



# It Benefits You Your Employee Benefits Newsletter

December 2022

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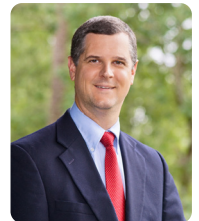
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This time of year we always want to express our gratitude for your partnership and trust in allowing us to help you provide valuable health, retirement and wellbeing benefits for your employees. This year I would also like to extend my gratitude to our McGriff Employee Benefits team. These are the folks who bring you this valuable content each month. They provide timely legislative updates and insights to improve wellbeing, recruiting and retention. This team also creates tools to ease the burden of open enrollment and provides forecasts and analytics to monitor and mitigate the rising costs of benefits and prescription drugs. And lastly they provide solutions to support personal, mental, and financial health and well-being.


For their dedication, commitment, and professionalism through the worst of the pandemic and all year long, I want to say, "Thank you!"

**Brian Patterson, SVP**

*McGriff Employee Benefit Specialty & TPA Solutions Leader*



## McGriff's 2023 National Benefit Trends Survey – Coming in January!



McGriff is planning our third annual National Benefit Trends Survey, and we want to hear from you! This year, McGriff will dig deeper to learn more about the strategies organizations like yours are using to address the benefits challenges of the day. Some topics include virtual care, mental health, leave benefits, recruitment and retention strategies, employee well-being, and more! Be sure to mark your calendars for the second week of January and be on the lookout for an invitation from our national survey team to participate!

## Upcoming Compliance Deadlines

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### Summary Annual Report (SAR) Extended Deadline for Calendar Year Plans

A Summary Annual Report (SAR) summarizes a plan's Form 5500 annual report, provides a financial statement regarding the plan, and informs participants of their rights to receive additional information.

Generally, the plan administrator provides the SAR within nine months of the close of the plan year; 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. For calendar year plans, that deadline is December 15.

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### Reporting on Pharmacy Benefits & Drug Costs

Health plans and issuers must report information about prescription drugs and health care spending to the Departments each year. Data for 2020 and 2021 reference (calendar) years is due December 27, 2022. This reporting is required for fully-insured and self-funded group health plans of all sizes. The McGriff Compliance Team has prepared a [new reference guide](#) that provides employers with practical steps to help them comply with their Section 204 reporting obligations, and a Vendor Assistance Verification [email template](#) that contains questions employers should ask vendors in determining what they are doing to assist.



## Five Important HR Tasks to Prepare for 2023

On a recently televised football game, the two teams were very evenly matched. Each play was like a tug-of-war with the possession going back and forth. It wasn't a high scoring game, but it was played with intense fervor all the way to the last seconds of the game. Neither team was willing to accept defeat and there was no time on the clock for any lagging enthusiasm. What a great game!

You are probably wondering what football has to do with the practice of human resources. Actually, it is more of a lesson for all business leaders. It has been a tough year for every industry. It's tempting to go limping into the fourth quarter with waning excitement and too little energy to start any projects. Instead, leaders may be looking forward to taking time off and just coasting until January 2 when they'll pick up the business football, so to speak, and start again.

But this is not the time to quit! Rather, it's a great time to start writing your playbook for 2023. You can kick it off by looking at five specific things that will give you the focus, drive, and energy to tackle Q1 2023 with greater purpose than ever before.

✓ **TASK 1:** Review your employee policies. Several things have changed, and more change is coming, given the mid-term elections and the number of initiatives that were on the ballot. Are you ready for those? Have you looked at the proposed issues and studied how they may affect the workplace?

Check your other policies as well. If it's been a while since you did a thorough review, you may find that with all the workplace changes made to the workplace during the pandemic, your policies may not have been changed to reflect these new realities. A couple of examples: If you have several employees working remotely, you should review your safety policies and adapt them for workspaces that are not under the company's control. You will also want to review your attendance policies if your work hours are more flexible now. Look for consistency as well. If you changed a policy in one area, will that change affect other policies? A review can be a bit tedious, but it is a great way to make sure you have addressed appropriate changes.

