Risk Management Workshop

Getting the Most out of Your Insurance Program:
How to Score & Improve Your Property & Casualty and Employee Benefits Programs

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Evaluating Your Current Insurance Program

- The objective of this workshop is to help you evaluate your current insurance program and show you ways to begin improving it.
  - There are ways to control your costs.
  - Control what is controllable.
- This workshop is designed to educate you on how to begin achieving this control.
Topics of Discussion

- Property and Casualty Insurance Pricing Basics
- What Exactly is Risk Management?
- What Roles Should You, Your Insurance Broker and Your Insurance Carrier Play in Your Risk Management Program?
- The RFP Process Clarified – What Works and What Doesn’t Work
- Major Insurance Coverage Terms, Tips, Tricks and Improvements
Insurance companies base your premiums on your past losses because those are used to predict future losses. Actuaries determine the expected monetary loss each year. This is called “loss pick.”

Once your “loss pick” is determined, Insurance companies then add their overhead and profit to that number. That’s generally 60% added to the “loss pick” cost.

These are the major components of your premiums.

This is why lowering your losses is so important. This is controlling what’s controllable.
Insurance companies also look at each industry as a whole. Based on the total losses of the industry compared to the collected premiums or “loss ratio” they determine an average increase – rarely a decrease – that the underwriters are mandated to include at renewal.

This loss ratio plus your losses are why your premiums usually going up.
The Real Cost of Accidents

Direct Costs
- Medical
- Compensation
- Costs (Insured Cost)

Indirect Costs
- Recruitment of highly skilled employees
- Lost time
- Administrative time / Investigation time
- Increased insurance premiums
- New employee training
- Overhead Costs

$1 to $10
What Exactly Is Risk Management
What Insurance Is Really for

- Accidents happen – that’s why we have insurance.
- But many accidents can be prevented. Look for repetition and frequent or habitual incidents. These may be prevented or minimized by training, education, or policy changes.
- This is the foundation of Risk Management.
What Exactly Is Risk Management?

**Definition:**
An organized approach to the conservation of a firm’s assets through risk control techniques that minimize adverse deviation from the desired outcome.

**Example:**
Your agency, insurance broker and insurance company working together to control your losses and make sure you have the proper coverages.
What Exactly Is Risk Management
Risk Management 101

The Transfer of Risk

Definition:
A system to protect persons or businesses against the risk of certain financial losses by transferring the risk to a much larger group who agrees to share the risk or take on the entire financial loss in exchange for premium payments.
What Exactly Is Risk Management
Risk Management 101

How Can I Manage My Risk?

1. Avoiding the risk
2. Minimizing the negative effect of the risk
3. Transferring the risk
4. Accepting some or all of the consequences of the risk
## Four Ways to manage your Risk

<table>
<thead>
<tr>
<th>1. Avoidance:</th>
<th>2. Reduction:</th>
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<tbody>
<tr>
<td>This is not realistic</td>
<td>Wear your seat belt or a bike helmet or have a safety program in place</td>
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<tr>
<td>Example:</td>
<td>Example:</td>
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<tr>
<td>To avoid auto accidents, don’t drive</td>
<td>Wear your seat belt or a bike helmet or have a safety program in place</td>
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<tr>
<th>3. Transfer:</th>
<th>4. Accept:</th>
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<tr>
<td>Pass on the risk to others</td>
<td>Take on some or all of the possibility of loss</td>
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<td>Example:</td>
<td>Example:</td>
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<td>Buy an insurance policy with little or no deductibles</td>
<td>Self-insurance, high deductible programs</td>
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So what’s the difference between an Insurance Broker and a Risk Manager?

- An **Insurance Broker** will issue auto id cards, send out certificates and quote your business with carriers at renewal. They are there to answer any questions you have and should have some involvement in your claims.

- A **Risk Manager** does all the same things as the insurance broker. The difference is that the Risk Manager partners with the insured and helps reduce and manage past claims and prevent or mitigate future claims. The Risk Manager is your advocate and helps build a program that looks at the total cost of risk and tries to cover all the gaps and drive the lowest premium—not only by a competitive quote from a carrier—but from controlling the ultimate premium driver— the losses.
What Roles Should You, Your Insurance Broker and Your Insurance Carrier Play in Your Risk Management Program?

Time Well Spent

- A Risk Management program that prevents a $250,000 loss from happening is better than a 2% cheaper quote from a new carrier and insurance broker.

