

# It Benefits You Your Employee Benefits Newsletter

SEPTEMBER 2020

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## Upcoming Compliance Deadlines

### September Summary Annual Report (SAR) Distribution Deadline



The summary annual report is a narrative summary of the Form 5500 and includes a statement of the right to receive the annual report. The SAR must be distributed the later of nine months after the close of the plan year or two months after due date for Form 5500. For calendar year plans, this deadline is September 30.

### October Medicare Part D Creditable Coverage Notice



The Centers for Medicare and Medicaid Services (CMS) requires plan sponsors that provide prescription drug coverage to furnish Part-D-eligible individuals with a notice disclosing the creditable or noncreditable status of their coverage before October 15, 2020.

### October Form 5500 Extended Deadline



An extension of up to 2 ½ months after the Form 5500 due date is available for employers that request an extension using Form 5558. For plan sponsors with calendar year plans, the extended deadline will fall on October 15, 2020.

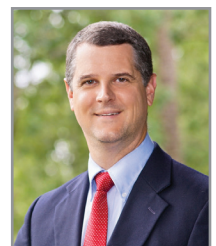
It is hard to believe that it is September and we've been navigating the COVID-19 pandemic for nearly six months. We had to mobilize our teams to work remotely, learn to communicate in a virtual environment, take measures to protect our essential teammates, or shut down and plan for a return. Many of us are still working remotely, but we are now in the throes of preparing for open enrollment and setting our sights on 2021. Even though many of our 2020 plans had to be thrown out the window, we've learned a valuable lesson - our plans have to be adaptable and we must prepare for the unpredictable. That certainly applies to our employee benefits strategies.

Thankfully, McGriff has a nationally recognized Employee Benefits Specialty Practice consisting of legally-trained professionals, actuaries, underwriters, pharmacy and wellness experts, HR, benefits

technology, communications, retirement consultants, benefits administrators, and many more! We are trained to assist our clients and your Benefits Consultants with tools, resources, knowledge, and expertise as we work together to determine how to adjust for the unpredictable.

You may want to change your wellness plan to focus on your most at-risk teammates. You may want to forecast the impact of COVID-19 claims, vaccines, and treatments. You may need help understanding the regulatory implications of the CARES Act and FFCRA. Perhaps you need to develop a better pandemic plan or figure out how to have a successful open enrollment in a virtual environment. Whatever your plans for 2021 and wherever those plans may lead, McGriff is here to navigate the uncertainty with you.

**Brian Patterson**  
McGriff EB National Specialty  
Practice Leader



# WHAT GETS REWARDED GETS REPEATED

## Lessons in Rewarding Employee Performance

It's mid-2020 and the world has changed. We have been inundated with information about exactly how different everything is now. I will not repeat that here. However, one thing that has NOT changed is that employees want – no! NEED recognition for their attention to their job performance.

It goes without saying that businesses cannot function or succeed without employees who put in the work on behalf of their employer. This has been a focus for employers for many years and there have been various plans put together to address rewards and recognition. It seems some have missed the point of the recognition and are now left wondering why their employees are disengaging at a rapid pace. Consider the following examples:

1. A big project impacting the entire workforce is directed by one team. The 10 members of this department work tirelessly nights, weekends, holidays, etc. for 6 months to get the project completed on time and on budget. At the end of the project, their manager "rewards" them with a personal thank you note and a gift card for \$25 to a local restaurant.
2. One employee initiates an idea that will save the company hundreds of thousands of dollars in labor, expenses, and increased customer loyalty. She outlines the idea along with the specific steps required to get it done. Her manager approves the project and gives her the opportunity to run the project and

the budget to complete it. When the concept is a great success, the company rewards her manager with a promotion while she gets a thank you note.

3. A team of employees is paid commissions along with their base pay. These commissions are a percentage of the money collected on "business deals closed." Employees pick the files they want to work and often leave the smaller money deals on the table in order to complete the big-money deals. This leads to customers being disenfranchised by the lack of care they received based on nothing more than the size of their business deal.
4. A group of employees is paid a base salary with a bonus structure designed to encourage performance, excellence, and teamwork. While they are not told the exact amount of the bonus, they are reminded quarterly that the bonus will be based on their performance. At the end of the year, they find out their bonus is based solely on their pay grade (not salary) and NOT their actual performance.
5. Two employees have the same job description. One is placed in a different reward structure based on their previous work experience. Although both do the same work, one is rewarded better based on something from the past rather than their performance in the present.



