaugural nationwide benefit trends survey for employee benefit strategic decision makers providing key insights into the most important employee benefit trends – and how the pandemic is shaping those trends.

More than 750 responses were collected from employers across all major industries and all geographies. One in five respondents have 500 or more employees and 42 are percent self-funded. Key findings from the survey include:

- Employee well-being will be the lasting impact of the pandemic, employers say, with 77 percent believing there will be a lasting negative impact. 25 percent of employers plan to add more well-being programs if they haven't done so already.
- Recruitment and retention are top priorities for all employers, with 3 out of every 4 survey respondents saying this is a top 3 priority for 2021.
- Despite 64% of employers saying they believe the pandemic will have a continued negative impact on the bottom line – employer commitment to benefit plan offerings has not waned as 97% of respondents have either maintained or increased medical benefit levels and 21% are increasing voluntary benefits.

We invite you to review our survey results to gain insight on benefits trends across the country and specific to your industry. Click [HERE](#) to review and please reach out to your McGriff Benefits Consultant with any questions you may have!



Absence Makes the Heart Grow... Suspicious: Erosion of Trust in Today's Workplace

I recently asked an employee the following question: "On a scale of one to ten – ten being the best – how much do you trust your direct supervisor/manager/executive?" His response was a solid 3. When I asked my follow-up question, "What influenced your answer?" he answered simply, "I never see her." Without question our society has more ways to communicate than ever before. Following the invention of the telegraph, electronic communications expanded exponentially to the point we can now send a text message with nearly instantaneous delivery. A phone call can be made from almost anywhere, and email is standard for all businesses and most individuals on the planet. Yet the most common cited issue in today's workplace (and very often in interpersonal relationships) is "lack of communication." Whether it is

insufficient communication, misreading implications, or just impressions of impersonal communication, this issue significantly impacts our day-to-day lives. And, unfortunately, it also affects our ability to trust those from whom we receive important information. Because technology allows messages to be sent in an impersonal way, it has replaced the traditional face-to-face manner of management, care and engagement with employees. In the light of lessons learned during the global pandemic, we know that effective communication is the key to keeping productivity and engagement on track. In both normal and highly unusual times, when clear and consistent communication efforts are a priority, companies will continue to thrive.

If the question of trust is important to corporate culture, why the growing distance between employer and employee? Simple answer: it's easier. But as we have learned from much trial and error, easier is not always better. In this case, it creates a distinct disadvantage at a time in society when lack of trust is a common complaint among employees.

Managers commonly justify this behavior and say they are "too busy" to engage at anything other than a superficial level with employees. Conflicting priorities often lead to directors and executives spending more time interacting with those above them than those below them on the organization chart. Meetings, meetings and more meetings take up vast portions of their day and increased reporting requirements mean more "screen time" than "face time." Even recurring staff meetings are often cancelled or rescheduled at the last minute because "something else came up." To an employee who values the time spent with their boss, this translates to "pretty much everything else is more important than me." And leaders wonder why employees seem disengaged. Often, the leader disengages first – the employee is just following suit.

However, it's not just a management problem. Employees who distance themselves from the workplace, or do not attend team meetings or training classes, are creating an impression of being unconcerned. Management is often distrustful of employees who have chronic absentee issues or who purposely separate themselves from group activities.

Can anything be done to counteract this trend? Yes! But it takes effort and commitment on the part of managers to leave the "ivory tower" and deliberately and systematically re-engage with their workforce.

Step 1: Set aside time on your calendar every day to interact with staff.

Even if it is for just a few minutes in the morning or end of the day. Employees who SEE you are more likely to TRUST you. Make sure you are seen!

Step 2: Just as important as being seen is getting to know your employees.

You may not know their favorite color or the name of their first pet – but asking about the mom who has been in the hospital, the first child who just started kindergarten, or the spouse who was laid off their job, goes a long way toward building rapport and trust.

Step 3: Unless it is a true emergency, do not cancel planned employee meetings.

If you have a standing meeting with one or a group of your employees, keep it. Schedule everything else around it. If your executive calls in the morning wanting a meeting at 10 a.m., it should be okay to say, "I have a staff meeting scheduled at that time – these weekly meetings are a valuable way to stay informed. Could we meet later in the day?" Unless it is truly an emergency situation, most executives will find another time.