    EVERYDAY

- Over time a solid, well-rounded Risk Management program will lower your insurance spend.
Insurance Brokers are compensated by taking percentages of the premiums you pay to the insurance companies. These are known as commissions.

<table>
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<tr>
<th>Commissions</th>
<th>Percentages</th>
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<tr>
<td>Property</td>
<td>15%</td>
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<tr>
<td>General Liability</td>
<td>15%</td>
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<tr>
<td>Automobile</td>
<td>15%</td>
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<tr>
<td>EPL &amp; EBL</td>
<td>15%</td>
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<tr>
<td>Directors &amp; Officers</td>
<td>15%</td>
</tr>
<tr>
<td>Excess &amp; Umbrella</td>
<td>10%</td>
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<tr>
<td>Workers’ Compensation</td>
<td>5%</td>
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Take a minute and think about the total amount in premiums your agency pays each year. Your Insurance Broker makes about 15% of that.

In most Transit Agencies, that would make them your highest paid employee. What exactly are they doing to earn that paycheck?

What You Should Be Getting From Your Insurance Broker

- If you only see your broker a couple times a year and at renewal time you likely aren’t getting your money’s worth.
- You deserve a Risk Management partner that will help you run a safer and more efficient agency.
Examples of Broker Loss Control Services:

- **Safety Manuals**
  - Develop and assist with custom made programs
  - Conduct a comprehensive review of existing programs with detailed written analysis
  - Modify existing programs, bring them up to current regulatory standards
  - Task or customer specific additions to existing programs
Examples of Broker Loss Control Services:

- **On-site Audits & Inspections**
  - As part of your on-going, inner-company audit / inspection process
  - To provide an unbiased 3rd party analysis of sites that are not performing
  - Provide an unbiased 3rd party analysis of “good” projects to confirm performance
  - Create and implement a comprehensive Behavior Based Safety Observation program
  - Train supervisors and employees to perform thorough self inspections
  - Develop and create custom made inspection programs with inspection checklist
Examples of Broker Loss Control Services:

- **Safety Incentive Award Programs**
  - Create, author and implement custom made programs
  - Provide expert analysis of existing programs and recommend changes
  - Evaluate safety performance data to determine if existing programs are working
  - Recommend alternative safety incentive programs
By trending losses, your Insurance Broker can target frequent problems and provide training solutions to mitigate future losses:
The average insurance adjuster has **200 claims** they are responsible for.

Your broker should be continually involved in **your** claims making sure they are properly adjusted and not neglected.

You should be advised of the status or changes of larger claims at regular intervals. You should never be surprised that a claim is being settled or closed.

**Example:**
What if the adjuster has made an oversight and a claim from two years ago was never closed.

**Consequence:**
The claim money reserved is still being used to derive your premium. Your proactive risk manager would catch this before you began over paying premiums based on this error.
A solid Risk Management program has a strong foundation in Human Resources Consulting.

- Things you might want to ask for from your Insurance Broker:
  - Employee Handbook review
  - Employee and Supervisor training on subjects like: FMLA, FSLA, ADA, harassment, discrimination and team building
  - Discipline and Discharge procedures
  - Development of any employer determined needed training program
Questions Promote Solutions!

- Is my Insurance Company doing all they can do to help me control my losses?
- Is my Insurance broker doing all they can to help me create a successful Risk Management program that fits my needs and helps control my losses?
- Am I doing my part to control my losses and drive my premiums down?
Your agency employees will only buy into a safety program if management buys in.

A culture of safety must start with management. And it must be consistent.

Your employees know what matters to management. Educate them on why safety is important.

Share with them your insurance losses. Not only does it affect the company’s bottom line, but ultimately this affects their income.
Many of you are used to, or are required to purchase your insurance through some type of bid process most likely an RFP. There may be many flaws with this process. You need to make sure the language in the RFP matches how the Insurance industry works.
Why does my incumbent always win the RFP?

- You will likely have noticed that your current Insurance Broker almost always brings you the best quote.
  
  Why?

- The Incumbent carrier and broker have the inside information on your account. This gives them a leg up on all other brokers and insurance companies.
  