✓ **TASK 2:** Review your job descriptions. The workplace has changed and so have the workers and available workers. Are you having trouble recruiting some positions because of the stated requirements? Evaluating jobs and comparing the actual tasks to those written in the job description could be a real eye-opener. Making changes so that jobs and job descriptions align could be just the thing you need to attract a richer labor pool. Perhaps you have a position that has required a four-year degree ever since its creation. Evaluate if that degree is still required to do the job or if it was just a preference. You may also have job tasks that are now obsolete. Do you still have a requirement for a clerk to “type 55 wpm”? An update for the new millennium may be in order!

✓ **TASK 3:** Review your compensation plans. Inflation has taken a toll on everyone and every business. Employees are probably wondering how their employer will address the rising costs of living and you need to be ready with a robust response. Start talking about it as soon as possible. Do not let pay increases be a surprise. You will not want to lose employees to companies that are loud and proud of their pay practices and are willing to poach your great employees. If you play your cards right, you could be in a position to poach other company's employees when they hear about how well you pay and how transparent you are in your compensation strategies.

✓ **TASK 4:** Strategize your recruitment and retention systems. Have been offering sign-on bonuses? What about stay bonuses? Would you rather pay an unknown new employee a lump sum to hire them? Or paying your known, well-seasoned employees who stuck with you through a global pandemic and prevented your business from closing the doors?

Have you been lax in helping employees with their career pathing? If you are worried about turnover, a great way to keep good employees is by showing them how they can grow in your company. With labor participation still at its lowest, keeping good folks is just as important (or maybe more so!) than constantly replacing the ones who are already performing. A good strategy will be your best friend as the new year rolls in.

✓ **TASK 5:** Survey your employees. Want to know what your employees are thinking? Ask them! Whether you're interested in understanding their level of engagement or looking for what benefits are of greatest interest to employees and their families, surveys are a tried-and-true way to gather needed data. Although the fourth quarter is too late to make changes to most of your insurance plans, it is a terrific time to start your planning and strategy for next year. Perhaps you will find out your employees are overwhelmingly interested in pet insurance. You may not have considered it in the past, but through your survey you have some direction on what you need to explore for the future. You may be surprised to learn what your employees value!

Lastly, it goes without saying that a great benefits broker will be one of your best resources for helping to navigate products you are considering. Be sure to include them in your conversations and discussions as you head into a new year.

## Get Started Now

Does this list seem too daunting? Pick three – or even just one. The important thing is to use the last quarter to craft a business plan to address your top HR concerns. When you start the new year with a roadmap to navigate another (possibly) bumpy year, you will be glad you took the time to review where you are and where you need to be. And when you know where you are going, it's much easier to find the right road.



**Janie Warner, Vice President**  
*McGriff HR Advisory Practice Leader*



This article was previously published in HR Professionals Magazine. For your free subscription, click [here](#).





## State Individual Mandate Reporting Requirements

While health insurance is no longer required at the federal level, an increasing number of jurisdictions, including California, Massachusetts, New Jersey, Rhode Island and Washington, D.C., have enacted their own individual mandates requiring residents to maintain qualifying health coverage or face a state tax penalty.

What this means for employers is that besides any federal reporting obligations you may have under the Affordable Care Act, you might also have state reporting requirements:

Jurisdiction		Distribution to Employees	Reporting to the State
<a href="#">California</a>	What:	Federal 1095-B or 1095-C	Federal 1094/1095-B or 1094/1095-C
	When:	January 31, 2023	March 31, 2023 (no penalty through May 31, 2023)
<a href="#">Massachusetts</a>	What:		<a href="#">Health Insurance Responsibility Disclosure</a>
	When:		December 15, 2023
	What:	Form MA 1099-HC	Form MA 1099-HC
	When:	January 31, 2023	January 31, 2023
<a href="#">New Jersey</a>	What:	Federal 1095-B or 1095-C or State NJ-1095	Federal 1095-B or 1095-C or State NJ-1095
	When:	March 2, 2023	March 31, 2023
<a href="#">Rhode Island</a> FAQs	What:	Federal 1095-B or 1095-C	Federal 1095-B or 1095-C or State File
	When:	March 2, 2023	March 31, 2023
<a href="#">Vermont</a>		Individual Mandate but currently no employer state reporting requirement	
<a href="#">District of Columbia</a>	What:	Federal 1095-B or 1095-C	Federal 1094/1095-B or 1094/1095-C
	When:	March 2, 2023	May 1, 2023