Step 4: Follow-up when you say you will follow-up.

KEEPING YOUR WORD is important in building trust.

Step 5: Share glory for a job well done.

Few things erode trust more than managers who take all the credit for a successful outcome of a team collaboration. You will need your team again and again. Do not let your ego get in the way of acknowledging how instrumental each one was in making you look good.

Step 6: Follow the Golden Rule: treat each employee the way you would like to be treated.

When you treat each one with respect, dignity and fairness, you will reap the return of the same. Nothing is more respectful than spending time with the people you need to accomplish your most important task: ACHIEVING MISSION. Lastly, be honest with yourself. If you know you've created distance between you and your staff members, apologize and assure them you're working on creating an environment where engagement can lead to trust. Build your foundational values on trust and success will follow.



Janie Warner, SHRM-SCP
McGriff HR Advisory Practice Leader



Beyond the Saas: Non-Tech Question to Ask When Evaluating Ben Admin Tech Solutions

Most modern benefits administration technology (ben admin tech) platforms are offered via entities that provide Software as a Service (SaaS). As a result, searches for ben admin tech solutions often focus solely on the ability of software to reproduce a company's current ben admin program. While it is imperative to confirm that a solution can replicate the technical aspects of your benefits program accurately, there are many other questions to consider during your evaluation process. Below are a few examples to ask prospective providers.

Is the salesperson an ongoing member of my support team?

This may not seem like an important question at first glance, however nothing could be further from the truth. Salespeople who are actual members of your ongoing support team are much less likely to overpromise on capabilities or agree to timelines the vendor is not able to deliver. Some vendors even tie a portion of the salesperson's compensation to retention or client satisfaction. These are great incentives to ensure they have a vested interest in your long term success rather than just trying to "get a signature" on the contract.

What will be required of my HR team during implementation?

One key contributor to unpleasant implementation experiences is a lack of clarity around the roles and responsibilities of your internal team, your broker and the ben admin tech vendor during that process. The time and effort required should be clearly discussed up front, as this can vary greatly from vendor to vendor. For example, some vendors will request copies of your policies and benefit summaries, and prepopulate the business rules documents necessary to configure your benefit program on their platform, while others will request that you or your broker complete the document. This could represent several days of work depending on the number (and/or complexity) of your benefit plans. Similarly, some vendors will accept your existing census and eligibility data in any format and manipulate it on your behalf, while others will require your team do the reformatting necessary to import it into their platform. Configuration and data errors can completely sabotage your implementation, so partnering with a vendor that aligns with the capabilities of your team in this area is vital.

What is the structure of the ongoing account management support?

Technology is great when it works as expected, but we all know there will inevitably be times when something goes awry. As a result, understanding what your ongoing account management support will look like is essential to choosing a partner. You will want to know whether you have a dedicated account manager who "quarterbacks" issues, or if your inquiries have to go to a group email box or ticketing system. Another consideration is whether your account manager is involved from the start of implementation or if your account will be transitioned to them post-implementation. There are definitely advantages in having your ongoing account manager participate in the implementation, since they will know how and why your account is configured the way it is from the very beginning. You'll also want to know if there are additional team members that will be familiar with your account in the event of absence or unfortunate need to replace your account manager. These factors can go a long way in ensuring a reduction in long term disruptions.

What is the average number of days for EDI files to go into production?

For the period of time a ben admin tech platform is not sending eligibility data to your carriers, it is essentially just an enrollment site. Having proper expectations around the time frame your team will be required to either maintain two platforms (if you are switching from an old one) or continue to manually key eligibility in carrier portals (if you don't currently have a ben admin tech platform) is extremely important. If the vendor's average time to get medical file feeds into production is 90 days there could be considerable implications for your team's workload versus a vendor with a 20 day average.

What have your client retention and satisfaction measurements been over the past 3 years?

If a vendor isn't tracking these types of statistics, it should be a huge red flag. It is an indication that their performance on your behalf will be reactive. Those that take these statistics seriously (and have high scores in both) usually communicate effectively with their clients and take steps to proactively ensure their product and service continue to live up to the demands of the market.