  Why is that such a big deal?
Stacking the Deck

- Whatever insurance broker sends a submission to an insurance company first secures that quote.
- Each carrier will only give one insurance broker their quote. First come, First served. This is called “Blocking the Market”

If your current broker blocks all the markets before the RFP is issued, no one else can find a carrier to quote the insurance. This is one example of how the RFP process can be flawed.
Make the Process Work for You, Not Against You:

- If you are going to take quotes from multiple insurance companies, level the playing field by doing a “market selection.”
- Market Selection allows you to be in control of what broker is able to secure a quote from which carrier you choose.
- Have each broker list the top five carriers they want to get your quote from. You choose who gets which carrier.
- Some brokers may have better relationships with certain carriers or expertise and thus they would better represent you.

Also, you MUST give all brokers and carriers the same information.
But what if I don’t want to leave my current insurance company?:

- You may not want to change insurance companies. With the limited number of Insurance companies that want to work in with Transit Agencies, this tends to actually be more often the case than not.

- Instead of making the RFP about quotes from insurance companies, change the process to make the RFP a broker selection. Remember, you are paying them 15% of your premiums.

- Have qualified brokers respond to the RFP by explaining the services they can offer your agency to improve your Risk Management program.

- Then choose the best broker to represent you to carriers and help you with your Risk Management program.
Warning – be aware of the consequences when quoting annually:
- Transit agencies typically have larger losses than their peers in the transportation industry.
- For this reason, there are very few Insurance companies that will write the liability insurance for Transit agencies.
- If you quote them every year, you will likely not get the best quote from carriers because they know they are unlikely to get the business.
- In fact quoting every year likely leads to higher quotes because the underwriters know that if they are awarded your business they may likely lose it the next year in the normal quote process.
So what is the best practice?

- We recommend to our clients that they aggressively quote their insurance program every **three** years—unless there is a major change in their business or the insurance market.
- This gives Insurance Companies confidence that they will keep the business for a minimum of three years—long enough to make their profit.
- This typically leads to a more aggressive quote from the carriers.
- It’s also a tremendous amount of work on your agency’s part to quote insurance every year. Quoting every three years would save an enormous amount of time and energy for your team.
Changing Partners

- Don’t be tied down to your renewal date
  - You can change your Insurance broker at any time without ANY changes to your insurance carrier. You can change by signing a BOR or broker of record letter.
  - Evaluate your insurance partners on your time schedule.
  - Not the insurance company’s renewal date.
Major Insurance Coverage Terms, Tips, Tricks and Improvements

How can the insurance company help my agency?

- What is your insurance company doing to help you control your losses?
  - Ask them what Risk management tools they have available?
  - Ask them what your peers are doing to control losses?
  - Ask them for more loss control visits—or at least once a year?
My Insurance Policies – What am I really buying?

- **Major Lines of Coverage:**
  - Property
  - General Liability
  - Automobile Liability
  - Employment Practices Liability
  - Employee Benefits Liability
  - Director & Office Liability
  - Excess Umbrella Liability
  - Cyber Liability
  - Workers’ Compensation
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<tr>
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<th><strong>General Liability</strong></th>
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<tr>
<td><strong>Definition:</strong></td>
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<td>Protects your building and the things you own inside the building. Business income and extra expense – this is one of the most misunderstood coverages and often not purchased.</td>
<td>Covers accidents to a 3rd party on your property or using your product.</td>
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<td><strong>Example:</strong></td>
<td><strong>Example:</strong></td>
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<td>If a vendor has a fire and is unable to ship you the widgets you need to finish making your product, your loss in revenue could be covered.</td>
<td>Mr. Jones slips and is injured while on your property. These type claims are problematic because it is often cheaper and easier for the insurance company to settle the claim rather than investigate and fight in court. However these losses stay with you and will increase your premiums at renewal.</td>
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Automobile Liability

Definition:
Your Business Automobile Policy covers:
• 3rd party liability
• Personal injury protection (no fault)
• Uninsured motorists / Underinsured motorist
• Physical damage – comprehensive and collision

Ways to Improve Your Automobile Coverage

- Coverage Extensions:
  • Fellow employee endorsement
  • Broad named insured wording
  • Drive other car coverage
  • Blanket additional insured
  • Blanket waiver of subrogation
  • Unintentional failure to disclose
  • Employee as insured endorsement
Ways to Improve Your Automobile Coverage

- Additional cost saving opportunities:
  - Check your deductible level. What is the cost of most of your losses?
  - Could you raise your deductibles?
  - Review your physical damage coverage Are you just “trading dollars” with the insurance company? Would it be smarter to not have this coverage?
  - Don’t buy Med Pay coverage. This is the “no fault” coverage that the insurance companies just pay and don’t ask questions. This is where most of your fraudulent claims are paid from. If the money isn’t easy to get your fraudulent claims will diminish over time.

