INSIDE

cpi lights

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President

It is good to be back at it in the office. We officially reopened our doors to staff and clients at the beginning of June. We are taking the necessary precautions with social distancing in our common space along with wearing masks. Clients should schedule appointments rather than just drop in to see your agent. Communication continues to be key during these challenging times.

As we come through and out of this pandemic we continue to learn lessons about how we can safely and effectively move ahead. Telehealth remains a predominant means to connect with your healthcare providers. Insurance companies are exploring ways to alleviate financial and emotional barriers for their members to get the services they need. One carrier has waived their copayments and other cost sharing for primary care and behavioral health services for its Medicare Advantage customers in an attempt to encourage them to begin using the health-care system again. Many carriers already waive any out of pocket costs related to COVID testing and treatment.

It is important that we work on getting back to normal. This will undoubtedly look a bit different than it did last year but we are excited to be working with you again to plan for your business's and employees' futures.

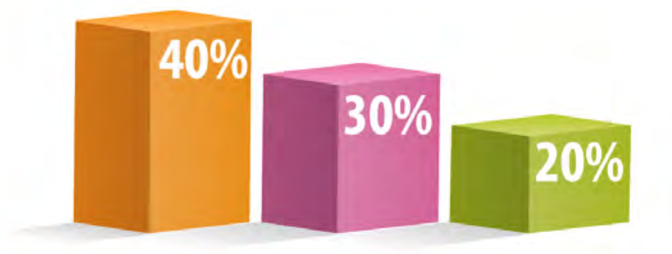
Thanks for continuing to read CPILights!

As always, if you would like to submit an idea or comment in writing you can reach me at **Jcyganiaksr@cyganiakplanning.com**

Regards,

Jon A. Cyganiak, CLU
President

LIFE INSURANCE BY THE NUMBERS



September is Life Insurance Awareness month. Here are some important statistics about life insurance, who owns it and why.

57% of American adults have some type of life insurance.

56% of women own life insurance compared to **62%** of men.

3 in 10 Americans get their coverage from work.

91% of Americans own life insurance to cover funeral and final expenses.

63% use life insurance to transfer wealth or to leave an inheritance.

47% of Americans use quick and easy simplified underwriting when applying for coverage.

63% believe life insurance is too expensive to own.

52% feel they already have enough coverage.

Source: limra.com

CHECK OUT ERIC PIERSON'S REVIEW OF INSURANCE BASICS ON PAGE 5

Managing Editor: Laura Bagin

★ ★ ★ ★ ★ ★ LEGISLATIVE UPDATES ★ ★ ★ ★

FEDERAL

The IRS has authorized temporary relief for cafeteria plan contributions in 2020 due to the COVID-19 National Emergency. Noting that plan participants may have greater or lesser medical and/or dependent care expenses, the IRS will allow employers to offer mid-year election changes on a prospective basis for their group health coverage, HCFSAs, LPFSAs and DCFSAs elections.

If an employer chooses to allow it, employees may:

- Make a new election for the group health plan, even if they initially declined.
- Revoke an existing group health plan election and select another plan, if multiple plans are offered.
- Revoke an existing group health plan election if the employee attests they will have coverage secured elsewhere with no lapse in coverage.
- Revoke or newly make a HCFSA, LPFSA and/or DCFSA election.
- Increase/decrease a current HCFSA, LPFSA and/or DCFSA election.

If an employee wishes to reduce their FSA election, they can't reduce it below the amount already reimbursed or contributed.

The IRS also recognized that participants may have already contributed FSA funds and could potentially lose those funds due to providers canceling appointments, day care centers closing, etc. In response, the IRS issued temporary relief that provides flexibility and allows plans to extend the time frame for incurring and filing medical and dependent care claims. This is 'extra time' for employees to actually incur expenses and submit claims.

Participants with unused FSA funds may continue to apply those unused FSA funds toward eligible expenses incurred through 12/31/2020.

For example:

An employer offers a HCFSA and DCFSA with a plan year that ends 6/30/20. The employer may amend their plan to allow unused HCFSA and DCFSA funds to reimburse expenses incurred 7/1/20 – 12/31/20. Unused HCFSA cannot be used for DCFSA expenses.

The extended claim period is available for plan years that end in 2020 as well as those that have the HCFSA carryover provision or the 2 ½ month Grace Period. It is available for all plans.

