

# Highlights & perspectives from the 2020 Northwest Benefits Survey

AUGUST 4, 2020

Dave Evans  
Garry Simmons  
Charlie Clark



# Caveats

The information provided in today's presentation should be considered incomplete without the benefit of the discussion that accompanied it. The observations described in the presentation are not necessarily applicable to any specific organization. Users of the information provided in this presentation should be advised by professionals with experience in relevant domains.

The opinions provided in the presentation are those of the authors/presenters and should not be attributed to Milliman, Inc.

# Today's presenters



**Dave Evans**  
Survey Manager



**Garry Simmons**  
Director, Health & Group  
Benefits Consulting



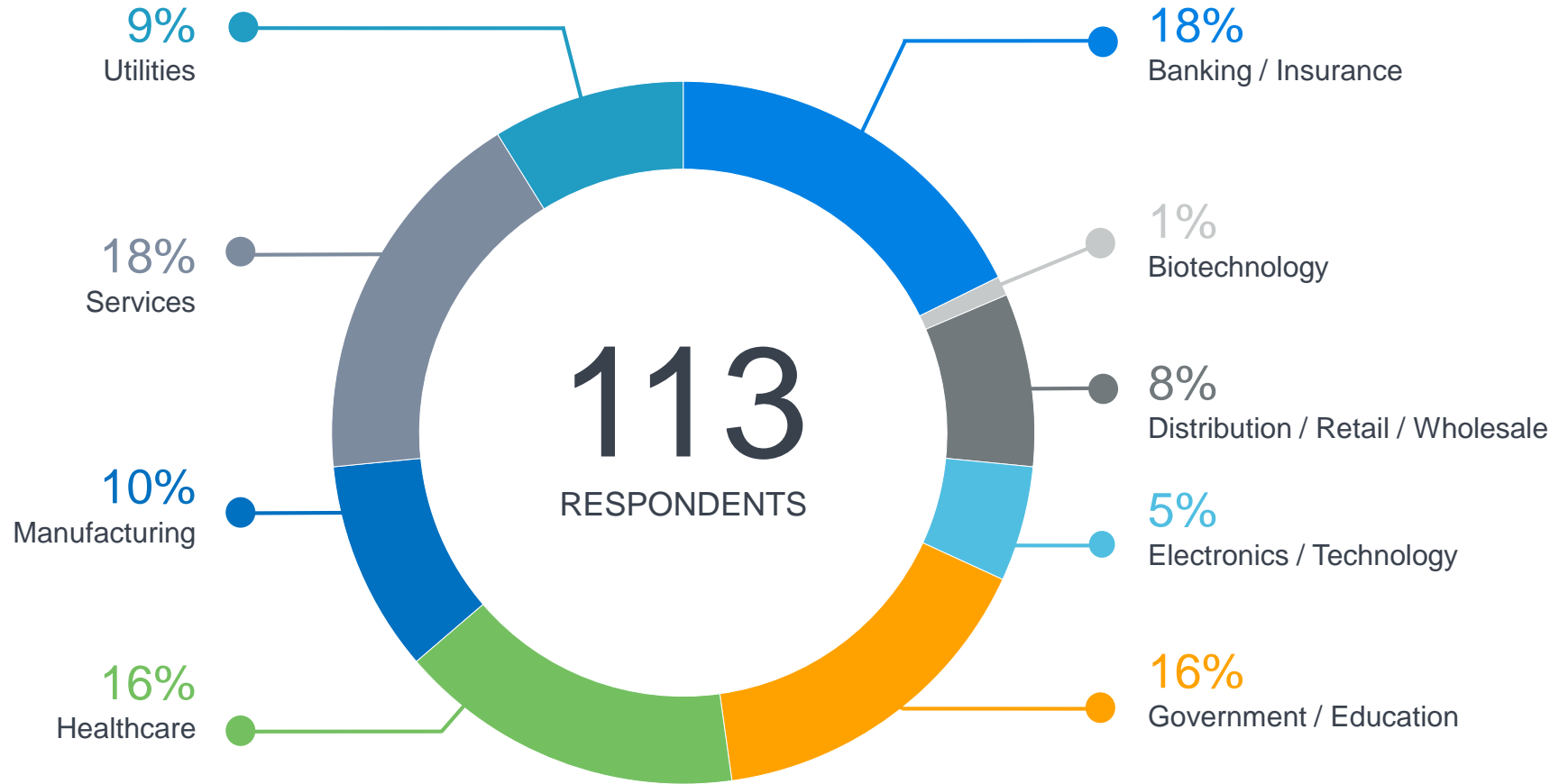
**Charlie Clark**  
Principal & Director of Milliman's  
Employee Benefits Research Group



# LIVE POLL 1

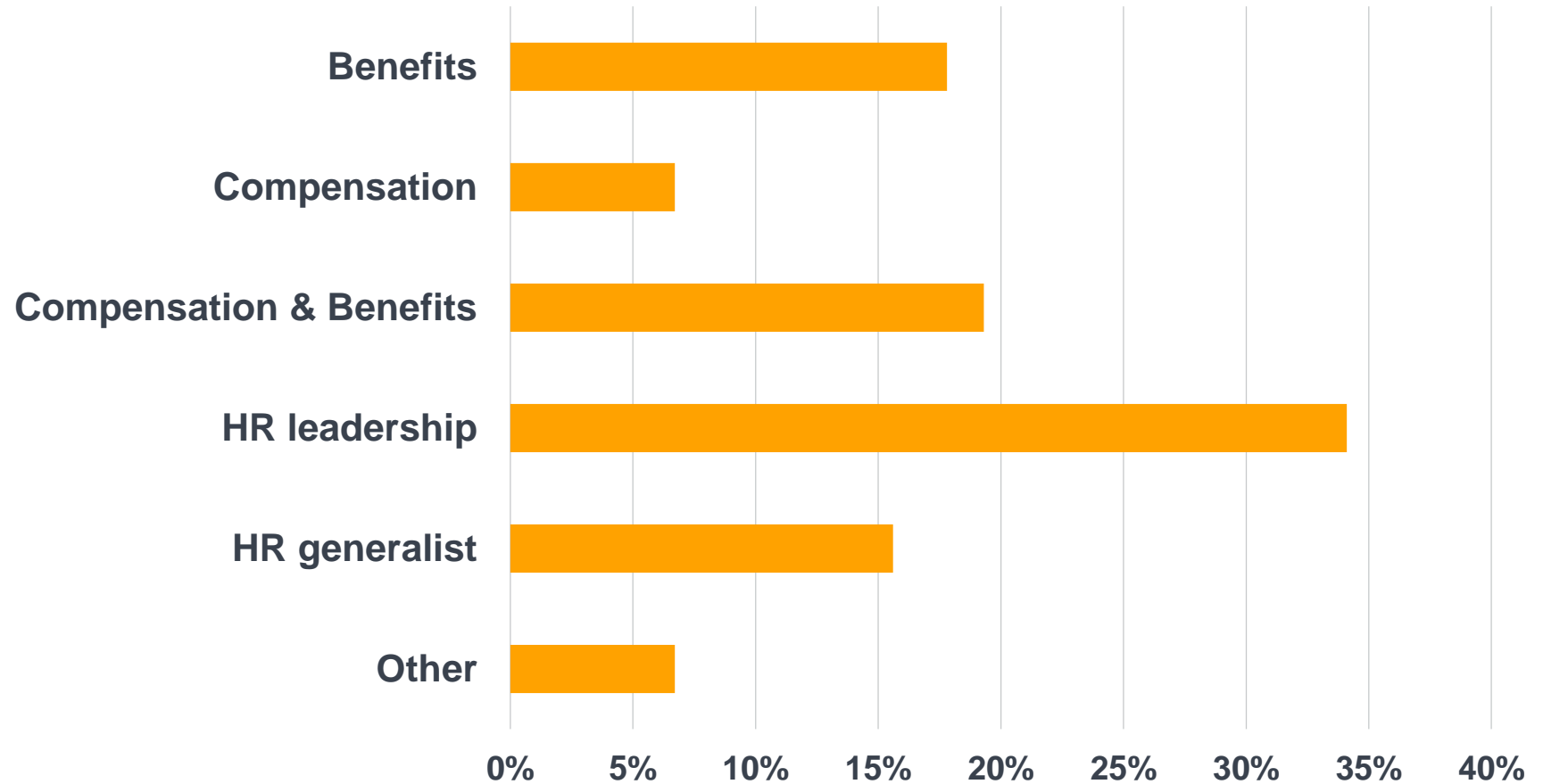
- In which industry do you work?
- What is your role within your organization?