These tips are what your Insurance Broker should include in your overall program and help you to understand. Your insurance company won’t tell you about them because it lowers the premiums they charge you.
Workers’ Compensation

Definition:
Sole remedy for an injured worker for medical expenses and lost wages. How is your Workers’ Compensation premium generated?
• Payroll
• Rate
• Experience Mod

Example:
A worker slips while making deliveries, Workers’ Compensation pays for his doctor and other medical expenses.

What Is a Worker’s Compensation Rate?
Each job in your business is given a numeric “class code” and NCCI, the largest rating bureau, will determine a dollar amount per $100 of the actual payroll.

These rates are submitted to the states and then given to the insurance companies as a guideline for what they can charge. The insurance companies are able to deviate from the set rates due to their history and experience with that particular class code.

The more dangerous the job, the higher the rate in order to let the carrier collect premiums adequate to pay the potential claims.

You have no control over this portion of the equation.
Experience Modifier – Do You Know “Your Mod?”

Workers’ Compensation premium = Payroll x Rate x Experience Mod

- The experience Mod is also determined by NCCI. It compares your losses and payrolls to those of your peers. Say the average is 1.0.
  - Anything above 1.0 you pay the corresponding percent more in premium.
  - Anything below 1.0 you save the corresponding percent less in premium.

Why Is My Past So Important?

Your Experience Mod is driven off of your past losses

- Your 2013 Worker’s Compensation policy Experience Mod was driven off the losses from years 2012, 2011 and 2010. Bottom line is that you can control your experience mod and ultimately your Workers’ Compensation premium by controlling your losses and actively managing your past claims.
Why I Want to Know My Mod!

Example: Your Workers’ Compensation Payroll x Rate is $100,000

- Take a look at what the Experience Mod can do to that premium:
  - Mod 1.5
    - $100,000 Premium x 1.5 = $150,000
  - Mod .75
    - $100,000 Premium x .75 = $75,000
Major Insurance Coverage Terms, Tips, Tricks and Improvements

Frequency verses Severity

- Frequency of Claims Is Penalized More Than a Sever Claim
  - Frequency is looked at as an on going issue and the insurance carrier will look to charge more premium to protect itself
  - 10 claims of $10,000 each would adversely effect the Experience Mod and ultimately the premiums more than just one claim of $100,000
Employment Practices Liability

**Definition:**
A form of liability covering the wrongful acts stemming from the employment process. The most frequent types of claims alleged under such a policy would involve harassment, discrimination and wrongful termination.

Employee Benefits Liability

**Definition:**
The liability of an employer for an error or omission in the administration of an employee benefit program. A common type of claim would be the accidental failure to submit new hire paperwork to the health provider or the failure to advise employees of the benefits program available.
Major Insurance Coverage Terms, Tips, Tricks and Improvements

Director & Officer Liability

Definition:
A management error and omissions policy and serves to indemnify the directors and officers of a company that may be held personally liable for such errors, omissions or misrepresentations.

Excess Umbrella Liability

Definition:
A policy that only responds once the underlying limit of automobile or general liability are exhausted.
Cyber Liability

Definition:
A policy that covers the liability associated with the internet and any data stored on the internet.
Employee Benefits

Presented by:
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Topics of Discussion

- Health Care Reform Update – Are You Prepared for 2015
- Health Care Reform & Compliance Issues Review
- Actuarial Support
- Employee Benefits
- Employee Benefits Communication
- Human Resource Management
- Health Risk Consultants
- Wellness Solutions
Employer Shared Responsibilities: 
General Rule

- An applicable large employer must offer an employer-sponsored plan (minimum essential coverage) that provides affordability & minimum value to substantially all full-time employees (as defined under the law) & child dependents on an annual basis.
- Or be subject to a potential non-deductible PENALTY tax beginning on 1/1/15, unless transition relief applies.
- **Penalties** (triggered if 1+ employees receives Exchange subsidy) are assessed on monthly basis:
  - **$2,000** annual penalty ($167 monthly) per full-time employee (less 30), if plan is not offered to 95%+ of full-time employees & their child dependents.
  - **$3,000** annual penalty ($250 monthly) per full-time employee receiving an Exchange subsidy, if not offered an affordable minimum value plan.
- If employer offers multiple plan options, only one plan must meet these requirements.
Employer Shared Responsibilities: Applicable Large Employer