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The US Supreme Court recently upheld the Trump administration's expansion of the ACA's birth control exemptions for employers.

Justice Thomas provided the majority decision: "We hold that the departments had the authority to provide exemptions from the regulatory contraceptive requirements for employers with religious and conscientious objections,"

ACA allowed religious nonprofit organizations to claim an exempt status from contraceptive coverage. The Trump administration extended the exemption to include most all for-profit and nonprofit businesses who objected on religious or moral grounds.

Last month's 7-2 decision overturns the lower courts.

COBRA ENROLLMENT EXTENSION

Steve Flewellen
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People who've been laid off or furloughed from their jobs now have significantly more time to decide whether to hang on to their employer-sponsored health insurance, according to a recent federal rule.

Under the federal law known as COBRA, people who lose their job-based coverage because of a layoff or a reduction in their hours generally have 60 days to decide whether to continue their health insurance. But under the new COVID related rule, that clock doesn't start ticking until the end of the COVID-19 "outbreak period," which started March 1 and continues for 60 days after the COVID-19 national emergency ends. That end date hasn't been determined yet.

Take the example of someone who was laid off in May and imagine that the national emergency ends Aug. 31. Sixty days after that date takes the person to the end of October. Then the regular 60-day COBRA election period would start after that. So, under this example, someone whose employer coverage ended at the beginning of June could have until the end of December to make a decision about whether to sign up for COBRA, with coverage retroactive to the beginning of June (any premiums for prior months of coverage would have to be paid).

Under the new rule, workers can keep their COBRA options open far longer than before. It's always been the case that people could take a wait-and-see approach to signing up for COBRA during the first 60 days after losing their coverage. If they needed care during that time, they could elect COBRA, pay the back premiums and continue their coverage. But if they didn't need care during that time, they could save a chunk of money on premiums before opting for other coverage to kick in after the 60-day period.

The COBRA extension is available only to people who worked at firms with 20 or more employees and had job-sponsored coverage before being laid off or furloughed. If the company goes out of business, there's no health insurance to continue to buy.

Source: https://khn.org/news/administration-eases-rules-to-give-laid-off-workers-more-time-to-sign-up-for-cobra/

THE Q & A CORNER

Dana Burgett
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The Cyganiak Planning Q & A Corner takes questions that our agents and sales/service associates were asked and provides detailed guidance to help you understand and resolve similar scenarios at your workplace, should they ever arise.

QUESTION: I have a client with an employee who tested positive and came into the worksite. The employer has sent him home and is now asking about next steps? Please include:

What proximity to other staff is appropriate?

Is there paperwork the employee should complete, or can the employer ask which provider recommended the employee stay quarantined?

Can the employee be sent home to self-monitor?

Is Emergency Sick Leave-up to 2 weeks available and how does the employer go about getting reimbursed for the sick pay?

ANSWER: Employers are wise to take the following steps when an employee is diagnosed with COVID-19:

- Immediately send the infected employee home. Consider any obligations you may have to offer leave under Families First Coronavirus Response Act (FFCRA), your sick leave policy, the federal Family and Medical Leave Act (FMLA), the Americans with Disabilities Act (ADA) or similar state and federal laws. If no obligation exists, consider granting a flexible leave. Such leave can be paid or unpaid, pursuant to your normal leave policies. If the employee can continue work, consider offering him or her a telecommuting arrangement.
- According to the CDC, if an employee is confirmed to have COVID-19 infection, employers should inform fellow employees of their possible exposure to COVID-19 in the workplace but maintain confidentiality as required by the Americans with Disabilities Act (ADA). Most workplaces should instruct potentially exposed employees to stay home for 14 days, telework if possible, and self-monitor for symptoms. Separate guidance exists for critical infrastructure workers. According to the CDC, employers should not require a COVID-19 test result or a healthcare provider's note for employees who are sick to validate their illness, qualify for sick leave, or to return to work.
- Work with your workers' compensation carrier if others contract the same illness to determine if those illnesses are now a work-related illness. If the employee's COVID-19 case is determined to be work-related, it may also be a reportable workplace injury.
- Contact the CDC and/or your local health department for specific guidance.