What went wrong in these scenarios? They all have something in common – programs that say they reward performance but actually have a different agenda, and in turn, a different outcome than desired. With employee engagement, such a hot button issue right now, how employers treat their employees for their contributions to corporate success may mean the difference between a banner business year and a complete failure.

What should employers consider when creating reward programs?

First, know your employees. Know what matters to them. Know what they need to feel rewarded. If you don't know, ASK THEM.

Secondly, make sure the reward fits the effort. In the same way that employee discipline should be appropriate to the infraction, rewards should be appropriate to the time, effort, and success of the performance. A warm handshake is great for an hour of work to address a customer concern, but it would not be enough for an afternoon spent salvaging a multi-million dollar customer from taking their business elsewhere.

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The reputational risk must be addressed as well. When rewards are calculated on business dollars generated – and employees get to pick and choose their work files – customers are often the victim. Customers should never be put in a position of feeling like their business isn't important enough to receive the care afforded to bigger, more lucrative ones. As a risk to the overall corporate business, this is a big one that must be done correctly. A tiered approach may work better – or a structure where customer files are assigned equitably may be the answer.

Next, make sure bonus and reward programs are clearly articulated. Do not undermine future performance by being vague about current rewards. Employees are more likely to continually perform at their highest level when they understand exactly how those efforts are rewarded.

Lastly, if employees have different base salaries based on experience (and not

some discriminatory reason) there is no issue. But when rewards are based not on individual performance but only as a percentage of base pay, there is a big problem. It is conceivable a mediocre performer who was hired at a higher rate of pay could be rewarded the same or better than a peak performer who was hired at a lower base pay simply by structuring the bonus program on a percentage of base. Performance should stand alone and should be the same for all individuals in the same job position. This equates to a more equal opportunity and encourages performance across the board.

While no performance program is perfect, there are definitely some pitfalls that occur when companies are not paying close attention to how their best intentions get skewed by unintended consequences. Measuring performance accurately is the first step – the second is getting great performance consistently.

The great management adage "What gets rewarded, gets repeated" is more important now than ever before. Look at your reward programs with a magnifying glass. Ask employees if the programs feel like a "reward" and look to make changes as needed.

While not everything has to be EQUAL, it does need to be EQUITABLE. Understand the difference before a competitor steals all your disengaged, and unrewarded employees. You will be glad you made the effort!



**Janie Warner, SHRM-SCP**  
McGriff HR Advisory Practice Leader

## Open Enrollment Communications in the Age of COVID-19

COVID-19 continues to dominate the news and although many states have eased restrictions, social distancing guidelines are still recommended for the near future with no foreseeable end in sight. This presents unique challenges for organizations when communicating with employees in group settings, for example during Open Enrollment. However, now more than ever employees need to hear important guidance and direction from leadership as well as how to access company resources and benefit information. This may require companies to consider new ways to communicate with employees. Here are a few examples of popular communication solutions that may help you continue to inform and engage your workforce.

### Telephonic Resources

Services that allow for mass "voicemail drops" let employees hear the human element and tone of voice from your leadership. In a time where many people are craving

interaction, this may be a good option for quick updates and moraleboosting messages. Mass texting is another very effective tool when sending simple, yet targeted messages. Some vendors provide both services in one platform.

### Web Pages or Portals

While many companies have added public pages to their existing websites specific to their COVID-19 operational response, those with non-desk employees may consider adding a private page that workers can access and check for company updates, announcements, policies, procedures, and important benefit plan access. Organizations with HRIS or benefit administration portals may leverage their web platform if the system allows for customization.

### Those Without Company Email

You may encourage those who do not have company-

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provided email access to opt-in to sharing their personal email addresses for company-related communication. Or, utilize an app or service that can replace email altogether and provide a way for conversations to take place. Some mobile services combine communication abilities with additional operational resources such as scheduling, hosting of handbooks, policies and other files, internet links and more, right from a smartphone.

### Printed or Mailed Materials

To respect social distancing, if you are providing printed communications such as a memo or Open Enrollment overview, you may want to leave copies in a common, yet low-traffic area. Neither snow nor rain nor heat nor COVID-19 can hamper the U.S. postal service. If you have a brief communication, such as directing where employees can find the latest company updates, a basic postcard can be a quick-hit with reduced postage costs. Other layouts, such as tri-folds or letters in envelopes are appropriate when more information needs to be conveyed but can add to your overall production time and costs.

### Video or Phone Conferencing

For those needing face-to-face or group meetings, video conference platforms or group conference calls are a great option. Just be sure to set some ground rules such as muting lines and using a chat feature for questions if your population is new to this setting. Many video conferencing tools include free trials which will allow you to test ease-of-use and compatibility with your needs.