- An employer with 50+ full-time & full-time equivalent employees.
- Measurement is based on the average number of employees on business days during the previous calendar year.
- Special rule for new employers.
- Calculate by combining (1) number of full-time employees (work 30+ hours per week or 130 hours monthly) & (2) part-time employees (work 120 hours or less monthly) pro rata (total number of service hours for all non-full-time employees ÷ 120 hours).
- 2015 transition relief: May use headcount for any six (or more) consecutive months during 2014, instead of full year 2014.
Employer Shared Responsibilities:
Applicable Large Employer

- Seasonal worker exception: If an employer’s workforce exceeds 50 for 120 days (four months) or fewer during a calendar year (not required to be consecutive), & the employees in excess of 50 who were employed during those months were seasonal workers, then the employer is not an applicable large employer.

- Controlled group (e.g., parent-subsidiary & brother-sister) & affiliated group rules apply; EIN is irrelevant. However, penalties are assessed on a per applicable large employer member-basis.

- This number is only used to determine applicable large employer status & is not used to calculate penalty amounts.
2015 Transition Relief: Medium-size Employer

Employer with 50-99 employees – Full-time & full-time equivalents combined in 2014

- Penalties delayed until 1/1/16 if:
  1. Minimum value, affordable health plan is offered by 1/1/16
  2. No reduction in workforce or aggregate service hours to get under 100 without bona fide business reason 2/9/14-12/31/14
  3. No material reduction or elimination of coverage in place on 2/9/14
  4. No change to plan year after 2/9/14
  5. Certification to IRS (Section 6056 reporting)
2015 Transition Relief: Non-calendar Plan Year

Employer-sponsored plan with a non-calendar year

- Based on ERISA plan year, which may differ from renewal date on coverage period.
- Penalties delayed until first day of 2015 plan year based on three sets of transition relief. All relief provisions require:
  1. Non-calendar year plan in place 12/27/12 with plan year unchanged after that date.
  2. Minimum value affordable health plan offered by first day of 2015 plan year.
  3. Employee not eligible for coverage under any group health plan with a calendar year maintained by the employer as of 2/9/14.
1. Delayed for all employees, if either:
   • One fourth or more of all employees were covered as of any date in the 12 months ending on 2/9/14.
   • One third or more of all employees were offered coverage during last open enrollment held before 2/9/2014.

2. Delayed for full-time employees, if either:
   • One third or more of all full-time employees were covered as of any date in the 12 months ending on 2/9/14.
   • One half or more of all full-time employees were offered coverage during last open enrollment held before 2/9/2014.

3. Delayed for employees who are/would be eligible (pre-2015 eligibility transition):
   • Employees (whenever hired) who are eligible for coverage on the first day of the 2015 plan year under the eligibility terms of the plan as of 2/9/14, (whether or not they take the coverage).
2015 Transition Relief:
Other

- Penalty Reduction: $2,000 annual penalty is assessed on all full-time employees (less first 80 employees) if plan is not offered.
- Offer of Coverage Reduction: Plan must only be offered to 70% of full-time employees & their child dependents.
Full-Time employees

- Dependents (Up to age 26)
  - Biological Child
  - Adopted Child
  - Not required: Step Child & Foster Child
  - 2015 transition relief: If employer does not offer dependent coverage, or does not cover all the required categories of children, such as adopted children, the penalty will not apply if an employer takes steps during the 2015 plan year toward offering dependent coverage in 2016 & does so.

- No requirement for SPOUSAL coverage
Employees whose service hours average 30+ hours per week (130+ hours per month):

- **Common Law Employee Standard:** Do you have the “right to control” & direct the individual’s work? Do you have the ability to control what the individual does & how he will do it?
  - Consider 1099 workers & workers from a staffing agency

- **Service Hours** include each hour an employee is (entitled to be) paid for performance of duties, vacation, holiday, illness, incapacity (disability), layoff, jury duty, military leave or leave of absence. Certain special unpaid leave is included – FMLA, USERRA Leave & unpaid jury duty. Generally work outside the U.S. is excluded. Typically, unpaid intern hours would not be included.

