It Benefits You
Your Employee Benefits Newsletter

August 2023

In This Issue:

Technology Evolution

In August of 1876, Thomas Edison received a patent for his mimeograph – a machine that could make multiple printed copies via stencils. This duplication machine was heavily relied on for printing materials in classrooms, offices, and the military for many decades and is the predecessor to what has evolved into our modern-day printers and photocopy machines.

At McGriff, we understand the need to evolve, both in our technology solutions and business services. Because every organization has different needs and cultures, there is no “copy and paste” when it comes to planning and communicating a superb benefits program. Our outstanding benefits advisors and skilled service staff are here to listen to your specific needs and help create individualized solutions using the latest technology.

Are you looking to evolve your benefits strategy? If so, contact your McGriff team to discover what new tools and resources we can bring to your organization.

Attention! Employers in the Manufacturing Industry!

August 17 | 1:00 p.m. - 2:30 p.m. EDT

Register here

Join us as manufacturing industry leaders provide an outlook for the sector through 2024 – with a focus on private equity transactions. A panel of experts will discuss mergers and acquisitions with a focus on risks and opportunities from financial, legal, and other specific risk management perspectives. McGriff presenters will offer insight and expertise focused on “C-Suite” leadership while providing best practices on analysis, due diligence, and integration.

Upcoming Compliance Deadlines

September 30

Summary Annual Report

If an employer is required to file a Form 5500, then it must also provide a summary of the information in the Form 5500 to plan participants in the form of a summary annual report (SAR). Generally, the plan administrator provides the SAR within nine months of the close of the plan year – for calendar year plans, that deadline is September 30, 2023. However, if an extension to file Form 5500 is obtained, then the plan administrator must furnish the SAR within two months after the close of the extension period.

There are some exceptions to this rule! Plans that are exempt from the annual 5500 filing requirement are not required to provide a SAR. Large, completely unfunded health plans are also generally exempt from the SAR requirement.

October 14

Medicare Part D Notices

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 by October 14, 2023.

If a health plan's open enrollment period begins on or before October 14, plan sponsors can meet this requirement by including the Medicare Part D notice in the plan's open enrollment materials

The Choice to Offer Family-Forming Benefits

Following the COVID-19 pandemic and evolving standards of the modern workplace, many employers are finding new ways to attract and retain top talent. Offering more holistic support to employees through family-forming benefits has become an increasingly popular choice. Family-forming benefits can provide employees with much-needed support as they navigate their path to parenthood and can also work towards decreasing healthcare costs for employers. As workers pay closer attention to their benefits, employers are uniquely positioned to work toward building a more inclusive workplace environment by demonstrating a vested interest in their employees' choice to build a family.

Overview of Family-Forming Benefits

Benefits designed to help employees build their families can take many different forms. Some common approaches include fertility treatment, donors and surrogacy, and adoption.

- Fertility treatment – According to the CDC's FAQs on Infertility, one in eight couples has trouble getting pregnant or sustaining a pregnancy. Infertility affects both men and women and often requires fertility treatments to conceive a child. Fertility benefits may cover anything from an infertility diagnosis and medication to intrauterine insemination (IUI) and in vitro fertilization (IVF) procedures. Due to high procedure costs, traditional coverage plans typically cover genetic or diagnostic testing and one round of IUI or a partial round of IVF.

- Donors and surrogacy – Donor sperm, donor eggs or embryos, and surrogates are often used by single people or same-sex couples who want to have a baby. These benefits typically take the form of cash reimbursements.
- Adoption – Adoption benefits are typically similar to those available to new biological parents. Paid or unpaid leave (beyond the scope of federal protections) for adoption and financial assistance from employers has been trending to include all new parents. This benefit can be relatively inexpensive because few employees use it. Still, the inclusive support of all new parents is an opportunity to extend consideration and support to employees and thus strengthen the relationships between employees and employers.
- Mental health – Besides the physical and financial demands associated with family-forming processes, they can also take a massive toll on mental health. For that reason, comprehensive benefits may also extend to counselor visits and other mental health resources. Employers often turn to third-party insurance providers specializing in supplemental policies to bolster traditional health plans for their employees.

Why Choose to Offer Family-Forming Benefits?

As the competition for talent continues, employers who offer family-forming benefits to employees can realize some competitive advantages.

Employee Attraction and Retention

Including family-forming benefits in a benefits package can help attract and retain employees who value holistic employer support. According to a recent survey by FertilityIQ, 61% of employees who received fertility coverage from their employer reported feeling more loyal and committed to their employer. 88% of women who had their IVF fully paid for by their employer returned to the workplace after maternity leave. These statistics illustrate the significance of an employer providing emotional and financial support during an employee's journey to build a family.