# In which industry do you work?



Source: Results of live in-webinar poll on August 4, 2020. Duplicate submissions within the same organization were eliminated from the data set (n=113).

# What is your role within your organization?



Source: Results of live in-webinar poll on August 4, 2020 (n=135).

# Agenda

1. What does the data show?
2. Perspectives on top employer priorities
3. Review of federal legislation and regulations
4. Q&A



**What does the data show?**



# What does the data show?

## 2020 NORTHWEST BENEFITS SURVEY

Employee benefits data and trends, retirement plans, medical coverage, PTO, cost sharing, supplemental benefits, etc.

*14<sup>th</sup> Annual Survey*



**138 participating** employers  
**12 major benefit areas** surveyed

**Data released**  
**Data effective**

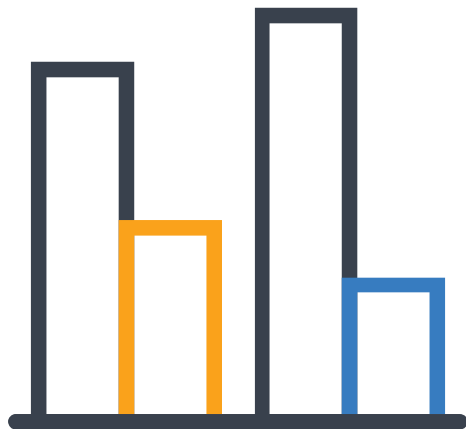
June 23, 2020  
January 2020

Guidance provided by a **Steering Committee** of cross-industry, benefits and HR leaders.

# 2020 Northwest Benefits Survey

## OBJECTIVES

- Provide comprehensive benefits data for northwest employers
- Provide benefit value comparisons
- Measure trends in northwest benefits



## SURVEY CONTENT

- Medical, dental and vision
- Summary benefit comparisons
- Cost containment methods
- Life insurance
- Long-term disability
- Retirement
- Retiree medical
- Paid time off
- Miscellaneous benefits
- Supplemental benefits

# 2020 survey additions

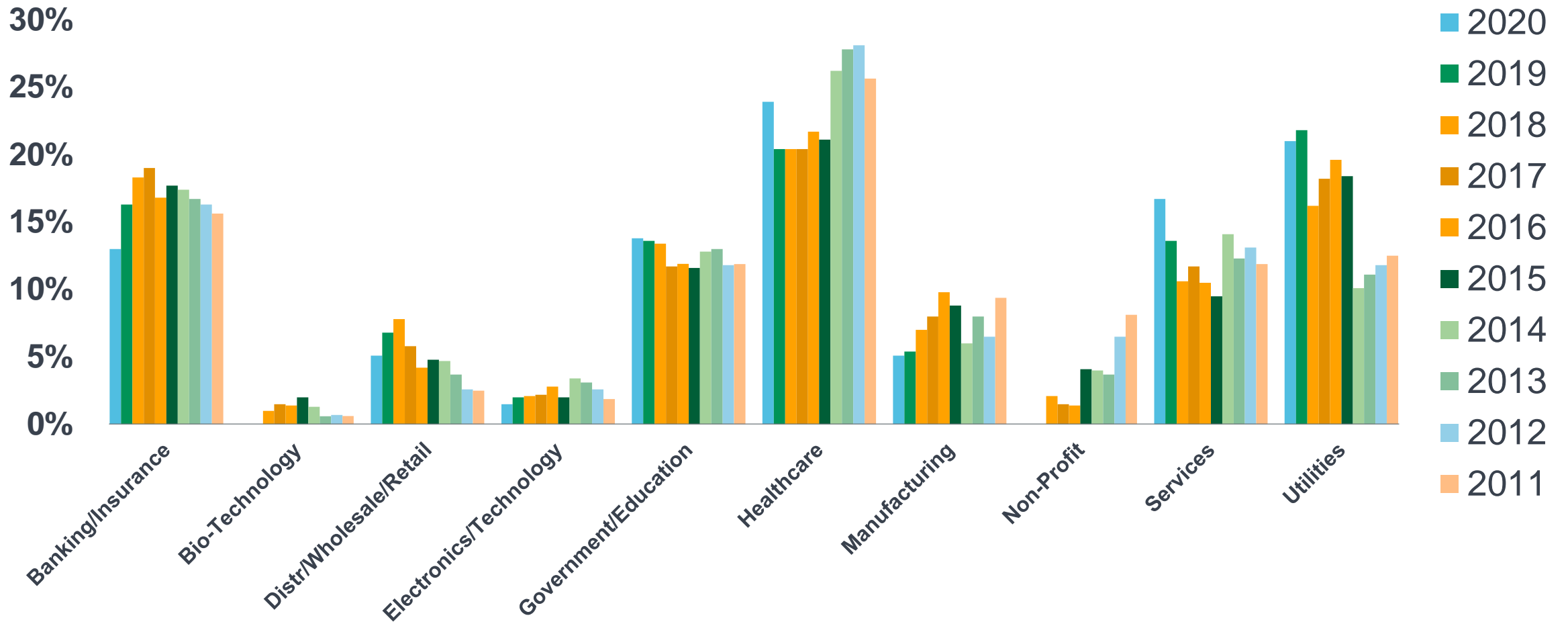
Guided by Northwest Benefits Survey Steering Committee



- Washington State Paid Family and Medical Leave Program
- Additional detail on plans to utilize cost containment strategies
- Prevalence of unique arrangements, e.g. narrow network, level funding, episode-of-care, etc.
- Flexible spending account features
- Alternative care additions
- Miscellaneous benefits, e.g. casual dress code, intramural sports, meals provided, summer flex hours, etc.