- **Controlled Group Rules:** Total hours served amongst all applicable large employee members
Two Methods to Measure Hours:

1. Monthly
2. Lookback (Note: 2015 transition relief to measure hours for six months & maintain a 12 month stability period).

Limited duration employment is not relevant.

Can vary method based on specific EE categories only:

- Union & non-union
- Salaried & hourly paid
- Each group of union workers covered by a separate CBA
- Different state (geographical) locations
New Employee – an employee not yet employed for one full standard measurement period (under the lookback method).

Types of new employees:

- **Non-Variable (Full-time)** – Employer can determine at start date whether employee is reasonably expected to work 30+ hours (non-seasonal). No penalty for failing to offer coverage for initial three full calendar months from start date.
- **Part-time** – Employer expects employee to average less than 30 hours weekly. Employer may measure hours under lookback method.
- **Variable** – Employer cannot reasonably determine at start date that employee is reasonably expected to work 30+ hours due to uncertain/variable hours; length of employment is irrelevant. Employer may measure hours under lookback method.
- **Seasonal** – Employee works on a seasonal basis (usually less than six months with similar start date annually). Employer may measure hours under lookback method.
Minimum value: the plan must cover is 60% of the total allowed costs of benefits provided under the plan.

Minimum value determination:

- Safe Harbor minimum value checklists
- Actuarial calculation plus calculator (when the above methods alone are not feasible due to unique plan design)

$250 monthly penalty/employee receiving an Exchange subsidy may be triggered if minimum value is not provided.
Affordability requires that an employee contribute no more than 9.5% of income for single coverage.

Three safe harbors (Form W-2, Rate of Pay, Federal Poverty Line).

May use Rate of Pay even if employee’s rate of pay is reduced mid-year.

Cannot use Rate of Pay for tipped employees.

May use one or more safe harbors & may vary use of safe harbors by reasonable employee categories.

$250 monthly penalty/employee receiving an Exchange subsidy may be triggered if plan is unaffordable.
6055 & 6056 Reporting Requirements

- **§ 6055 Minimum essential coverage reporting** by all entities that provide insurance (insurance companies, self-insured employers, governmental entities & others) filed with the IRS & given to the individuals who receive coverage.

- **§ 6056 Applicable large employer reporting** filed with the IRS & given to individuals to report whether they offered affordable coverage to their full-time employees.

- A single, combined form is available for self-insured employers, which are generally subject to both reporting requirements.
6055 & 6056 Reporting Requirements

- Large employers with fully insured plans will complete only the top half of the form for § 6056 reporting & the insurance company will complete a separate form to satisfy its § 6055 obligation.
- Employers file Form 1094-C with the IRS by February 28 following the reporting year (March 31st if filing electronically) & provide Form 1095-C to full-time employees by January 31st following the reporting year.
§ 6056 General Method of Reporting information with respect to each full-time employee to include the following:
- Employer name, address & Tax ID
- Name & phone number of employer's contact person
- Calendar year for which the information is reported
- Whether the employer provided minimum essential coverage to full-time employees & their dependents
- Months minimum essential coverage was available
- Each full-time employee's monthly cost for employee-only coverage under the employer's minimum value plan
6056 Reporting Requirements

- Number of full-time employees for each month
- Name, address, & tax ID of each full-time employee during the year & the months the employee was covered
- Any other information specified in forms, instructions, or published guidance

Note: Two Simplified Reporting options available to qualifying employers.
Fee for first year of applicability is $1 per covered life. $2 in second year.

Three methods to calculate fee:
- Actual Count Method
- Snapshot Methods
- Form 5500 Method

Reported on Form 720, Quarterly Federal Excise Return.

Fee & return due by July 31st of the calendar year immediately following the end of the policy or plan year.

Insurers file & pay on behalf of insured plans. Employers who sponsor self-funded plans file & pay directly.
Transitional Reinsurance Fee

- 2014 fee: $5.25 per month ($63 per year) per covered lives.
- Entity submits annual enrollment count to HHS no later than November 15th based on enrollment data from the first nine months of the year.
- Within 30 days of this submission or by December 15th, whichever is later, HHS would notifies each contributing entity of the fee total.
- Payment made in two installments: $52.50 in January 2015 (for reinsurance payments & for administrative expenses) & $10.50 late in the 4th quarter of 2015 (for payments to the U.S. Treasury).
With continued changes in employee benefit legislation and health care reform legislation, it can be difficult for employers to make sound choices for their businesses.