In most cases, you do not need to shut down your facility. If it has been less than 7 days since the sick employee has been in the facility, close off any areas used for prolonged periods of time by the sick person:

- Wait 24 hours before cleaning and disinfecting to minimize potential for other employees being exposed to respiratory droplets. If waiting 24 hours is not feasible, wait as long as possible.
- During this waiting period, open outside doors and windows to increase air circulation in these areas.
- If it has been 7 days or more since the sick employee used the facility, additional cleaning and disinfection is not necessary. Continue routinely cleaning and disinfecting all high-touch surfaces in the facility.
- Clean dirty surfaces with soap and water before disinfecting them.
- To disinfect surfaces, use products that meet EPA criteria for use against SARS-Cov-2, the virus that causes COVID-19, and are appropriate for the surface.
- Always wear gloves and gowns appropriate for the chemicals being used when you are cleaning and disinfecting.

The employee may be eligible for Emergency Paid Sick Leave (EPSL) under the Families First Coronavirus Response Act (FFCRA) based on the diagnosis. The employee can complete a ***FFCRA Leave Request*** form in order to receive the EPSL pay, which covers up to 2 weeks (10 workdays/80 hours max) at the employee's regular rate of pay, not to exceed $511 a day. The amount of leave time available is prorated for part-time employees, as discussed in our guidance.

The FFCRA gives eligible employers funds to provide employees with paid sick and family and medical leave for reasons related to COVID-19, either for the employee's own health needs or to care for family members. The FFCRA covers the costs of this paid leave by providing small businesses with fully refundable tax credits. Certain self-employed individuals in similar circumstances are entitled to similar credits. For a detailed overview of the law and claiming these tax credits, see "Overview of COVID-19-Related Tax Credits for Small and Midsize Businesses"

The employer must work with their payroll provider to code the FFCRA payments and to withhold the tax credits. The employer then must work with its tax advisor to submit documentation to be reimbursed for the amount of payment that is not covered by the tax withholding credit. This is the extent of our guidance on the tax credit, as we are not tax professionals.

See ***WEBSITES*** on page 4 of this issue for related COVID-19 links.

Disclaimer: Guidance provided above is opinion gathered from Cyganiak Planning Inc.'s Human Resources Advocacy Firm based on their research of specified topics and cannot be considered as legal opinion or legal fact. Please consult with your legal counsel for any specific and final guidance in any situation pertaining to your own company.

WHAT IS MEDICAL LOSS RATIO (MLR)?

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The Medical Loss Ratio, or MLR, is the percentage of premium dollars received by a health insurance carrier that is spent on medical claims and quality improvement. The Affordable Care Act (ACA) requires health insurance carriers to submit data to Health & Human Services (HHS) each year detailing premiums received and how those premium dollars are spent. The ACA requires carriers to maintain at least an 80% MLR for small group (1-50 employees on average in prior calendar year and at least two employees on first day of plan year, though a few states define small group as 1-100 employees) or 85% MLR for large group. If a carrier maintains a lower MLR, it must issue a premium rebate to policyholders by no later than September 30 each year.

If HHS notifies a carrier that its MLR is too low, the carrier must issue an MLR rebate to whomever holds the insurance policy. In most cases, the employer sponsor of a group health plan is the policyholder.

Plan sponsors first must determine how much, if any, of the rebate amount, is considered "plan assets." Typically, the percentage of the MLR rebate, considered to be plan assets, is proportionate to the employee's percentage of overall premium contributions. For example, an employer pays 60% of premiums and employees contribute 40%, 40% of the MLR rebate is plan assets.

Determining how much of a rebate is plan assets is important because ERISA requires plan sponsors to use any MLR rebate amount found to be plan assets for the exclusive benefit of plan participants and beneficiaries within three months of receiving an MLR rebate. Plan sponsors must decide whether they will use these plan assets for the benefit of current participants or current as well as prior year participants.

Plan sponsors must use a reasonable and objective method to allocate any MLR rebate amounts they distribute in cash to all affected individuals and provides these three safe harbors:

- Evenly to all covered participants;
- Based on each participant's actual contributions; or
- In a way that reasonably reflects each participant's contributions

Plan sponsors have options aside from making cash payments directly to current and former participants. Plan sponsors may weigh all facts and circumstances, including:

- Cost of distributing payments;
- Size of the rebate amounts due (i.e. de minimis amounts), and/or
- Negative tax consequences (e.g., amounts are taxable to fully insured plan participants who paid premiums contributions on a pre-tax basis).