# Participant overview

Participants by industry sector



# 2020 Northwest Benefits Survey

## Notable findings



### Medical renewal increases

- 7.5% in 2019 to 6.9% in 2020
- Covering increase: **19%**
- Maintain cost-share: **50%**
- **29%** reported no increase in medical premiums



### Telehealth availability

**Offered by 76% of plans →**  
An increase of 23% from 2019

### Most prevalent cost containment measures

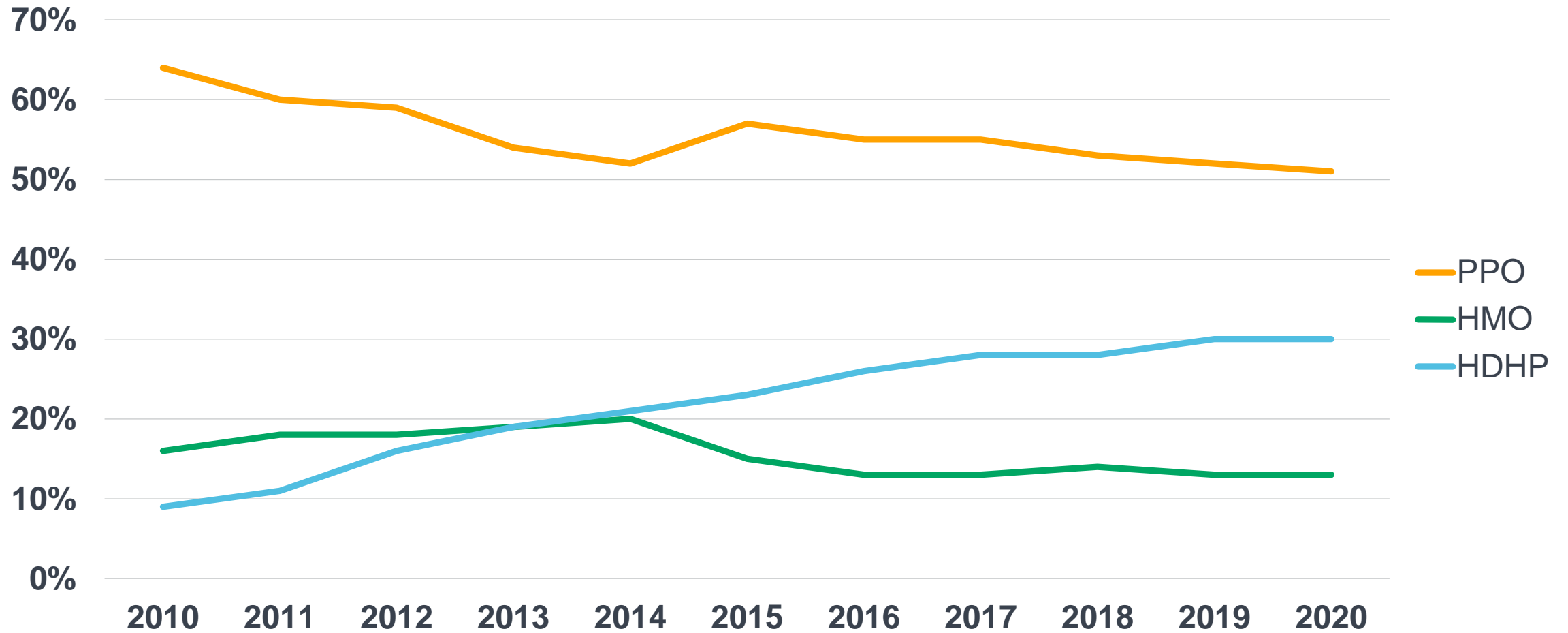
- Generic drug use requirement **29%**
- Switched pharmacy formularies **24%**
- Added wellness plan **23%**
- Added high deductible plan **19%**
- Changed HSA/HRA amount **19%**
- Converted a plan to self-insured **17%**
- Changed carrier or TPA **14%**



