PILLAR
FINANCIAL GROUP

NEWSALERT
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Major Change

New Medicare Rules Could Affect Your Group Health Plan

NEW CENTERS for Medicare and Medicaid Services rules that take effect Jan. 1, 2025 will significantly affect employees' decisions on whether to continue staying with your group health plan while eligible for Medicare.

Under changes in Medicare Part D drug plan rules for 2025, once a beneficiary pays more than $2,000 out of pocket for prescription medications, Medicare will fully cover their prescription costs for the rest of the year.

Due to the rule changes, if your drug plan's maximum out-of-pocket employee cost-sharing surpasses that amount it will not be deemed "creditable" under CMS rules, and that would have long-term repercussions for your senior employees.

Why? If someone doesn't purchase a Part D plan when they are first eligible for Medicare, they will face a 10% penalty on their annual premiums in perpetuity. That penalty increases for each year they fail to enroll in a Part D plan.

There is a provision in the law for Medicare-eligible workers to stay on their employer's group health plan if that plan provides at least as thorough a level of coverage as Medicare does. Those that do are considered "creditable coverage."

However, if an employee's plan does not meet the new Part D rules, it may be considered "non-creditable" and they would be subject to Part D penalties for failing to enroll in a creditable plan.

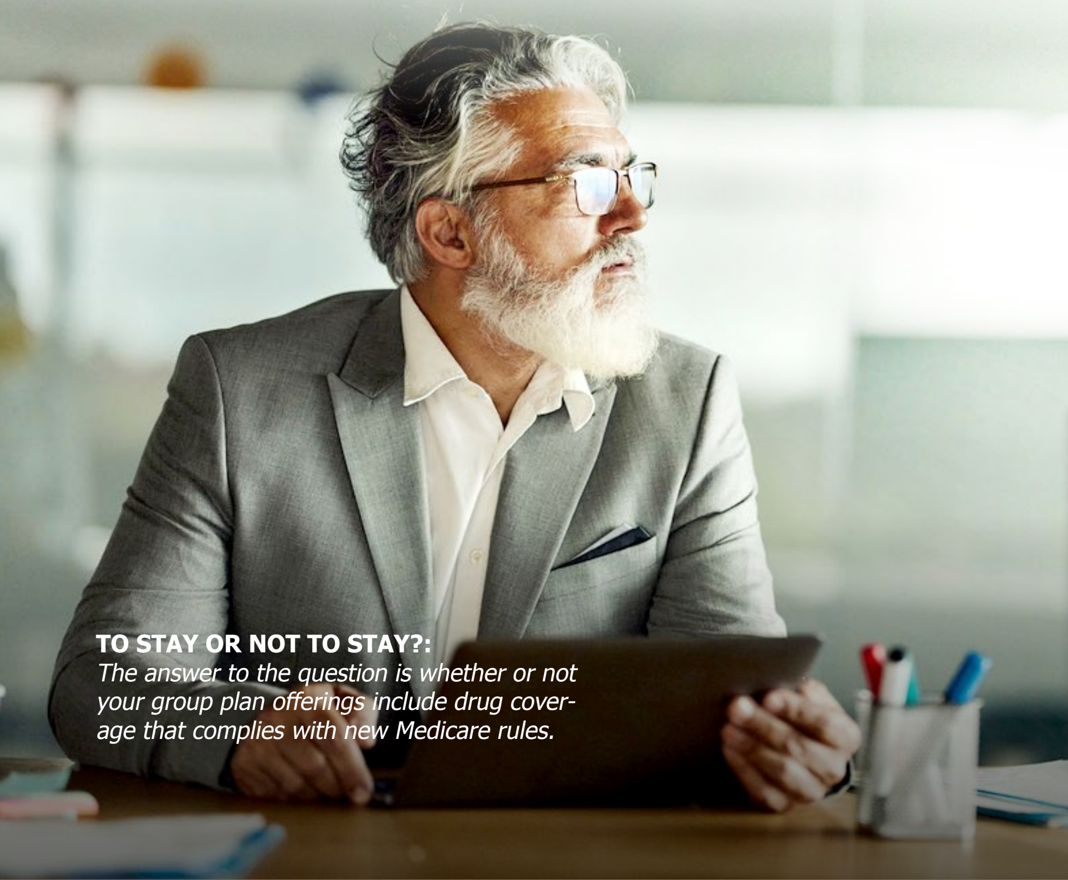
Your next step

Employers are required to inform affected employees if their plan is creditable or non-creditable before Medicare Annual Open Enrollment starts on Oct. 15.