If, based on the foregoing factors, an employer decides it will not make cash payments to current or former participants, an employer may use the assets to reduce future premium contributions for current participants, or to provide general benefit enhancements for current plan participants.

Questions on MLR? Please contact your CPI Agent or Sales & Service Associate.

Source: National Association of Health Underwriters (NAHU)

websites

Here are some COVID related sites that can help you better deal with any work situations that may arise.

OSHA COVID-19 Reporting Guidance – https://www.osha.gov/memos/2020-05-19/revised-enforcement-guidance-recording-cases-coronavirus-disease-2019-covid-19

FFRCA Leave Request form – https://www.employerscouncil.org/support/Employers-Council-FFCRA-Leave-of-Absence-Request.pdf

DOL Family First Q/A – https://www.dol.gov/agencies/whd/pandemic/ffcra-questions

Overview of COVID-19-Related Tax Credits for Small and Midsize Businesses – https://www.irs.gov/newsroom/covid-19-related-tax-credits-for-required-paid-leave-provided-by-small-and-midsize-businesses-faqs

LIFE INSURANCE AWARENESS MONTH

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Life insurance awareness month is traditionally in September. However, because of the current reality that the unexpected can happen at any time, the time to get life insurance is now. Let's look at some of the options available.

Group life is often offered as part of an employee benefits package. This can be employer sponsored term life, voluntary life, or a combination of the two. Many times, voluntary group life products have a guarantee issue amount that does not have to be underwritten. This is especially important for those that may have underlying health issues that make them otherwise uninsurable. Many of these life products are also portable (yours to continue even after you are no longer employed) or convertible to an individual policy.

Individual life insurance is also a popular option. The two main types of individual life policies are Term Life and Whole, or Permanent, Life. Term life insurance is a basic policy where you choose the length of time to be covered, or term, and the amount of protection you need. It pays only if death occurs during the term of the policy. These are usually written as 10, 20, or 30-year terms, but can be anywhere from one to 30 years. Term life is the most common form of individual life insurance and usually has the lowest premium cost.

The two basic types of term life insurance are:

- Level Term – the death benefit stays the same throughout the duration of the policy
- Decreasing Term – the death benefit drops, usually in one-year increments, during the course of the policies term.

Whole life insurance pays a death benefit whenever you die, as the policy is still in effect. There are three major types - traditional whole life, universal life, and variable universal life. These policies are designed to offer a death benefit while also building cash value. You are agreeing to pay a certain amount in premiums on a regular basis for a specific death benefit. The cash value would grow based on what arrangement you have with the insurance company. Universal plans allow more flexibility with the cash value in an investment side fund. Variable life also provides a death benefit but allows you to invest in stocks, bonds, and other "variable" investments offered by the insurer.

It's important to discuss these options with your insurance agent. They will be able to help you decide how much insurance you need and what type best fits your situation.

**Sources: Insurance Information Institute, Life Happens*

NON-INSURANCE BENEFITS

Most people obtain a good portion of their health and wellness benefits through their employer. Health Insurance, life and disability coverage and retirement benefits are the cornerstone of employee benefits. But according to a UNUM survey non-insurance benefits are just as important. A little over 1,200 working adults were asked to list their top 5 option.

These are the top non-insurance related benefits that were identified as the most desired.

58% - Paid Family Leave – Time off for new parents and other caregivers is the most important non-insurance benefit cited.

55% - Flexible/Remote Work Options – In this current COVID era many employers are finding this is a viable, and valuable reality.

39% - Professional Development – It is important to employees to be able to learn and grow in their careers.

38% - Sabbatical Leave – Employees say they would appreciate being able to take extended leave and know their job will be waiting for them after. However only 5% of employers offer a paid sabbatical.

36% - Gym Membership or Onsite Fitness Center – Exercise is important for both physical and mental health which can make employees more productive at work.

35% - Student Loan Repayment – Many employees struggle with soaring student debt and feel some type of employer assistance would be beneficial. Currently only 4% of employers offer some sort of assistance or incentive to repay their student loans.

28% - ID Theft Prevention
28% - Onsite Healthy Snacks
27% - Financial Planning Resources
18% - Fitness Goal Incentives
16% - Public Transit Assistance
15% - Pet Insurance
15% - Pet Friendly Office
14% - Health Coaching
12% - Dedicated Volunteer Hours

Source: https://www.benefitnews.com/list/the-15-most-popular-employee-benefits?position