Emphasized Inclusivity

Creating an environment of inclusivity in the workplace is another driving force in providing family-forming benefits. Comprehensive healthcare plans that offer alternative methods for achieving an employee's familial goals can illustrate an employer's dedication to creating equal opportunities for all employees, regardless of gender identity or relationship status. Providing family-forming benefits can provide unique support for single and LGBTQ+ employees, as well as heterosexual and same-sex couples, who often rely on fertility treatment to build a family.

Additionally, according to the American Society for Reproductive Medicine, men and women experience infertility equally. Therefore, regardless of gender, these family-forming benefits can be valuable to all employees, not just one group.

Health Care Savings

Employees who experience infertility often seek treatment regardless of their benefit status. Whether through voluntary benefits or alternatives, employers who opt to share a portion of the costs for fertility treatments can reduce an employee's need to resort to risky decisions or short-term solutions with poorer outcomes. According to the International Foundation of Employee Benefits Plans 2022 Survey, employees with access to fertility benefits tend to cost their employers less because they make health decisions with their doctor's advice, not solely due to financial limitations. Therefore, there is less employer concern about rising costs accompanying family-forming benefits.

Conclusion

Despite the demand for family-forming services, many treatments and care options remain out of reach to employees due to cost. A recent survey from Maven found that 87% of surveyed employees stated that family benefits are highly valued. Those findings also showed that nearly two-thirds of employers plan to expand family benefit offerings within the next three years, more than a third of employees have left or contemplated leaving a job with limited family benefits offerings, and 1 in 10 employees have considered switching jobs for an employer with better reproductive health benefits.

With the lingering effects of the COVID-19 pandemic, a rise in inflation, and a tight labor market, employers need to find ways to gain a competitive advantage in the workforce. Offering comprehensive benefits that include family-forming options matters to today's diverse workforce, and employers can easily demonstrate support for their employees by choosing to help them build their families.

Alexis McCall, Intern
McGriff Employee Benefits Compliance Team

Are You Filing Paper ACA Reports with the IRS? Electronic Filing Required for Most Employers in 2024!

On Feb. 23, 2023, the IRS released a final rule that significantly expands the requirement to file certain information returns electronically, including the Affordable Care Act's (ACA's) reporting requirements under Internal Revenue Code (IRC) Sections 6055 (Forms 1094-B/1095-B) and 6056 (Forms 1094-C/1095-C).

Currently, employers who file fewer than 250 of the same ACA reporting forms are permitted to choose whether to remit their Forms 1094/1095 by paper or electronically. However, under the new rule, employers who file at least 10 returns during the calendar year must file their informational returns electronically, beginning with returns due on or after Jan. 1, 2024. This 10-form threshold is calculated by aggregating the total number of forms the employer must file with the IRS, including information returns (Forms W-2, 1094, 1095 and 1099), income tax returns, employment tax returns and excise tax returns. Accordingly, this final rule will effectively eliminate paper filings for most benefit plan returns for all but the smallest employers.

If you are an Applicable Large Employer (ALE) responsible for filing Forms 1094-C/1095-C or a non-ALE sponsoring a self-funded/level-funded health plan and responsible for filing Forms 1094-B/1095-B, you should be prepared to file your 2023 ACA Forms due in early 2024 electronically. Unfortunately, the electronic filing process is not as simple as uploading an Excel or CSV file to the IRS; electronic files must be submitted directly through the IRS Affordable Care Act Information Returns (AIR) System and require a specific XML Schema, rules and testing. Employers preferring to engage a vendor to assist with the electronic filing should begin their search as soon as possible in order to ensure their 2023 data is accurately captured. For assistance with finding an ACA reporting vendor, contact your McGriff account team.

Important dates:

February 28, 2024

Paper IRS returns for 2023 must be filed by Feb. 28, 2024. This will no longer be an option for most employers.

March 4, 2024

Individual statements for 2023 generally must be furnished by March 2, 2024 (a Saturday). In 2024, individual statements must be furnished by March 4, 2024.

April 1, 2024

Electronic IRS returns for 2023 generally must be filed by March 31, 2024 (a Sunday). In 2024, electronic returns must be filed by April 1, 2024.