This way, the worker is given time to elect or decline Medicare Part D coverage based on their employer's group benefit plan's prescription benefits and avoid possible penalties. You can find templates of those notices here.

If your current plan doesn't meet their needs, please contact us to discuss strategies for designing one that caters to affected workers and fits with your firm's needs and budget. Option two is not to make a change, and to inform your Medicare-eligible staff that your plan is non-creditable.

Finally, you should hold a meeting with affected staff to inform them of the changes and if any of the plans you offer comply with the new rules. ❖



TO STAY OR NOT TO STAY?:
The answer to the question is whether or not your group plan offerings include drug coverage that complies with new Medicare rules.

HAVE QUESTIONS?
GIVE US A CALL

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Identify Workers' Needs, Consider Costs to Plan Benefits

IT'S ALMOST time for group open enrollment for policies that start Jan. 1, 2025 and you need to drive engagement so that your staff can make informed decisions about their health insurance options.

We want to help you help your employees understand all of their options so that they can purchase a plan that is appropriate for their situation. So here is our advice for open enrollment:

Listen to your workforce

Before you make any decisions, you should listen to your employees and better understand their needs and preferences.

With answers and feedback in hand you can create a benefits package which is more appealing to them, which in turn gives you a competitive edge when attracting and retaining workers.

Engage employees and solicit feedback through quarterly employee-benefits round table meetings. Invite employees from different age groups and departments to participate in these meetings to ensure you have a good cross-section of your staff represented.

Give advance notice

You can start this month with simple reminders for them to start thinking about open enrollment and evaluate their current health plans. Send out memos and place posters in high-traffic areas at your worksite.

If you start with this in September or October, they can have time to assess their options, particularly if anything has changed in their lives like marital status, new children or health issues.

Costs are paramount

You can work with us to settle on plan arrangements that will be within your and your employees' budgets (in their case, the plans also have to be deemed affordable under the Affordable Care Act).

Employees have a right to understand the costs, so let them know how to access the free transparency tools provided online by most medical carriers. Provide employees with a breakdown of medical and pharmaceutical cost increases to avoid sticker shock.

Get an early start

If your plan year starts Jan. 1, you should hold open enrollment meetings and dispense plan materials in October or November.

Avoid holding meetings in December. It's too busy and the ramping up period is too short..

Communicate effectively

Your task is to get employees out of cruise control and truly assess all of their options.

This is especially true if you are making changes to cost-sharing, introducing new plans, introducing a wellness plan or health savings accounts or flexible spending accounts.

You should use a variety of different media to communicate with your workforce.

Use video, virtual and live meetings, e-mail communications and print materials to get through to your employees. While the attentive ones may think it's overkill, using different forms of communication ensures that you reach the widest number of staff.

Get spouses involved

If you also offer insurance to spouses, you should communicate through your employees that they are also invited to join your open enrollment meetings.

You can also invite them to view any electronic material you may post online, like the aforementioned videos.

If they cannot make a general meeting, you can invite them to come in to meet with your human resources manager if they have questions.

Remind them of the ACA

You can use open enrollment as a way to remind your staff of their responsibilities to secure coverage under the Affordable Care Act.

Let them know that employees that refuse affordable coverage from their employer and opt to purchase it on a public exchange will usually not be eligible for government premium subsidies.