Source: Milliman Northwest Benefits Survey, June 2020

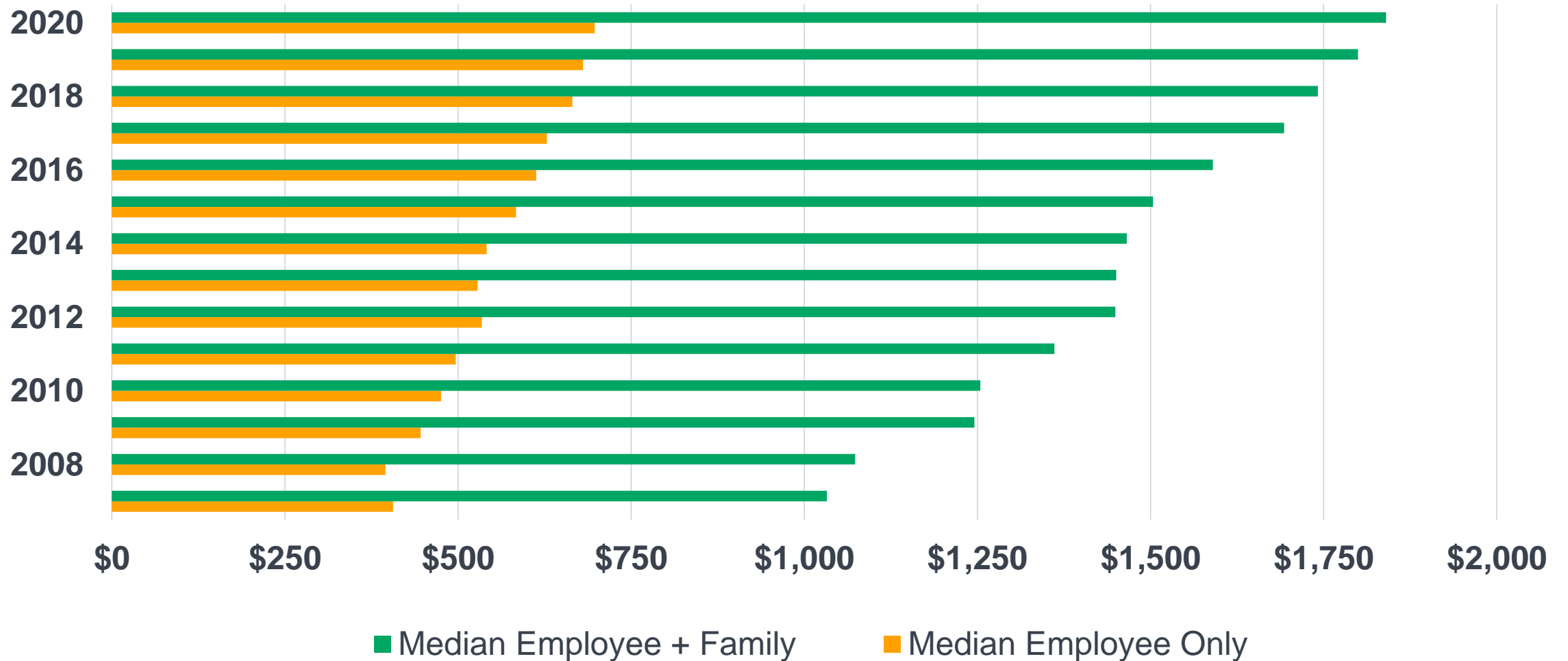
# Medical plan types

Reported prevalence during the past decade



# Median monthly premiums for single and family coverage

14 year lookback



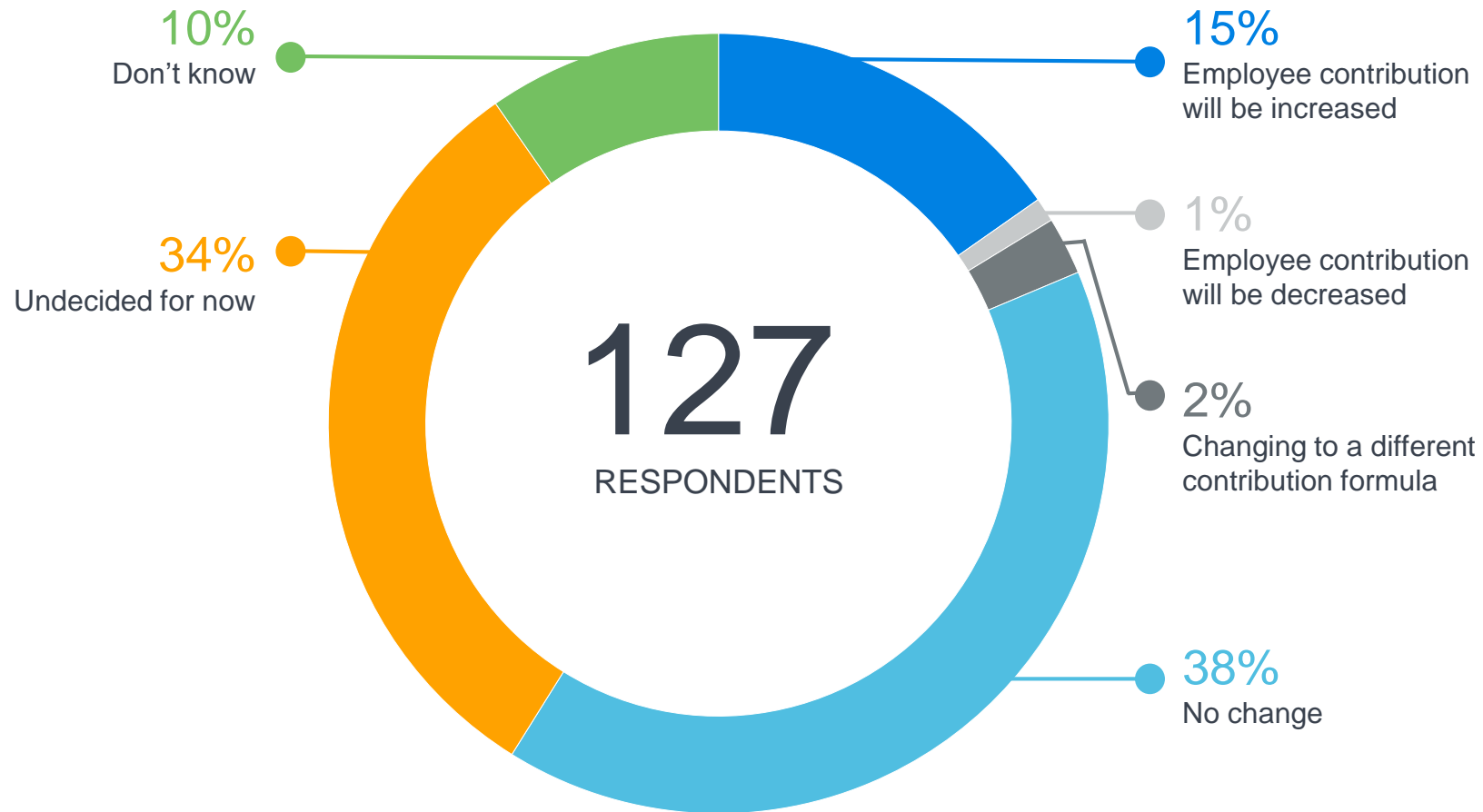


## LIVE POLL 2

- As of now, what are your intentions regarding how employee medical premium contributions will be adjusted for 2021?



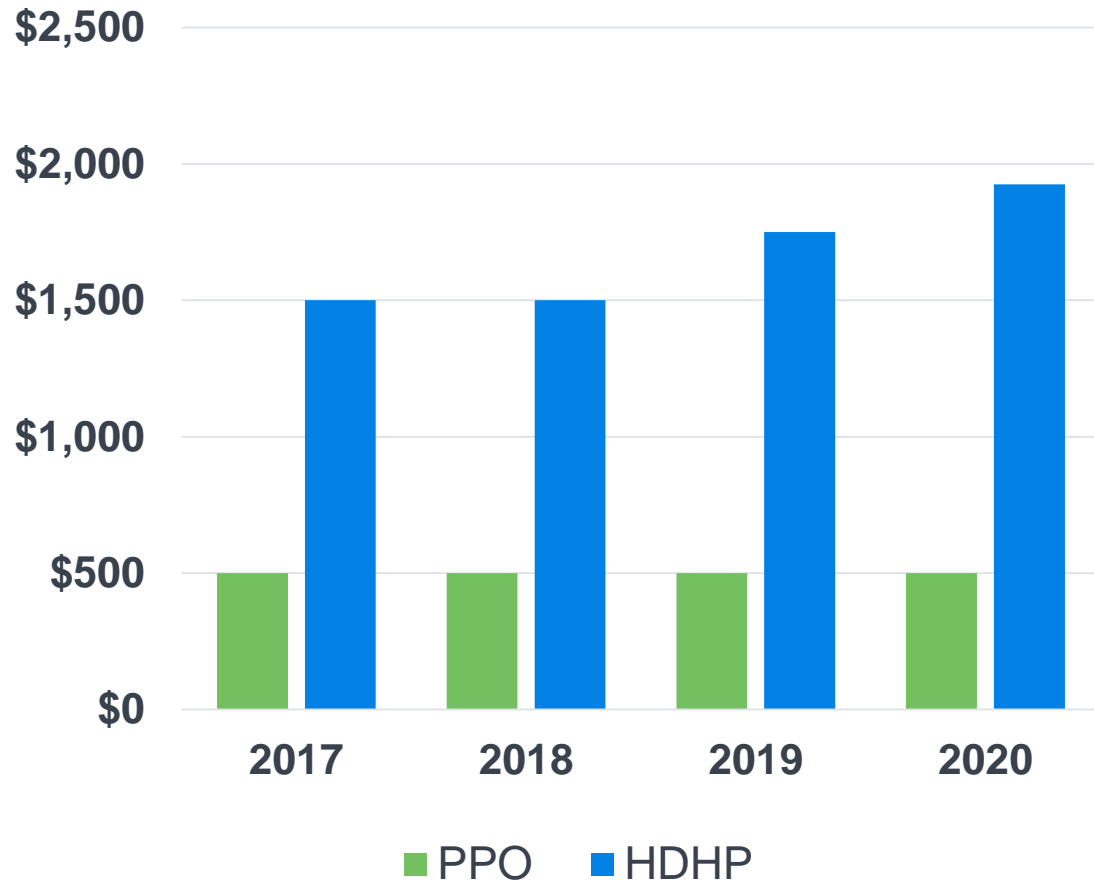
# As of now, what are your intentions regarding how employee medical premium contributions will be adjusted for 2021?



Source: Results of live in-webinar poll on August 4, 2020. Duplicate submissions within the same organization were eliminated from the data set (n=127).