McGriff Pharmacy Insights

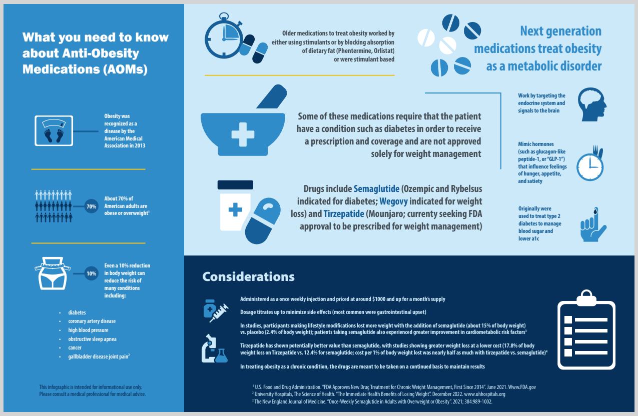
Our quarterly Pharmacy Insights newsletter is designed to bring focus and understanding to topics related to managed care and pharmacy legislation. This quarter's issue focuses on several pharmacy concerns relating to the obesity epidemic:

- Healthcare Landscape – A Focus on Diabetes
- The Science of Obesity
- Weight-Loss Drugs – The Scale Gets Heavier for Self-Insured Plans

Denise Cabrera, Practice Leader
McGriff National Pharmacy Practice

What You Need to Know About Anti-Obesity Medications (AOMs)

From the workplace to the red carpet, people are talking about the latest wave of weight loss medications. We have heard these called by their popular brand names, such as Ozempic and Wegovy, as well as referred to as "GLP-1" or "anti-obesity medications" (AOMs). Since the celebrity aspect has caused these medications to become a bit sensationalized, and it is ultimately up to prescribers and their patients to make health decisions, it is a good idea to understand their costs, benefits, and how they might impact the health of your workforce. Click the infographic to the right to open and view.



Katie O'Neill, Practice Leader
McGriff National Clinical Wellness Practice

Did you know? Mineral Live Advisors answered more than 2,000 questions for McGriff clients last year!

As a McGriff Employee Benefits client, you can access senior-level, certified HR professionals by phone or electronic submission through your Mineral portal every business day from 7:00 am to 7:00 pm ET. Mineral Live Advisors provide comprehensive, actionable answers with documentation supporting all responses and are knowledgeable about all aspects of the employee life cycle.

If you are involved with HR compliance or employee issues at any level, Mineral is another valuable benefit from your trusted McGriff team that can save you time and money. Join us for an overview of Mineral and all the resources available to you as an employee benefits client of McGriff.

Monthly Mineral Demonstration | August 15 | 2:00 pm EDT | [Register here]

Navigating Risks: The Challenges Faced by Defined Benefit Pension Plan Sponsors

Defined Benefit (DB) pension plans have long been a cornerstone of retirement security, providing employees with a guaranteed income during their retirement. However, plan sponsors bear the responsibility of funding and managing these pension plans. While DB plans benefit both employers and employees, they can pose some risks and challenges for plan sponsors.

The various risks associated with DB plans can impact multiple areas for a plan sponsor. We'll examine some of these areas below.

- A primary risk plan sponsors face is market volatility. Fluctuations in interest rates, equity markets, and other economic factors can significantly impact the plan's funded status. A decline in asset values relative to liabilities can lead to funding shortfalls which require additional cash contributions from the plan sponsor.
- Investment risk is another area that a plan sponsor needs to monitor. Plan sponsors are solely responsible for ensuring plan assets are sufficient to pay benefits. Poor investment performance or incorrect asset allocation decisions can jeopardize the plan's funded status. Plan sponsors must carefully balance risk and return while considering the plan's long-term objectives and risk tolerance.
- Another risk is life expectancy. If people live longer than expected, the pension plan will need to pay out benefits over an extended period, increasing the plan's overall cost. Conversely, people not living as long can decrease plan costs. Plan sponsors face the challenge of accurately estimating future liability by considering emerging trends in life expectancy.
- There are also regulatory risks and costs associated with the plan's administration. Plan sponsors must adhere to various legal requirements for DB plans. Failure to comply can lead to penalties and fines for the plan sponsor. To ensure the DB plan is in compliance, the plan sponsor must work with qualified professionals to help them navigate the DB plan world.

While the risks associated with DB plans can present challenges, there are a variety of steps plan sponsors can take to help mitigate these hurdles:

- A diversified investment strategy can help reduce the impact of market volatility on the plan's funded status. A well-structured asset allocation can help spread risk across different asset classes, aiming for consistent returns over the long term. Working with an investment advisor can help a plan sponsor look at these alternatives.
- Liability Driven Investing (LDI) and Risk transfer are other tools to help plan sponsors minimize some of the risks associated with the plan. LDI is an approach that can align the plan's investment strategy and its liabilities. Working with the plan's investment advisors and actuary, the plan sponsor can look at the best approach when reviewing assets and the long-term liability of the plan. With risk transfer, the plan sponsor can evaluate the option of transferring some or all of the benefit liability to an annuity provider or offering participants a lump sum window. This option could help manage the longevity and investment risks associated with the plan.
- Engaging experienced professionals can help plan sponsors navigate the complex DB plan world since these professionals are bound by professional standards for their work. Actuaries are bound by the Actuarial Standards of Practice (ASOPs), which play a crucial role in managing the risks associated with DB plans. The Actuarial Standards Board establishes these guidelines and professional standards to ensure the integrity and quality of actuarial work. Working with these professionals – along with regular monitoring, internal risk assessments, and comprehensive reporting – is essential to reducing the regulatory and cost risk associated with the plan.

