

Coronavirus (COVID-19): Benefits Considerations for Employers

April 9, 2020



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Benefits Communications

- **Importance of Benefits During the COVID-19 Pandemic**

- Employers spend millions of dollars each year on employee benefits, with benefits often accounting for 1/3 of employee compensation costs.
- Leverage your benefits offerings to help employees through this pandemic.
- Think about what benefits you offer that may be able to help:
 - Health care benefits
 - Mental health benefits (e.g., EAPs)
 - Wellness programs
 - Retirement benefits
 - Financial wellness benefits
 - Flexible working





Benefits Communications

- Effective communication about benefits is KEY!
- Make sure employees know about:
 - The benefits that are available to them;
 - The details of the plans; and
 - Where to obtain additional information and guidance.
- Since people process information in different ways, consider different communication methods.
- Benefits vendors are often a vital resource!!





Health Care Benefits

- Health care insurance is generally the benefit that is considered most critical to employees *even in the best of times*.
- Employees value health care benefits because they soften the financial impact of a catastrophic, unanticipated illness or injury and are going to be **depended on during a global outbreak**.
- To further help employees during this time, emphasize how the health coverage you offer can help employees during the coronavirus pandemic.
 - Example: Make sure employees are aware of provisions in the FFCRA and the CARES Act.



Health Care Benefits: COVID-19 Testing

- **The FFCRA & the CARES Act mandate** that group health plans must provide coverage and may not impose any cost sharing requirements (e.g., deductibles, copayments and coinsurance) or prior authorization or other medical management requirements for:
 - Diagnostic products used for the detection or diagnosis of COVID-19; and
 - Items and services furnished to an individual during health care provider office visits (including in-person visits and telehealth visits), urgent care center visits and emergency room visits that result in coronavirus testing.
- The CARES Act also provides for rapid coverage of preventive services and vaccines (without cost sharing) for the coronavirus once they become available.
- **IRS Notice 2020-15**: HDHPs linked to HSAs can cover coronavirus costs without jeopardizing their status.



Health Care Benefits: Telehealth

- Telehealth (or telemedicine) has only continued to grow as a key employee benefit in the last several years.
- It is only gaining more prominence during the COVID-19 pandemic.
- The CARES Act addresses telehealth as it relates to HDHPs and HSAs:
 - Effective for plan years beginning **on or before December 31, 2021**, HDHPs paired with HSAs can provide telehealth and other remote care services before patients reach their deductibles without jeopardizing their status.
- If telehealth is available to employees, emphasize how valuable it can be during the pandemic and how employees can use such offerings to help keep them safe and healthy.



Health Care Benefits: Qualified Medical Expenses

- The ACA previously mandated that OTC medicine purchased without a prescription was not eligible for reimbursement under FSAs, HRAs, Archer, MSAs, or HSAs.
- The CARES Act effectively reverses this ACA provision, and OTC drugs and medicines are **now eligible** for reimbursement from HSAs, health FSAs, HRAs and Archer MSAs.
- The CARES Act also expands the list of qualified medical expenses to include menstrual care products.
- These new provisions apply for **amounts paid or expenses incurred after December 31, 2019**, and are permanent changes.



Health Care Benefits: HIPAA Concerns

- HIPAA was created to better protect employees' health insurance when they change or leave a job and to ensure the privacy and security of individuals' protected health information (PHI).
- HIPAA does not specifically apply to employers when they are functioning in the ***role of employer***.
- However, if an employer sponsors a health care plan for its employees, it may be required to comply with HIPAA privacy rules since the health plan is likely a covered entity.





COBRA and Continuation Coverage

- COBRA is a federal law that requires group health plans to offer continuation coverage to certain covered employees, former employees, spouses, former spouses, and dependent children when group health coverage would otherwise be lost due to certain specific events.
 - ***Includes most terminations from employment and reductions in hours.***
- COBRA contains strict rules for:
 - How and when continuation coverage must be offered and provided;
 - How employees and their families may elect continuation coverage; and
 - What circumstances justify terminating continuation coverage.
- Don't forget about state mini-COBRA laws that may apply!



COBRA and Continuation Coverage

Furlough Considerations

- Employers may also be concerned with what happens to employees' health coverage when they are furloughed or on leave for coronavirus-related issues.
 - Generally depends on the terms of the particular health insurance plan and how it addresses inactive employees.
 - If employees lose health insurance while on a furlough, they would generally be eligible for benefits under the COBRA.
 - Consider potential penalties under the [Affordable Care Act's employer mandate](#).
- Employers who want to pay for ER and EE coverage during furloughs **MUST** make sure they are operating in compliance with:
 - Their benefit plan documents;
 - The policies of their benefits providers; and
 - Their own policies and procedures.