Employers should proactively assess whether they have employees residing in a state with an individual mandate and carefully determine whether they have state-specific obligations.

For fully insured plans, the health coverage provider (insurer) will often complete this reporting on behalf of the employer. However, since it is ultimately the employer's responsibility to ensure compliance, employers must confirm the state's specific requirements and the insurer's role well in advance of the filing deadlines.

Self-funded employers are responsible for their own state reporting.

As more states follow suit in enacting state individual mandates, employers should continue to be alert for additional guidance.



**Christy Showalter, JD**  
McGriff EB Compliance Officer

## Digital Therapeutics - The Future of Healthcare

The "Triple Aim Challenge" of the Affordable Care Act, now more than 10 years old, included improved quality outcomes, greater affordability, and improved population health. With the increasing prevalence of chronic diseases and a need for more personalized care, the Triple Aim challenge was issued because medical interventions needed to expand beyond physical treatment and medication. As healthcare continues to evolve, technology has become an inextricable part of the story. With that in mind, it's time for employers and health plans to prepare for a new wave of treatment called prescription digital therapeutics, or PDTs.<sup>1</sup>

While traditional medicine has focused on physical interventions, such as surgery or physical therapy, along with pharmaceutical interventions, such as traditional medicines and vaccines, PDTs are an entirely new class of treatment. Their demand was fueled by the need to provide support with behavioral, wellness and mental resources. As the number of people living with chronic diseases continues to grow, the need for effective, personalized, treatment options will follow.

Mobile health apps, wearables and digital therapeutics have become commonplace. So has telemedicine, electronic medical records, patient portals, and the integration of artificial intelligence (AI) and advanced analytics into healthcare devices. In 2021 healthcare technology companies raised approximately \$39.7 billion in capital, more than double the previous year's \$18.1 billion.<sup>2,3</sup>

PDTs utilize digital content, often in the form of apps, games, or virtual reality to treat and/or cure a number of conditions. PDT developers have focused their research on several important conditions, including post-traumatic stress disorder, opioid use disorder, ADHD in children, asthma, and diabetes. The Federal Drug Administration (FDA) has approved several new PDTs and we can expect this area to continue to grow significantly in the coming years.<sup>4</sup>

### Prescription Digital Therapeutics Advantages

May be tailored to each patient and adjusted throughout the course of treatment

Often less expensive than traditional therapies

Fewer side effects than medications, since they are behavior-based

May be added to a comprehensive treatment plan without concern about interactions with current treatments

### Currently Available PDTs

There is currently no standardized reimbursement model for PDTs, however a number of PBMs have already developed digital health formularies. As the landscape becomes more competitive and PDTs differentiate themselves, we are likely to see a more traditional formulary management approach, including preferred products, step-therapy, and formulary exclusions.<sup>6,7</sup>

Examples of currently available PDTs:

- [Propeller](#) for asthma or COPD
- [EndeavorRx](#) for ADHD
- [Freemira](#) for post-traumatic stress disorder
- [SparkRx](#) for adolescent depression
- [reSET](#) for substance use disorder

### Barriers to Digital Therapeutic Adoption

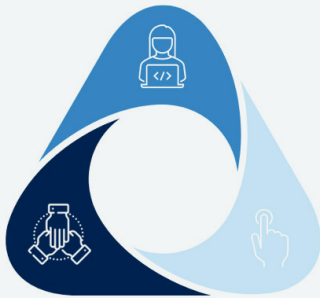
Despite their promise, PDTs have had a difficult time gaining traction in the traditional landscape of benefit reimbursement because they aren't traditional treatments, e.g., a prescription drug or medical procedure. PDTs can stand on their own as a therapy or be used in conjunction with other devices, such as a sensor that attaches to an asthma inhaler to help monitor patient behavior.