Are any of your optional services outsourced?

If you are also interested in securing optional services such as ACA, COBRA, and Spending Account Administration from a ben admin tech provider, be sure to ask whether those services are provided by in-house resources or if they are outsourced. If those services are outsourced, it is crucial to ask what mechanisms or quality controls the vendor has in place to ensure a consistent service experience on your behalf.

How does API (Application Programming Interface) technology fit into your roadmap during the next 3 years?

There is no doubt that API has transformed the way we transfer money (Zelle, CashApp), schedule travel (Expedia, Hotwire) and shop (Amazon). This transformation is also on the horizon for benefits administration. Weekly EDI file feeds will eventually be replaced with real time eligibility data and deduction transfers via APIs. The impact will be a massive improvement in the lives of HR administrators in areas such as eligibility management and billing reconciliation. Providers that are not currently planning for this are at risk of becoming obsolete as other vendors develop ecosystems that allow instant connectivity of payroll, accounting, ben admin and carrier systems.

Although it is absolutely necessary to vet the technical capabilities of vendor platforms, there are many other factors to evaluate when reviewing solutions, as illustrated above. Engage your Employee Benefits Consultant for more tips on how to effectively search for a ben admin technology provider that fits your needs.



Kisha Moliere

McGriff Benefits Administration Technology Practice Leader

This article was previously published in the May edition of HR Professionals Magazine.



Tips for Preparing Form 5500s

At this time of year, many employers and benefit advisors begin preparing Form 5500, the annual report required for most employee benefit plans. Form 5500 must be filed with the federal government within seven months after the end of the plan year. For calendar-year plans, that means the plan's 2020 Form 5500 is due **August 2, 2021** (since July 31 falls on a Saturday this year).

Is Form 5500 required for our plan?

Under the Employee Retirement Income Security Act of 1974 (ERISA), Form 5500 must be filed annually for employer-sponsored welfare plans with 100 or more participants as of the beginning of the plan year. To count the number of participants, include covered employees, retirees, and primary COBRA beneficiaries, but do not include dependents.

Welfare plans include plans for medical, dental, vision, life, accident, and disability benefits, as well as health flexible spending accounts (HFSAs) and health reimbursement arrangements (HRAs). If the plan includes group insurance coverage, information about the insurance policy must be reported on Schedule A as part of the Form 5500 filing.

Most welfare plans are *unfunded*, which means all benefits are paid through group insurance contracts, or directly from the employer's general assets, or a combination of both. In that case, the filing will be comprised of the three-page Form 5500 only, or the Form 5500 with one or more Schedules A if the plan includes group insurance coverages. No other schedules apply.

On the other hand, if the plan is *funded* (e.g., a benefits trust), or part of a multiple employer welfare arrangement (MEWA), Form 5500 may be required whether or not there are at least 100 participants. Additional schedules also may be required. Funded plans and MEWAs are uncommon and outside the scope of this article.

The following plans are exempt from ERISA; therefore, Form 5500 does not apply:

- Plans sponsored by governmental employers and certain church plans;
- Most voluntary plans (e.g., employee-pay-all after-tax insurance plans without any employer endorsement, sponsorship or contribution);
- Payroll practices (e.g., unfunded vacation and sick pay); and
- Plans maintained solely to comply with state workers' compensation, unemployment, and weekly disability insurance laws, without providing additional benefits.

When is Form 5500 due and how is it filed?

Form 5500 and any required schedules must be filed electronically using the Department of Labor (DOL) [EFAST2](#) electronic filing system. Paper filings are no longer accepted. To prepare and file the form and any schedules, you may use approved third-party vendor software or the DOL's web-based filing system [IFILE](#).

Filing is due within seven months after the end of the plan year. For instance, for calendar-year plans, the due date is July 31 of the following year (or the next business day if July 31 falls on Saturday or Sunday).

Can the due date be extended?