### Combining Efforts

Consider utilizing a combination of techniques to keep your communication channels open. For example, if a current or new resource site is being utilized,

use a voicemail drop and text, while following up with a postcard mailed to homes. If web conferencing is being used, designate which meetings will be phone-only, but provide options for video sharing to increase engagement.

### Your Company Voice

Regardless of delivery method, keep the following in mind while crafting your message.

- Be clear and compassionate. Although you may be communicating to your employees as a group, individuals have unique needs and concerns. While your message should be fact-based, in this unsure environment it is important to include the “human element.”
- Be transparent with your action plan, even if it is fluid. Employees need to know what actions you are currently taking for your business operations or with Open Enrollment, and what changes you may be preparing for.
- Keep it concise. Information fatigue happens and can happen fast. If you have a lot of information to relay, consider breaking it into separate topics, or, condense information to the most important touch-points then provide direction to where full details can be found.
- Designate who communicates what. Streamline what is sent and who on your team is responsible to avoid duplication of efforts, conflicting statements, and the



aforementioned information fatigue. If your organization includes multiple departments, develop a process for over-arching communications, departmental, or job-specific messaging.

- Don't underestimate your employees' technical capabilities. People in all age groups have adopted technology in their lives. You know the saying, “There's an app for that” – with online banking, video calling family members, various streaming services for entertainment, people are embracing technology now more than ever.

Social distancing efforts have many of us longing for human interactions. It may require you to take a little extra time this year to get creative with both delivery methods and messaging. Taking an interactive and encouraging approach may help not just get your message across but may also brighten your audience's day. Open Enrollment Communications in the Age of COVID.



**Christina Biddle**  
McGriff Marketing  
Communications

# Continued COVID-19 Safety: Combatting "Caution Fatigue"



## What is "caution fatigue?"

It's also known as "quarantine fatigue," and although not an actual disease, the phrase is used to describe the long-term mental and emotional impacts caused by social distancing and other protective measures during the COVID-19 pandemic. When initial restrictions went into place in early 2020, there was a collective sense of enthusiasm and energy to combat the virus. With conflicting guidance and no firm end date, we are seeing a commitment to safety wane over time. When people overly relax their safety practices, this can increase their exposure to risk.

## Effects on our brains

Our brains are wired to process and assess threats. As we engage in pre-pandemic routines over time without negative consequences, our brains can interpret this to mean the threat has diminished. We can begin to ignore warnings and/or become desensitized to them. These initial peaks of "fight-or-flight" hormones over long periods of time can lead to an increase in stress hormones. Caution fatigue can mimic symptoms of clinical depression, including anxiety, sadness, irritability, loss of hope, and frustration with a lack of social connection and changes in habits and routines.

## What we can do

Lots of confusing or conflicting information can overload our brains and cause stress. Here's how to combat caution fatigue:



### Mind

Try to avoid media overload. Stick to limited updates from reliable sources for directives and updates.

Instead of looking for an end date, focus on day by day and putting one foot ahead of the other.



### Body

Create habits and routines for safety that are sensible and sustainable.

Maintain healthy habits such as adequate sleep, proper diet, regular exercise, and preventive check-ups.



### Connection

We crave human connection and might become frustrated with those we think are overly committed to physical distancing. On the other hand, we may be alarmed by those we feel are not taking it seriously enough.

Remembering that we're all in this together can increase positive feelings while decreasing stress and anxiety.



**Katie O'Neill, DC, BS**

McGriff Clinical Wellness Practice Leader



## COMPLIANCE Q & A: Return to Work After COVID-19

Across the country, states are slowly starting to loosen the restrictions on businesses to reopen. A return to work will not mean a return to the exact environment that was both familiar and common just a few months ago. Returning to work will likely be a gradual process, and include several changes to policies, adjustments to physical layouts and new procedural requirements. As a result, there are a number of practical questions to be answered, and worksite considerations to be addressed (and prepared for) in advance of returning employees to their places of work.

McGriff continues to lead the charge to bring employers the latest updates on regulatory guidance on these issues. The McGriff Compliance Team has created a comprehensive FAQ document addressing some EEOC, CDC, IRS and DOL updates about the return to work and what it may mean for your employee benefit packages.

[Click here](#) to answer the below questions, and many more!