These are just some internal procedures that plan sponsors can implement to help strengthen risk management practices and reduce the likelihood and impact of risks associated with DB plans. There will always be risks associated with DB plans. Implementing prudent strategies and working with experienced professionals will help mitigate those risks and keep a mindful eye on overall costs.

Rob Grider, Consulting Actuary
McGriff Actuarial & Underwriting

Health Care Costs Projected to Grow 7% in 2024

Health care costs are expected to grow 7% in 2024 due to rising pharmaceutical expenses driven by specialty drugs and insurers increasing rates in response to inflation, according to an annual report from professional services firm PricewaterhouseCoopers (PwC). This trend is higher than projected medical cost rates for 2022 and 2023, which were 5.5% and 6%, respectively. The report surveyed U.S. health plans covering 100 million group members and 10 million Affordable Care Act marketplace members.

High-cost medications, drug shortages and supply chain disruptions are driving health care costs upward. For example, new cell and gene therapies, many of which have recently been approved by the U.S. Food and Drug Administration, and heightened demand for expensive GLP-1 diabetes and obesity drugs are drivers of medical cost trends heading into 2024 and beyond.

While inflation impacted the U.S. economy in 2022, it was not significant in the health care industry because prices tend to be locked in existing annual or multiyear provider contracts. However, providers continue to experience worker shortages and increased labor costs, causing them to seek higher reimbursement from payers to recoup financial losses. Additionally, increased health care utilization will likely impact health plans in 2024.

Despite the expected rise in health care costs, some trends are easing this pressure. Such trends include the expanded availability of biosimilar drugs and the transitioning of individuals from expensive inpatient hospital settings to affordable outpatient care. The following are other factors that will likely impact health care costs:

- Value-based care investments
- Behavioral health care utilization
- Health equity initiatives
- Price transparency rules
- Impacts of COVID-19
- Medicaid redeterminations

Monitoring these factors will be critical to aid employers in reducing their future medical costs.

What This Means

The PwC report highlights how tackling affordability and rising health care costs will continue to be top challenges for employers for the foreseeable future. Employers will need to find new strategies, rework existing business models and take advantage of transformational opportunities, including investing in innovation and technology, to lessen the impact of rising health care costs on their organizations. Understanding medical cost trends can help employers act now to protect themselves against increasing health care costs and better support their employees.

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McGriff August Webinar Opportunities

As part of McGriff's commitment to bring you information on regulatory updates, current trends, and best practices, we invite you to the following webinars in August. We hope you can join us for one or more of these educational opportunities!

Summer School! Employee Leaves of Absence – Putting it All Together

August 3 | 12:00 pm EDT | Register here **-or- August 16 | 3:00 pm EDT |** Register here **| 1.0 PDC SHRM/HRCI**

The FMLA, workers' compensation, ADA, COBRA, GINA, the Affordable Care Act, and now the Pregnant Workers Fairness Act – Ogletree Deakins will help you piece together the employment and benefits puzzle regarding an employee leave of absence.

Proactive Safety Metrics & Accountability for Establishing Safety Excellence

August 17 | 2:00 pm EDT | 1.0 PDC SHRM/HRCI | Register here.

Two critical areas have a powerful impact on safety culture and excellence: proactive hazard management and accountability. Being proactive in safety helps identify and mitigate risks before they become direct exposures or unfortunate incidents. When combined with an effective and positive accountability process, the pathway for organizational excellence, reduced losses, and a positive safety culture is clear, easier to manage, and long-lasting. During this session we will discuss:

- How to go from lagging to leading indicators
- Common methods of proactive hazard management
- The difference between "symptoms" and "causes"
- How strong accountability impacts risk
- Methods of feedback when utilizing accountability

Pay Transparency Proliferation: Keeping Up and Staying Compliant

August 8 | 3:00 pm EDT | Register here **-or- August 23 | 12:00 pm EDT |** Register here **| 1.0 PDC SHRM/HRCI**

States and localities are increasingly enacting legislation requiring employers to either disclose salary ranges (and, in some instances, benefits information) in job postings or requiring disclosure at the time of hire or upon request. This webinar will discuss key strategies for dealing with tricky issues like salary negotiation, the impact of salary disclosures on current employees, and litigation and discovery conundrums.

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