Yes, the filing due date can be extended by up to two and one-half months. To obtain the extension, complete and file [Form 5558 Application for Extension of Time](#) no later than the original due date. Form 5558 is simple. Complete Part I to identify the plan. In Part II, do not check the box on line 1 (unless this year will be the first time you are filing a Form 5500 for the plan in question). In line 2, enter a date that is not more than two and one-half months after the original due date for Form 5500. For instance, for a calendar-year plan, the 2020 Form 5500 due date is July 31, 2021 so the latest extension you can request is October 15, 2021. The signature line can be left blank. Submit Form 5558 by U.S. mail or overnight delivery; instructions are included with the form.

In very rare cases, the IRS denies the request. Normally, the IRS does not respond which means the extension is automatically granted. Later on, when filing Form 5500, be sure to check the appropriate box in Part I, D, to indicate that the due date was extended by filing Form 5558.

Part II of Form 5500 asks for basic plan information. Where do we find this information?

Although Form 5500 is prepared and filed many months after the end of the plan year, the plan's name, plan number, and plan year were designated by the employer when the plan was first established.

ERISA requires that the plan sponsor (employer) set forth the plan in writing and provide a summary plan description (SPD) to plan participants. Those materials must specify the ERISA plan name, plan number, and plan year, along with the plan sponsor's EIN and other required information. Therefore, the information needed to complete Part II of Form 5500 will be found in the plan document and SPD.

Part III, line 8, asks for codes. What are the correct codes?

For a welfare plan, do not enter any codes on line 8a. Refer to page 20 in [Instructions for 2020 Form 5500](#) for the index of Plan Characteristic Codes, then enter the appropriate code(s) on line 8b. Codes for welfare benefits, including health plans and group life and disability insurance, begin with "4."

For instance, if Form 5500 is for a welfare plan comprised solely of two medical plans (PPO and HMO), an HFSA, and an HRA, the appropriate code would be 4A (health, other than vision or dental). If the plan also included dental, life insurance, and AD&D, the appropriate codes would be 4A, 4B, 4D and 4L.

Part III, lines 9a and 9b, ask about funding arrangements and benefit arrangements. Please explain.

On both lines, check the box for "Insurance" if the plan includes coverages provided through one or more group insurance policies (e.g., group life, medical, STD, LTD). Check the box for "General assets of the sponsor" if the plan includes any self-funded or uninsured coverages (e.g., HFSA, HRA, or other self-funded health plan). Many employers offer insured plans along with an HFSA, in which case both boxes will be checked.

Do not check the boxes for 412(e)(3) contracts or trusts; these are uncommon arrangements requiring tax professionals or plan trustees to prepare the form.

When is Schedule A required?

Schedule A must be filed with Form 5500 if any plan coverages are provided through group insurance contracts. In that case, the insurance company will provide the employer with information about the policy, and information about any commissions or fees, for use in preparing the schedule. Carriers are required to provide this information within 120 days after the end of the plan year. If the plan includes multiple group policies, such as separate policies for group life, PPO medical, HMO medical, dental, and vision, there will be a separate Schedule A for each one.



The group policy year usually is the same as the ERISA plan year, although that is not required so different dates may apply. Include Schedule A with policy information for the policy year that ends within the plan year. For instance, if the ERISA *plan year* is January 1 and the group *policy year* and renewal date is July 1, the 2020 Form 5500 will be filed for period January 1, 2020 through December 31, 2020 and include Schedule(s) A for the policy year July 1, 2019 through June 30, 2020.

Is Schedule C required?

Schedule C does not apply to unfunded welfare plans, which are the vast majority of welfare plans.

Schedule C is required only for certain large welfare plans that are funded through benefit trusts (e.g., a voluntary employees' beneficiary association (VEBA) or union trust), which is uncommon. In that case, Form 5500 and all required schedules should be prepared by tax professionals or plan trustees.

More Information

See the following links for a sample Form 5500 for plan year 2020, instructions for completing the form, and helpful tips from the DOL:

[Sample 2020 Form 5500](#)

[Instructions for 2020 Form 5500](#)

[Form 5500 Filing Tips](#)

Remember, the actual filing must be completed electronically using the DOL's EFAST system. Paper filings are not accepted. Lastly, if unable to file [Form 5500](#) on time, complete, print, and mail Form 5558, *Application for Extension of Time*, for an automatic two and one-half month extension. Form 5558 must be mailed no later than the original due date for Form 5500.