- Can we require a daily temperature check as a condition to return to work?
- Will our employer-sponsored health plan cover the cost of employer testing for COVID-19 as a condition to return to work?
- What can we do if an employee refuses to wear required face masks or gloves as required by the company?
- Can we take certain risk factors, such as age or underlying medical conditions, into consideration when deciding who to bring back to work?
- What if our employees do not want to return to work because they are receiving more pay through unemployment benefits?
- Will our employees be immediately eligible for health insurance benefits when they return to work, or must they complete a new waiting period?

## Self-Insured Vs. Fully-Insured

Navigation of the employer's health insurance markets can be daunting, to say the least. Employers presented with multiple funding arrangements can sometimes lose sight of the two main funding methods engaged today – Fully-Insured and Self-Insured. These two would be a Fully Insured arrangement and a Self-Insured arrangement. This document will define each, note the differences, and explain the advantages and disadvantages.

### [Let's begin with definitions](#)

Fully-Insured Health Plan – A form of health insurance where a group pays a monthly premium for each employee to an insurance provider (carrier) who in turn pays for medical expenses. Self-Insured Health Plan – A form of health insurance where a group itself assumes the risk and pays for the medical expenses of its employees. Typically pays a small fee for a Third Party Administrator to handle other duties involved in managing health plan.

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## Now the Major Differences

### Fully-Insured

- Employer has no claim risk
- Insurance Carrier accepts all claim risk
- Employer pays a fixed premium each month
- Stable annual accounting
- Insurance carrier holds reserves
- Limited availability to tailor plan designs
- Less Leverage when it comes to renewals
- More regulation and taxes

### Self-Insured

- Employer has all the claim risk under the select stop-loss protection
- Insurance carrier has limited risk (> Stop Loss)
- Employer pays actual claims cost plus fixed administrative cost each month
- Variable Accounting
- Employer holds reserves
- More flexibility around plan designs
- More Leverage when it comes to renewals
- Less regulation and taxes

### Fully-Insured – Advantages

- No Immediate Risk when it comes to claim fluctuation
  - Insurance carrier accepts all of the risks
  - Employer pays the same rates per employee each month until the annual renewal
- Stable Annual Accounting
  - Limited cash outflow fluctuations, barring major enrollment changes
- Annual budgets can be set at renewal and be very accurate at year-end

### Fully-Insured – Disadvantages

- Plan designs cannot be altered by employer, must be a set plan from a carrier
- Margin/Profit will be a part of the renewal and rates the employer pays
- Reporting of claims and other medical-related statistics will be limited
- Premium Tax is levied against all premium paid to carrier for insurance

### Self-Insured – Advantages

- Flexible Plan Design
- Risk Management through Stop Loss Insurance
  - Choose a risk threshold and limit the amount lost in total and for individual claims
- Tax Savings
  - Reduced premium tax

- Administrative Cost Savings unbundled fixed costs
  - Choose which functions you would like the TPA to perform
  - No insurer margin built-in as would be in fully insured
- Increased Cash Flow
  - Assuming reserves are maintained in an interest-bearing account, employer can regard it as a source of income
- Enhanced Reporting, Predictable renewals

### Self-Insured – Disadvantages

- Risk Assumption
    - Employer accepts all of the claims risk up to any stop-loss coverage purchased
  - Fiduciary Responsibility
    - Employer is ultimately responsible and liable
  - Monthly Fluctuation
    - Claims change month to month, season to season, and year over year. Cash flow must be strong to keep up with these fluctuations
  - Asset Exposure
    - Assets exposed to any liability created by legal action
- Your McGriff Benefits Consultants are here to help you decide which funding arrangement will help you meet your employee benefit goals.

**Ed Johnson, ASA,  
MAAA, ACA**

McGriff Financial Analytics  
Practice Leader



Your McGriff Benefits Consultants are here to help you explore which funding arrangement will help you meet your employee benefit goals.



## Be in the Know and Win a Cup of Joe!

We are excited to bring you ThinkHR — a robust web-based resource with live advisors, reliable content and interactive technology solution that provides an end-to-end People Risk Management solution!

**This webinar will include information on:**

- How to consult your Live Team of HR Experts
- COVID-19 Resources (sample communications and policies, training courses, webinars, and more)
- How to easily create an Employee Handbook that's never out-of-date
- How to assign training to your employees from a catalog of hundreds of interactive courses
- How to navigate a multitude of resources in your Comply database
- Plus much more!

If you are involved with 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.

Join us on **September 15, 2020 at 2:00pm EST**  
– [Click here](#) to register!

All attendees will be registered for a chance to win a \$10 Starbucks™ gift card! *Winner will be announced at the end of the 30 minute webinar.*



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