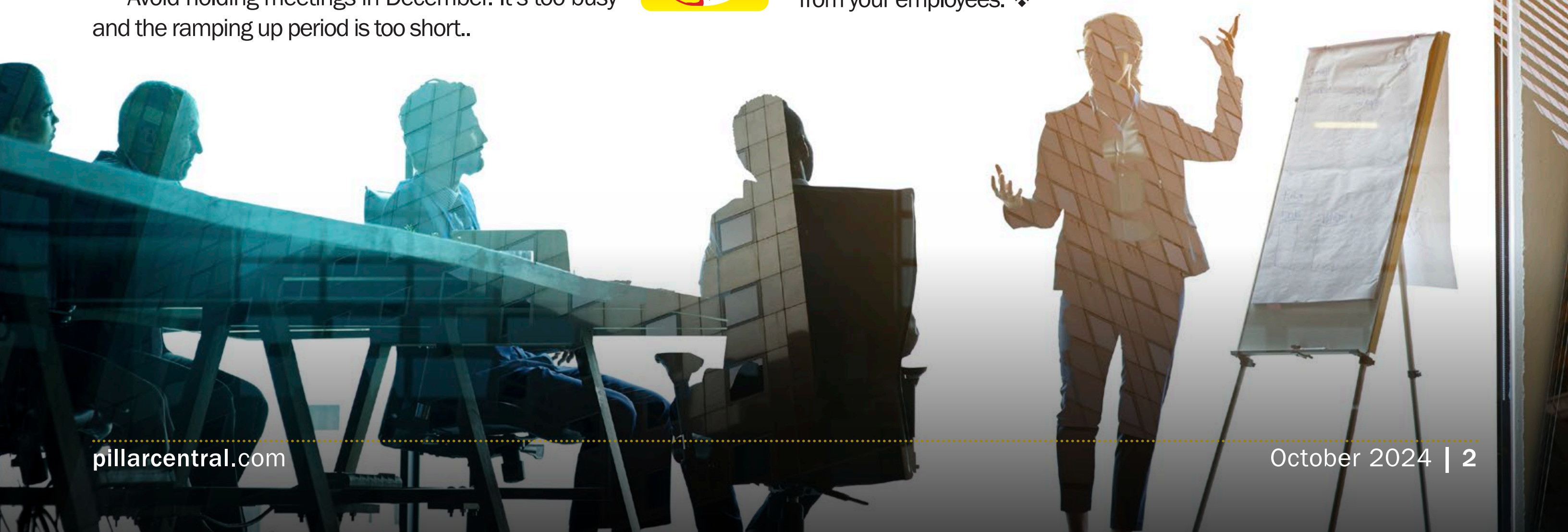
Ask us about the most frequently asked questions about the ACA and we can help you prepare a list of online resources that they can access to get answers to those questions you may not be able to answer.

The meeting

Send out meeting notices early to give your employees time to prepare and set aside time. Try to make the meeting engaging with real-life examples and case studies.

You may want to consider video recording the session and also providing remote access to employees that don't work on-site.

Provide enough time for the main presentation as well as questions from your employees. ❖



Protect Workers' Eyesight with Proper Design, Vision Benefits

ONE OF THE by-products of the digital revolution — with most people staring many hours each day at tablets, smartphones and computers — is eye strain.

According to The Vision Council, the average U.S. adult spends more than two hours a day looking at electronic screens.

Prolonged use can cause "computer vision syndrome," which manifests itself in a number of symptoms like eye strain, dry eyes, blurred vision, red or pink eyes, burning, light sensitivity, headaches and pain in the shoulders, neck and back.

Preventing eye strain

Your employees should:

- Sit with their eyes about 30 inches from their computer screen.
- Rest their eyes every 15 minutes, and blink frequently, which helps keep the eyes moist.
- Adjust their computer display settings, which can reduce eye strain. They can adjust the brightness so it's the same as the surrounding workstation. They can also adjust text size and contrast.

You should:

- Have proper lighting in the office. Eye strain often is caused by excessively bright light, either from outdoor sunlight coming in through a window or from harsh interior lighting. When using a computer, ambient lighting should be about half as bright as that typically found in most offices.
- Encourage your staff to take regular breaks to rest their eyes.
- Adjust window blinds to help reduce sun glare on the screen.
- Avoid positioning monitors directly in front of or behind windows with direct sun exposures.
- Consider the use of a glare screen on the monitor to help further reduce glare.