The Access to Prescription Digital Therapeutics Act of 2022 ([S.3791/H.R.7051](#)) would create a benefit category for PDTs under Medicare and Medicaid. Like traditional prescription medications, PDTs covered under Medicare/Medicaid would need to be FDA-approved and considered necessary for coverage. At this time, it is unclear if this Act will pass by the end of the year, as Congress is still exploring a legislative vehicle (e.g., spending bills) for its inclusion.<sup>8</sup>

## Health Equity Concerns

Technology and digital literacy are now considered significant social determinants of health, impacting an individual's ability to take advantage of various health-related resources. Technology-related health equity in the U.S. healthcare system, referred to as "techquity," should be considered to ensure that vulnerable and underserved populations can benefit from new healthcare technologies.<sup>5</sup>

## Achieving Techquity



1. Ensure equitable access to healthcare technologies
2. Necessitate user-friendly & inclusive design to promote enhanced uptake
3. Support equitable engagement with healthcare technologies

Many factors influence techquity, including internet access, affordability, language, accessibility features and privacy concerns. Consumers don't fully trust the healthcare system to provide the best treatment. In a recent 2021 global study, 49% of U.S. adults surveyed said they were concerned about privacy. And when asked whether their healthcare system provides the same level of care to everyone, only 27% of U.S. respondents agreed, and 46% disagreed, thus ranking the U.S. near the bottom in health equity (21 out of 30 countries).<sup>9</sup>

"There is no one 'czar or king' when it comes to equity; collaboration across big and small organizations is essential...we need to work together to create conditions of equity."

– **Adimika Arthur**, Executive Director, HealthTech for Medicaid (HT4M)<sup>9</sup>

"When it comes to transparency, we sometimes say the truth will set you free. Together, as an industry, we need to approach transparency within the spirit of a safe harbor so that we can critically evaluate our offerings and monitor our outcomes to ensure equitable outcomes for all."

– **Dick Flanigan**, Senior Vice President, Cerner<sup>9</sup>

"On a patient level, techquity is the experience of somebody who walks into a healthcare setting and feels they are valued and cared for by both the healthcare system itself and the technology. We want individuals to have confidence in healthcare because they believe, feel and know that equity is there."

– **Dr. Esther Choo**, Emergency Physician and Professor, Oregon Health and Science University<sup>9</sup>



**Chris Hollman, PharmD**

McGriff Senior Pharmacy Practice Consultant

### Resources

<sup>1</sup><https://www.nasdaq.com/articles/now-is-the-time-to-invest-in-digital-therapeutics>

<sup>2</sup>Micca, Peter, Simon Gisby, Christine Chang, and Maulesh Shukla. Trends in Health Tech Investments. Deloitte Insights <https://www2.deloitte.com/us/en/insights/industry/health-care/health-tech-private-equity-venture-capital.html>

<sup>3</sup>Digital Health Market Insights on Share, Application and Forecast Assumptions 2022-2030 <https://www.marketwatch.com/press-release/digital-health-market-insights-on-share-application-and-forecast-assumptions-2022-2030-2022-02>

<sup>4</sup><https://www.medgadget.com/2022/10/global-digital-therapeutics-market-to-hit-sales-of-24143-3-million-by-2030-astute-analytics.html>

<sup>5</sup>TECHQUITY <https://www.techquity.mn/about>

<sup>6</sup><https://www.fiercehealthcare.com/health-tech/highmark-expands-coverage-prescription-digital-therapeutics-app-makers-see-momentum>

<sup>7</sup><https://hitconsultant.net/2019/12/12/express-scripts-launches-first-digital-health-formulary-for-apps-devices/>

<sup>8</sup><https://dtxalliance.org/understanding-dtx/product-library/>

<sup>9</sup>Ipsos Global Health Service Monitor 2021

## Employee Benefit Plan Limits for 2023

The IRS typically announces the dollar limits that will apply for the next calendar year well before the beginning of that year. This gives employers time to update their plan designs and make sure their plan administration is consistent with the new limits.