# Median in-network deductible

## Individual

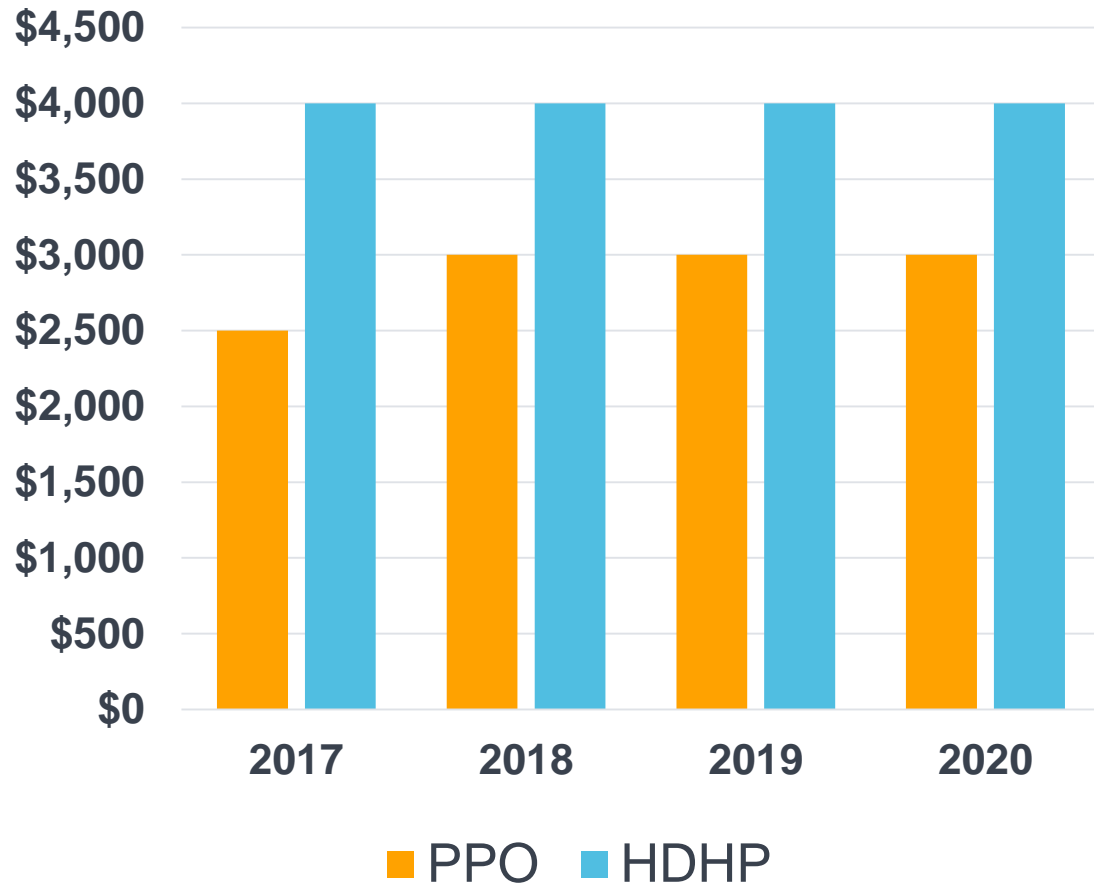


## Family

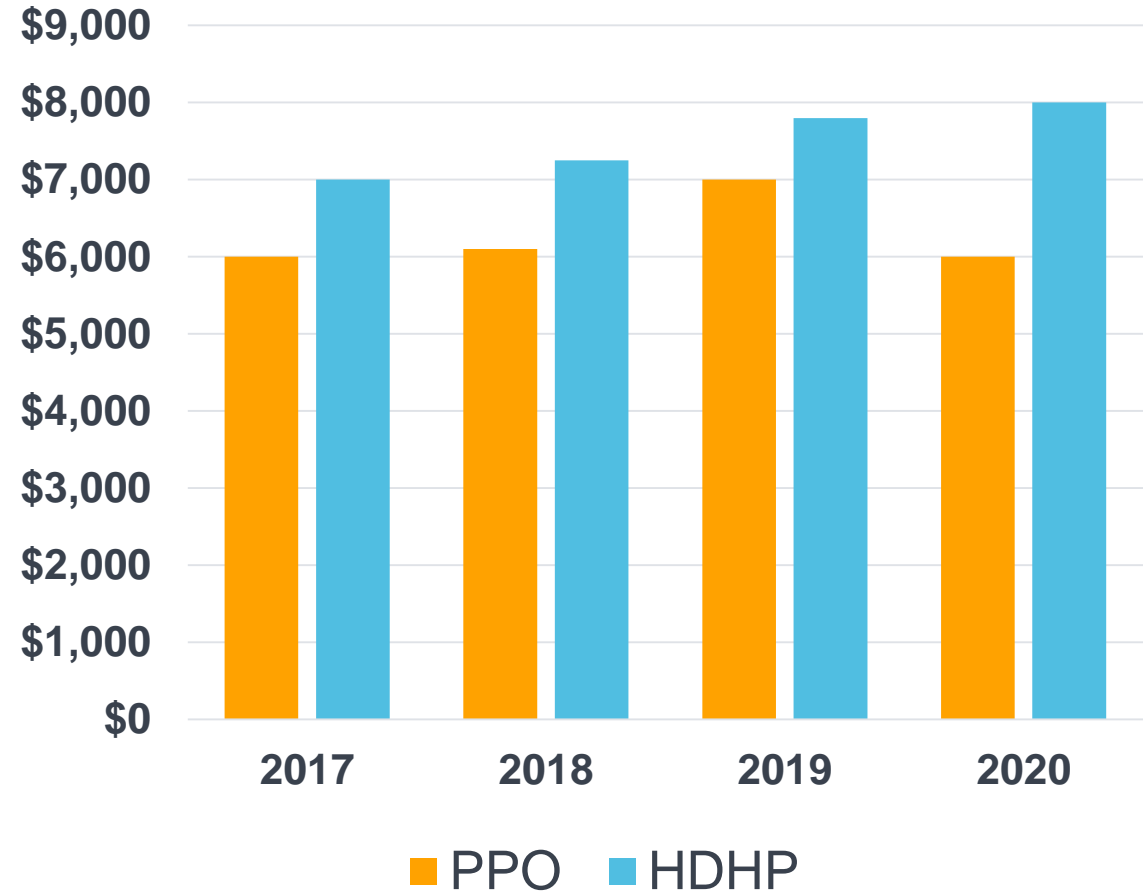


# Median in-network out of pocket maximum

## Individual



## Family



# PTO and parent work/life balance amid a pandemic

A majority of working parents (78%) are concerned that the current **lack of child-care options** will have a lasting effect on their future career prospects and quality of life.

**1/3 of working parents** report that at least one partner has left the workforce or reduced their hours to part-time.



Source: *'I am definitely panicking': Parents say school opening plans leave them without any good options.* CNBC, July 16, 2020.  
<https://www.cnbc.com/2020/07/16/parents-say-school-reopening-plans-leave-them-without-any-good-options.html>

# PTO and parent work/life balance amid a pandemic

## CURRENTLY AVAILABLE

- Median number of PTO days for 5 years of service is 184 hours (23 days)
- Emergency paid sick leave (EPSL) / emergency FML expansion
- Washington State Paid Family and Medical Leave (when applicable)



## POTENTIALLY AVAILABLE

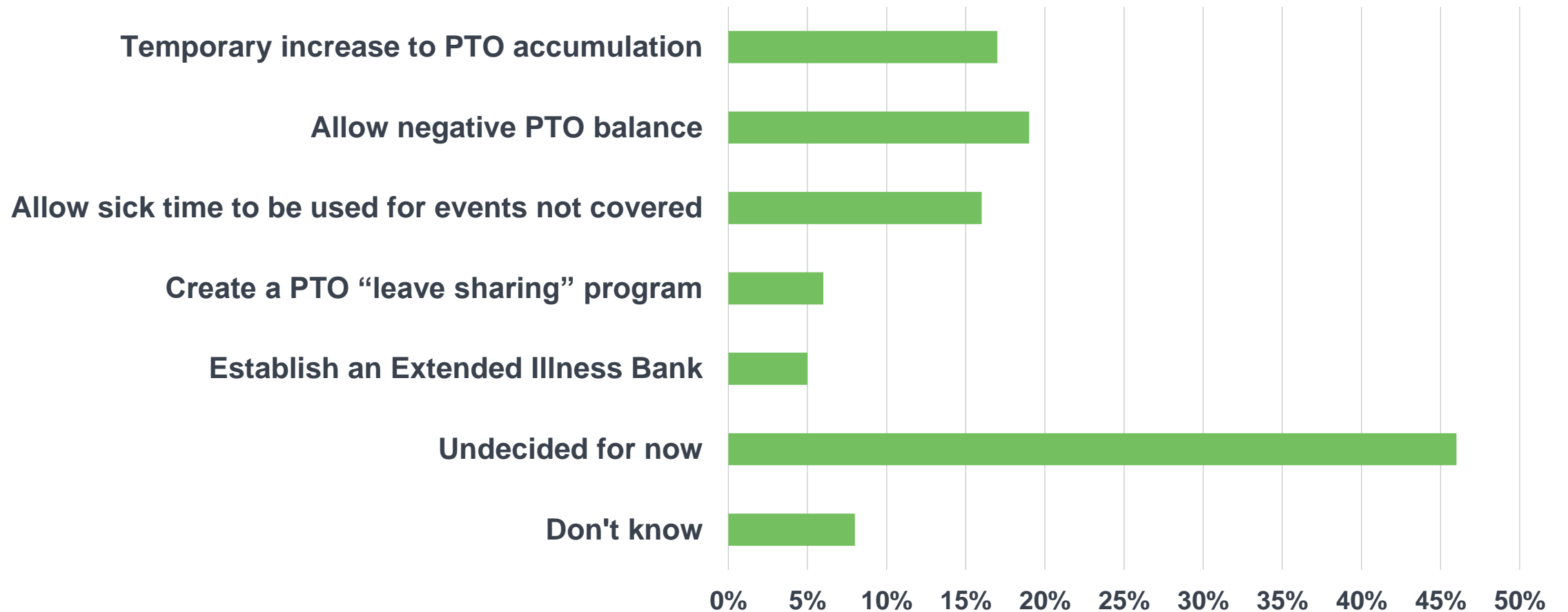
- Allowing negative PTO balance
- Creating a PTO “leave sharing” program
- Allowing sick time (if offered) to be used for events not covered
- Establishing an extended illness bank (EIB)  
*30% of respondents offer an average of 6 days of EIB per year.*
- Subsidizing emergency child-care when schools or daycares close unexpectedly
- Flexibility!