Consider vision benefits

If you don't already do so, consider offering your workers vision benefits. First off, your employees would be more apt to get a much-needed pair of glasses that have anti-glare attributes for when they work on computers.

Computer glasses are specially designed for optimizing vision when viewing content on screens, and they can be provided with or without a prescription.

Wearing computer glasses can help users experience more relaxation, sharper focus and reduced blurriness and pixilation, which can cause discomfort unless corrected. The lens designs allow the eyes to relax, adjusting to intermediate-distance objects and reducing glare during prolonged use of digital devices.

Also, workers with vision benefits tend to get regular eye exams, which can identify serious chronic conditions, including diabetes, high cholesterol, hypertension, multiple sclerosis and some tumors.

Detecting these symptoms can lead to early diagnosis and better treatment of the conditions. ❖

How Your Staff Can Save 20-40% on Health, Childcare Services

ONE OF THE MOST underused employee benefits available is the "cafeteria" plan — which can benefit both the employer and the employee.

These plans allow workers to withhold a portion of their pre-tax salary to cover certain medical or childcare expenses. Because these benefits are free from federal and state income taxes, their taxable income is reduced, which increases their take-home pay.

This in turn can benefit you as an employer because those pre-tax benefits aren't subject to federal social security withholding taxes, which means you don't have to pay FICA or workers' compensation premiums on those dollars.

Essentially, what you are doing by offering a cafeteria plan (also known as a Section 125 plan under the Internal Revenue Service code) is using the tax code to your and your employees' advantage.

But utilizing the tax code for your business can be an incredible way to enhance your employee benefits package, while simultaneously boosting your margins.

Cafeteria plans have three specific flexible benefits for your employees to choose from:

1. Pre-tax premium deductions

Premium-only plans (POPs) allow your employees to elect to withhold a portion of their pre-tax salary to pay for their portion of the premium contribution to their employer-sponsored plans. The plan offers a simple way to reduce the cost of their benefits.

2. Flexible spending accounts

An FSA allows you to fund certain medical expenses on a pre-taxed basis through salary reductions to pay for out-of-pocket expenses that aren't covered by insurance (think: deductibles, copayments, prescriptions, over-the-counter drugs and orthodontia).

Each paycheck a certain amount is withheld pre-tax and put into an account. Employees pay for medical expenses up front out of pocket and then seek reimbursement from their FSA.

The average U.S. worker spends more than $1,000 every year on these types of benefits. There's one more benefit: By participating in an FSA, your employees' taxable income is reduced, which increases the percentage of pay they take home.

3. Dependent care flexible spending accounts

The dependent care FSA is an attractive benefit for employees who have to pay for childcare or long-term care for their parents.

Many employees don't take advantage of this benefit and may be unaware of the significant tax savings. Employees may hold back as much as $5,000 annually of their pre-tax salary for dependent care expenses.

Qualified dependent care expenses may include, but are not limited to:

- The care of a child under the age of 13,
- Long-term care for parents,
- Care for a disabled spouse or a dependent incapable of caring for her- or himself, and
- Summer day camps.

In addition, by paying for dependent care with pre-tax dollars, you can save approximately 20% to 40% on their childcare expenses.

The best part about the Section 125 plan is that your employees are likely already paying for these expenses out of their own pockets with after-tax dollars.

What you get out of it

Every dollar that goes through a cafeteria plan reduces your payroll by the same amount. That means you don't have to pay FICA or workers' comp premiums on that part of your workers' salary. Pundits say that this saving can add up to as much as 20% of every dollar being passed through the plan.

Implementing a cafeteria plan can reduce the perceived impact of health insurance premium increases to employees. For example, let's say your company's medical premiums climb this year and the employee's portion goes from $1,000 to $1,120.

If these additional costs are run through a POP plan, an employee in the 25% tax bracket would have an increase of just $90, rather than $120.

It's also a great recruitment tool and an essential part of a larger employee benefits package. ❖