- Employee benefits programs should not only be competitive, but also compliant with legal requirements.
- Remaining current on federal legislation, including ERISA, COBRA, HIPAA and IRS Codes.
- Being informed of changes in the laws that affect employer-sponsored benefits, as well as address issues specific to their needs.
Health and welfare plan costs, risk management and plan forecasting make designing benefits plans more efficient and effective. Actuarial services can include:

- Estimations of utilization and out-of-pocket cost expenses
- Plan cost comparisons by design and employee contributions
- 10-year health care cost projections for both employer and employee

Milliman – is one of the world’s largest actuarial firms and industry leader in benchmarking data. Their independent and impartial actuarial analysis, reporting and projections are superior and their model is even used by major insurance carriers (BCBS, UHC, etc.).
Employee Benefits

- Employee benefits are offered for two primary reasons:
  - Recruiting and retaining quality employees
- Rising costs make benefits appear to be just another expense. Employers need well rounded benefit packages and an effective communication plan to inform employees of their benefits.

- How competitive is your employee benefits package?
  - Medical (self-funded/fully-insured)
  - Consumer Driven Health Plan (HRA/HSA)
  - Dental and Vision
  - Life Insurance Plans
  - Accidental Death and Dismemberment Plans
  - Short-Term and Long-Term Disability Plans
  - Voluntary Benefits
  - Long-Term Care Plans
  - Employee Assistance Programs
  - Worksite Benefits
  - Flexible Spending Accounts
Employee Benefits Communication

- Having a clear and direct communication plan insures that employees are knowledgeable about all benefits available to them.

- An effective communication plan would include:
  - Content Development
    - The intended message of the employer
  - Design and Brand
    - Graphic design and document creation
  - Survey & Interview Employees
    - Create and analyze
  - Communication Formats
    - Benefit Guides
    - Benefit Statements
    - Calendar
    - Posters
    - Postcards
    - Emails
    - Weblinks
Human Resource Management

- An efficient, well-structured human resources plan is crucial for recruiting, employee relations, and employee performance. Without the proper policies and procedures in place, your greatest asset—your employees—can become your greatest liability.

- Many times, employers and professionals who manage the human resources aspect of the organization do so in addition to many other day-to-day responsibilities.

- Working with a Human Resource Consultant can be a viable solution.
When working with a Human Resource Consultant, how complete are their available resources? Some topics to consider

- Risk Prevention
- Compensation Analysis
- Day-to-day employee relations support
- Policy handbook review, revision and development
- Client education / legislative updates
- Web-based risk management portal
- Customizable training programs
  - i.e. Preventing Harassment in the Workplace, Discipline and Discharge, Diversity Training, Team Building, HR101 for Supervisors, FMLA101 for Supervisors, FLSA101 for Supervisors
When designing comprehensive health plans, employers need to understand various tax advantages, as well as make appropriate vendor choices based on wellness offerings, account administration, transparency, and data analytic solutions.

Key considerations in designing a consumer-driven health care model include:

- Plan Design
- Behavior-Based Incentives
- Tax Advantaged Accounts
- Transparency Tools
- Clinical Programs
- Wellness Solutions
Employers need to determine appropriate objectives for multi-year Consumerism/Wellness strategy that aligns with their corporate culture. A Wellness Consultant can help with:

- Assistance with appropriate plan design development and funding
- Tax advantaged account implementation based on analysis of needs and employer liability
- Incorporation of transparency tools which highlight cost and quality of health care
- Research, development and implementation of appropriate clinical programs & wellness solutions
- Strategize on ways to incent employees to engage in consumer behaviors that drive down overall health care spend
- Provide ongoing implementation, education and communication support
Wellness – **DONE RIGHT** – can make a difference

<table>
<thead>
<tr>
<th>Traditional Wellness</th>
<th>Impactful Wellness</th>
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</thead>
<tbody>
<tr>
<td>Communication is main focus</td>
<td>Communication is a supplement</td>
</tr>
<tr>
<td>Activity based</td>
<td>Activities are a supplement</td>
</tr>
<tr>
<td>Not tied to the health plan</td>
<td>Tied to the health plan</td>
</tr>
<tr>
<td>Honor system HRAs</td>
<td>Clinical biometric screenings</td>
</tr>
<tr>
<td>Participation = reward</td>
<td>Outcome = rewards</td>
</tr>
</tbody>
</table>
Thank You!