## LIVE POLL 3

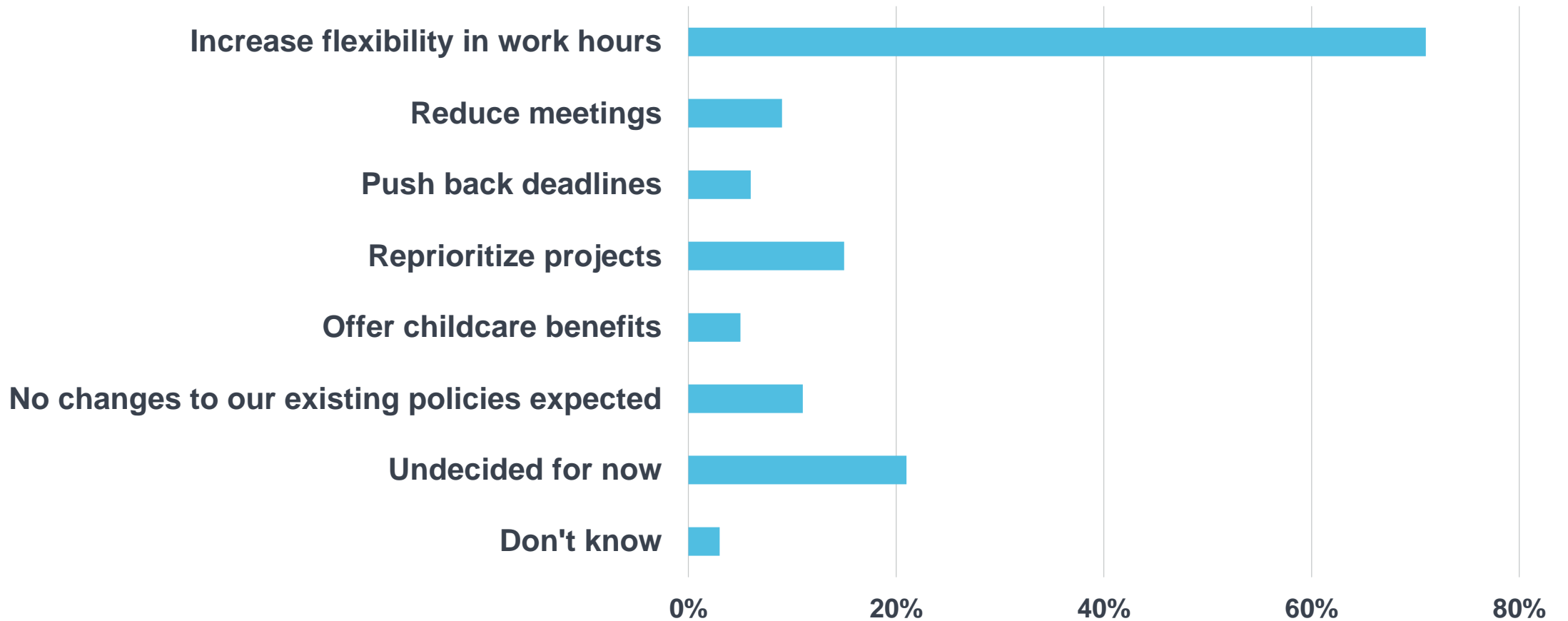
- In response to the effects of COVID-19 on the workplace, what changes have you made or are you considering making to your PTO policies?
- What changes have you made to or are considering making to accommodate parents with school-age children?

# In response to the effects of COVID-19 on the workplace, what changes have you made or are you considering making to your PTO policies?



Source: Results of live in-webinar poll on August 4, 2020. Duplicate submissions within the same organization were eliminated from the data set (n=128).

# What changes have you made to or are considering making to accommodate parents with school-age children?

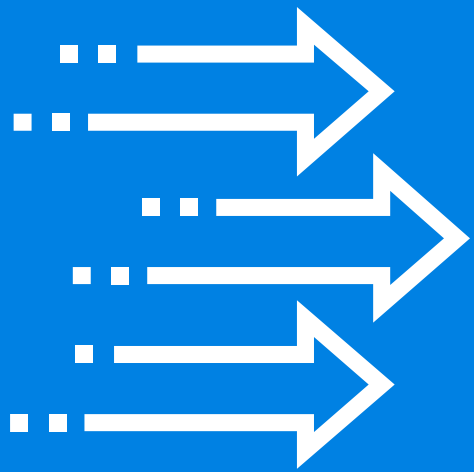


Source: Results of live in-webinar poll on August 4, 2020. Duplicate submissions within the same organization were eliminated from the data set (n=128).