This Compliance Overview includes a chart of the inflation-adjusted limits for 2023. **Due to high rates of inflation, all of these limits will substantially increase for 2023.** Note that there are some benefit limits that are not indexed for inflation, such as the dependent care FSA limit and the catch-up contribution limit for HSAs.

Limit	2022	2023	Change
<b>HSA Contribution Limit</b>			
Self-Only	\$3,650	\$3,850	Up \$200
Family	\$7,300	\$7,750	Up \$450
Catch-up Contribution	\$1,000	\$1,000	No change
<b>HDHP Minimum Deductible</b>			
Self-Only	\$1,400	\$1,500	Up \$100
Family	\$2,800	\$3,000	Up \$200
<b>HDHP Out-of-Pocket Maximum</b>			
Self-Only	\$7,050	\$7,500	Up \$450
Family	\$14,100	\$15,000	Up \$900
<b>Health FSA</b>			
Limit on Employees' Pre-Tax Contributions	\$2,850	\$3,050	Up \$200
Carryover Limit	\$570	\$610	Up \$40
<b>Dependent Care FSA</b>			
Tax Exclusion	\$5,000 (\$2,500 if married and filing taxes separately)	\$5,000 (\$2,500 if married and filing taxes separately)	No change
<b>Transportation Fringe Benefits (Monthly Limits)</b>			
Transit Pass and Vanpooling (Combined)	\$280	\$300	Up \$20
Parking	\$280	\$300	Up \$20
<b>401(k) Contributions</b>			
Employee Elective Deferrals	\$20,500	\$22,500	Up \$2,000
Catch-up Contributions	\$6,500	\$7,500	Up \$1,000
Limit on Total Contributions	\$61,000	\$66,000	Up \$5,000
<b>Adoption Assistance Benefits</b>			
Tax Exclusion	\$14,890	\$15,950	Up \$1,060

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## McGriff December 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 below webinars scheduled during the month of December. We hope you can join us for one or more of these educational opportunities!

### Navigating the CAA's Prescription Drug and Health Care Reporting Requirements

December 1 | 2 p.m. EST | To register, please [click here](#).

The Consolidated Appropriations Act of 2021 (CAA) contains multiple health care transparency provisions that impact employer plan sponsors and increase their compliance obligations. One of these is **Section 204**, which requires health plans and insurers to submit information about prescription drug and health care spending. While carriers, third-party administrators (TPAs), and other vendors possess much of the required information – and many are providing assistance accordingly – plan sponsors understandably have questions.

Join the McGriff Compliance Team as they clarify this upcoming transparency obligation! We will discuss some frequently asked questions, upcoming deadlines, and practical tips about how employer plan sponsors can work with their carriers and/or TPA to meet these requirements.

### Multistate Compliance Issues: Weed and Leave – How to Manage Two of Employers' Biggest Headaches

December 7 | 12 p.m. EST | 1.0 PDC SHRM/HRCI

OR

December 15 | 3:00 pm EST

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

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

Join us as the attorneys of Ogletree Deakins discuss the most recent updates, changes, and challenges to paid safe and sick time laws, as well as changing and ever-evolving paid family and medical leave state obligations. In addition, we will address the rapidly changing medical and recreational marijuana laws across the country from California and Mississippi to New Jersey and Rhode Island, and everything in between.

### Monthly Mineral Demonstration

December 20 | 2 p.m. EST | To register, please [click here](#).

McGriff is excited to bring you Mineral (formerly ThinkHR), a robust web-based resource with live advisors, reliable content and interactive technology solutions that provides an end-to-end People Risk Management solution! 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 for a brief overview of Mineral and its benefits available to you as an employee benefits client of McGriff.



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