This article was published on June 7, 2021 by our strategic partners at ThinkHR (authored by Kathleen A. Berger, CEBS) and reprinted with permission

Employee Lawsuit Challenging Mandatory Vaccination Policy Dismissed by Federal Judge

On June 12, 2021, a federal judge dismissed a lawsuit filed by unvaccinated hospital employees who were instructed to receive a COVID-19 vaccination as a condition of employment.

The hospital, Houston Methodist, ordered all its employees to get vaccinated or be fired. The vast majority have complied, but 117 did not—choosing instead to file a lawsuit.

The employees argued Houston Methodist was “illegally requiring its employees to be injected with an experimental vaccine as a condition of employment.”

U.S. District Judge Lynn N. Hughes dismissed the lawsuit's claims as “false” and “irrelevant,” upholding the hospital's right to require vaccinations as a condition of employment. Judge Hughes' ruling marks the first time a federal court has ruled on the legality of such a policy.

This ruling aligns with guidance issued by the Equal Employment Opportunity Commission (EEOC) earlier this year. According to the EEOC, employers may generally require workers to be vaccinated. However, in some circumstances, employers must provide reasonable accommodations for employees who, will not be vaccinated because of a disability or a religious belief.

This is only the beginning of rulings on the permissibility of mandatory vaccination policies in the workplace. Employers should be prepared to monitor new decisions in the coming months.

Those employers interested in mandatory workplace vaccinations have a number of issues to consider, including employee vaccine sentiment, worker health and organizational productivity. Employers should consult with local legal counsel when drafting or revising policies related to the COVID-19 vaccines.

This article was reprinted, with permission, from Zywave.com.

July Webinar Opportunities

As part of McGriff's commitment to bring you information on regulatory updates, current trends and best practices, we are excited to invite you to the below live webinars scheduled during the month of July. We hope you can join us for one or more of these educational opportunities!

Caution! Navigating the Intersection of Federal and State Leave Regulations

July 8, 2021 | 2:00 – 3:00 pm EDT

To register, please [click here](#).

1.0 PDC SHRM Credit

*Participants will be entered for the chance to win a \$10 Amazon Gift Card!

Join your McGriff HR Advisory Team as we navigate the increasingly complex intersection of federal and state leave regulations. We'll steer around the twists and turns of FMLA, ADA, state-mandated and COVID-19-related leaves, while providing a roadmap of best practices for leave management and compliance. During this webinar, we'll take a look at:

- The increasing role of state-mandated paid leave requirements;
- How to avoid common errors in leave administration; and
- How to manage benefits during a leave of absence.

OSHA Update: Current Topics You Need to Know

July 15, 2021 | 2:00 – 3:00 pm EDT

To register, please [click here](#).

In this webinar, McGriff's Risk Control Practice Leader, Mike Carpenter, will discuss current OSHA topics. Join us to learn more about the impact of election results and COVID-19 on OSHA regulations, 2021 proposed OSHA rules and other pertinent issues.



Join the McGriff-Sponsored ThinkHR Demo!

McGriff Presents ... ThinkHR (now Mineral)!

July 22, 2021 | 2:00 – 3:00 pm EDT

To register, please [click here](#).

ThinkHR has changed its name to Mineral ... but the valuable resources offered haven't changed (and will even be enhanced in the coming months!). Please join us for a brief overview of ThinkHR (now Mineral) and its benefits available to Employee Benefit clients of McGriff. People risk is inevitable for an organization, and reducing it is no small feat given the array of potential risks, ever-changing legislation and the need for high impact expertise in the moment. We are excited to bring you ThinkHR (now Mineral) – a robust resource that provides an end-to-end People Risk Management solution, including live HR advisors; a reliable library of sample forms, policies and white papers; and interactive technology solutions, such as a living handbook builder and an online learning management system with 300+ training courses! If you are involved in HR compliance or employee issues at any level, this will be another valuable benefit from your trusted McGriff team that can save you time and money.

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