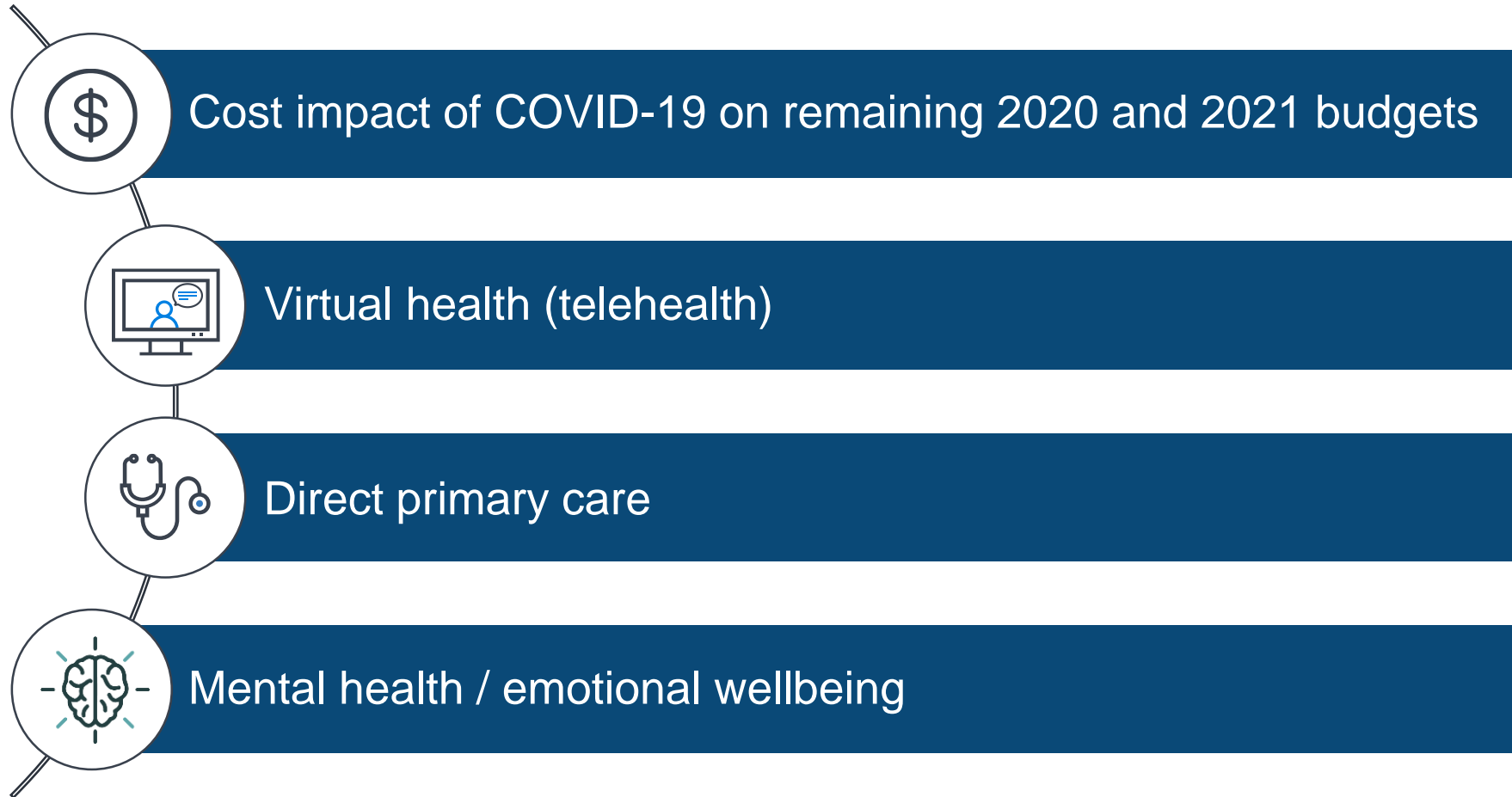
**Brief pause for questions**



# Perspectives on top employer priorities

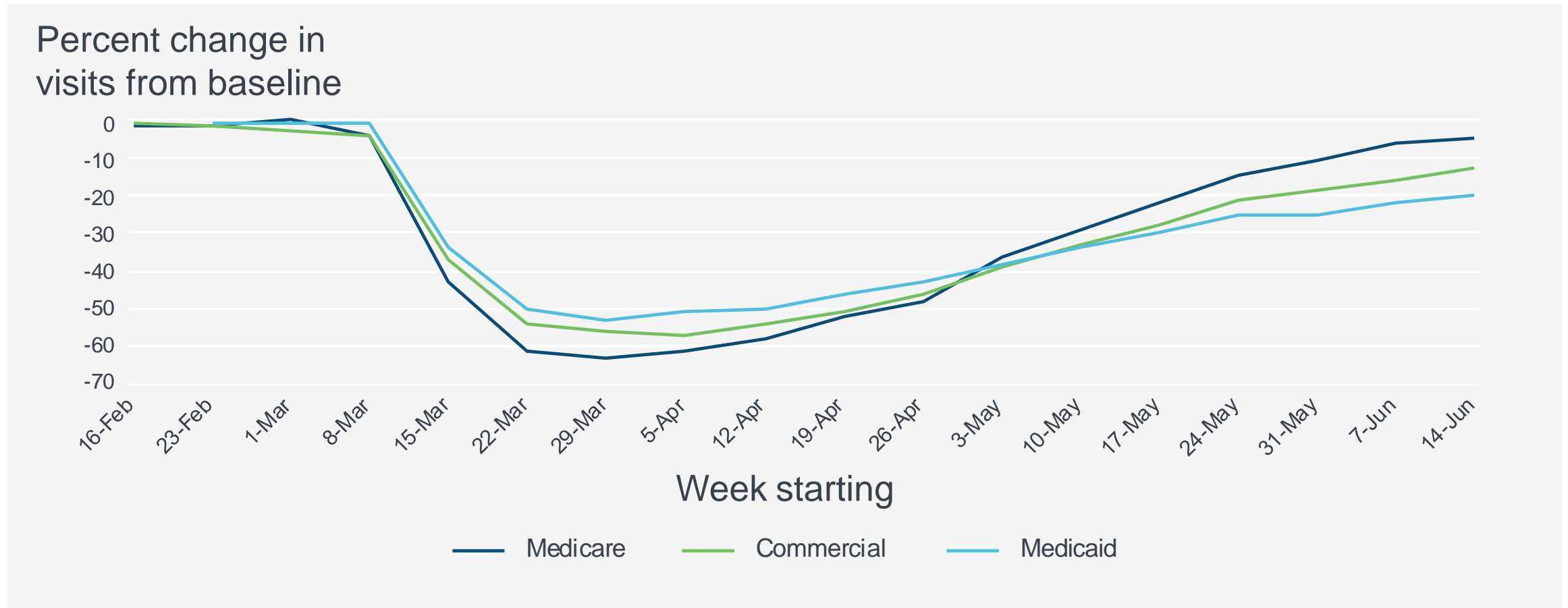
# Post COVID-19

What are employers targeting as post-COVID-19 priorities?



# COVID-19's impact on remaining 2020 and 2021 budgets

Deferred care



Source: Ateev Mehrotra et al., The Impact of the COVID-19 Pandemic on Outpatient Visits: Practices Are Adapting to the New Normal (Commonwealth Fund, June 2020). <https://doi.org/10.26099/2v5t-9y63>

# COVID-19's impact on remaining 2020 and 2021 budgets

Emergency room: Some usual, necessary acute care is not received (foregone)

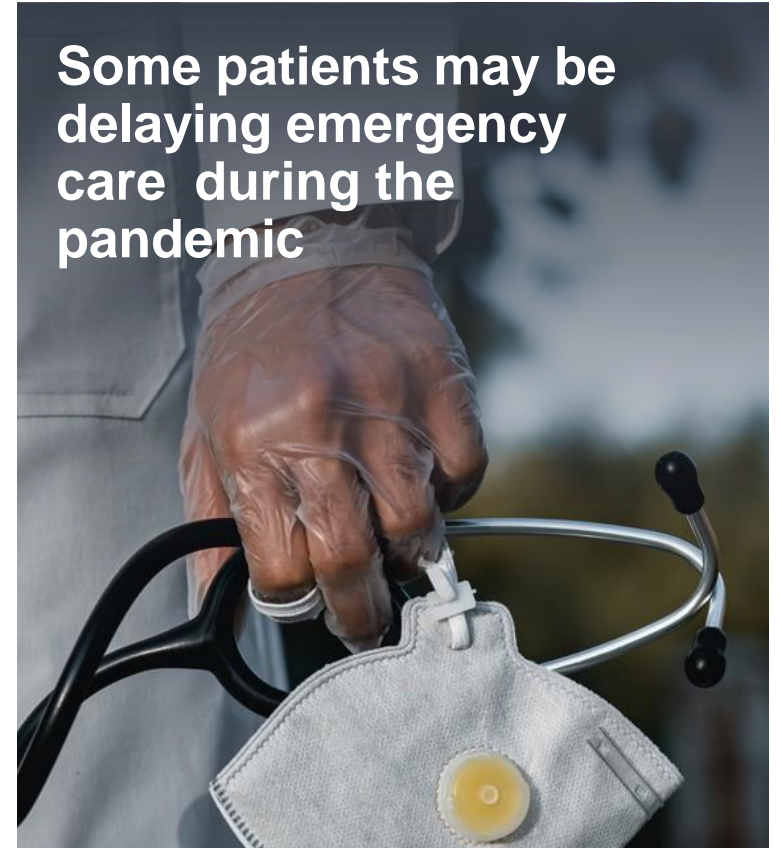
## Emergency department visits declined

A decline in visits for serious conditions might result in complications or death

42%\*

\*U.S. emergency department visits March 29–April 25, 2020, compared with March 31–April 27, 2019

Some patients may be delaying emergency care during the pandemic



Source: English, Roseanne, et al. Impact of the COVID-19 Pandemic on Emergency Department Visits — United States, January 1, 2019–May 30, 2020. Centers for Disease Control and Prevention. Morbidity and Mortality Weekly Report (MMWR). June 12, 2020. Vol. 69(23);699–704.