Unemployment Insurance (UI)

- UI is a federal-state program, based on federal law, but executed through state law.
- At the beginning of the COVID-19 outbreak, many states quickly started relaxing their UI rules and requirements (e.g., waiting periods before benefits kick in) to address the COVID-19 pandemic.
- At a federal level, the FFCRA and CARES Act enhance UI benefits.
- The FFCRA will provide \$1 billion this year to assist states with processing and paying the many UI claims that could be on the horizon.
 - Half of those funds are to be available to states for covering increased administrative costs of each state's UI program.
 - The other half of those funds are to be used for emergency grants for states that experience at least a 10% increase in claims over the same quarter in the previous calendar year.



Unemployment Insurance (UI)

- **The CARES Act:**

- Temporarily enhances and expands the existing traditional UI program; and
- Makes UI available for individuals that are not usually eligible for it (e.g., independent contractors, self-employed individuals and individuals with limited work history).

- It also provides:

- An extra \$600 a week to each recipient of UI (through July 31, 2020);
- An additional 13 weeks of UI to individuals who remain unemployed after state UI is exhausted (through December 31, 2020);
- Funding for the first week of UI for states that waive the traditional "waiting week" before UI benefits begin (through December 31, 2020);
- States with temporary flexibility to hire temporary staff or rehire former employees to quickly process UI applications and claims; and
- Temporary financing of state short-time compensation programs.



Retirement and Financial Wellness Benefits

- Most employees depend on employers for their retirement benefits (e.g., 401(k) plans).
- Such plans are subject to market volatility and fluctuations, and during recessions and other economic downturns, their balances can decrease substantially.
- The coronavirus pandemic has severely impacted the global economy, and employees who look at their retirement accounts may panic and not know what to do.
- Employers may see a large increase in requests for 401(k) loans or hardship withdrawals.
 - Provide employees with any retirement plan resources that are accessible to them and make sure they are aware of any guidance or help that may be available to them.





Retirement and Financial Wellness Benefits

- The CARES Act sets out special rules for retirement plans designed to help individuals affected by the COVID-19 pandemic.
- *Retirement Plan Withdrawals*
 - Normally, early distributions from a qualified retirement plan (e.g., 401(k) plan) are subject to a 10% additional tax on that early distribution.
 - However, the CARES Act provides that the 10% tax penalty will not apply to coronavirus-related distributions.
- The CARES Act also:
 - Increases the limit on loans from qualified plans not treated as distributions for 180 days;
 - Delays the repayment due date on certain outstanding plan loans; and
 - Temporarily waives required minimum distribution rules for certain retirement plans and accounts.



Retirement and Financial Wellness Benefits

- Employers can also serve as a valuable resource to employees when it comes to helping employees with financial stress.
- Financial stress can have a huge impact on an employee's emotional, physical and mental well-being, and offering programs designed to help employees with their finances can have a significant effect on their lives by enhancing their well-being.
- Benefits that promote employee financial wellness may include:
 - Financial education, counseling and/or training;
 - Retirement planning; and
 - Debt counseling.
- Such benefits may be extremely valuable to employees during the coronavirus pandemic and other crises.



How XpertHR Can Help

Resources

- [Coronavirus \(COVID-19\): Workplace Resource Center](#)
- [Coronavirus \(COVID-19\): Wage and Hour](#)
- [Coronavirus \(COVID-19\): Temporary Disability Insurance and Unemployment Insurance](#)
- [Coronavirus \(COVID-19\): Remote Work](#)
- [Coronavirus \(COVID-19\): Jobs That Require On-Site Attendance](#)
- [Coronavirus \(COVID-19\): Employee Leave Laws](#)
- [Coronavirus \(COVID-19\): Federal, State and Local Resources for Employers](#)
- [Coronavirus \(COVID-19\): Benefits](#)
- [Coronavirus \(COVID-19\): FAQs](#)
- [Families First Coronavirus Response Act: COVID-19 Paid Sick Leave and Expanded Family and Medical Leave Requirements](#)



Upcoming Webinars

Next in this series

- **Tuesday, April 14:** Coronavirus (COVID-19): Payroll Considerations for Employers
- **Thursday, April 16:** Coronavirus (COVID-19): Leave Considerations for Employers on the State and Local Level

The logo for XpertHR, with 'Xpert' in a white sans-serif font and 'HR' in a white sans-serif font inside a white square. The background of the top half of the slide is a blurred cityscape at night with bokeh lights and a woman's profile in the foreground.

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