<https://www.cdc.gov/mmwr/volumes/69/wr/mm6923e1.htm>

# COVID-19's impact on remaining 2020 and 2021 budgets

Non-essential care

About half of the public says they have skipped or postponed medical care because of the coronavirus outbreak.

<b>52%</b>	No
<b>48%</b>	Yes
<b>1%</b>	Don't know

Of the 48% who skipped or postponed medical care:

**36%**  
Did not get worse

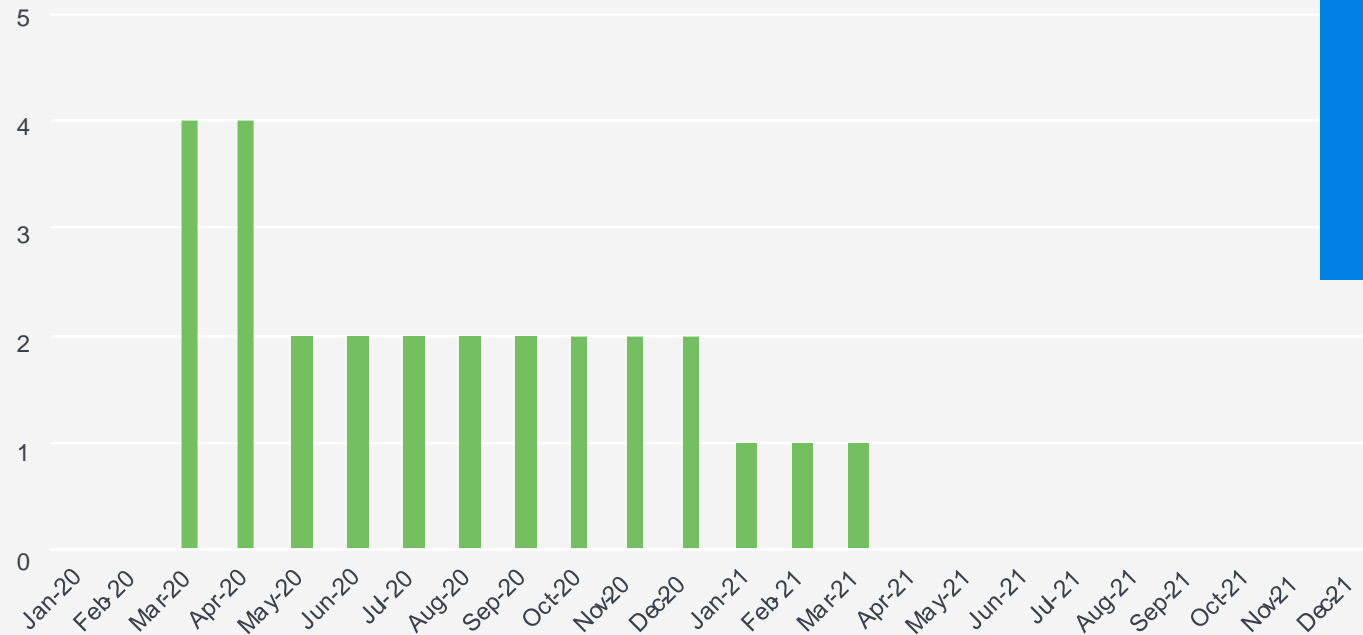
**11%**  
Got worse

Source: Hamel, Liz et al. May 2020. Impact of Coronavirus on Personal Health, Economic and Food Security, and Medicaid. Henry Kaiser Family Foundation (KFF). KFF Health Tracking Poll. May 27, 2020. <https://www.kff.org/report-section/kff-health-tracking-poll-may-2020-health-and-economic-impacts>

# COVID-19's impact on remaining 2020 and 2021 budgets

Scenario 1: Winter 2020 vaccine

Deferral strength (sample region)



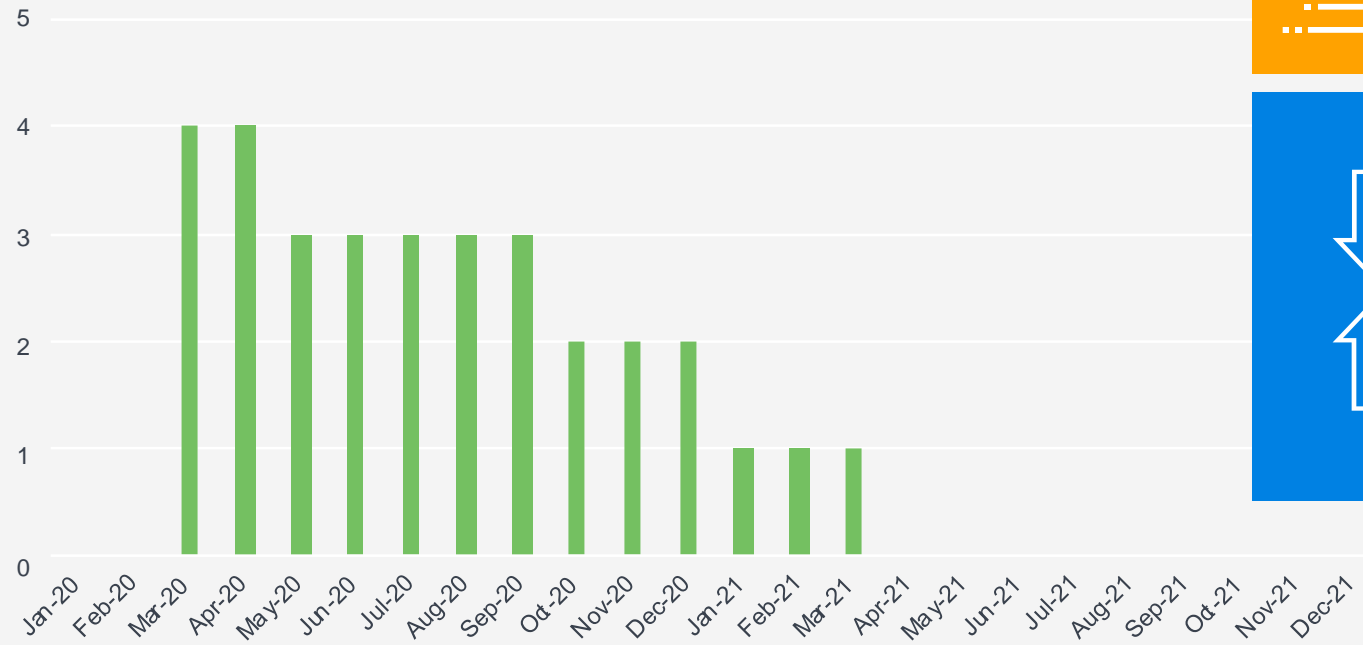
↓ Estimated impact on **2020** medical costs: -6% to -16%

↑ Estimated impact on **2021** medical costs: +2% to +7%

# COVID-19's impact on remaining 2020 and 2021 budgets

Scenario 2: Winter 2020 vaccine (lower deferral intensity)

Deferral strength (sample region)



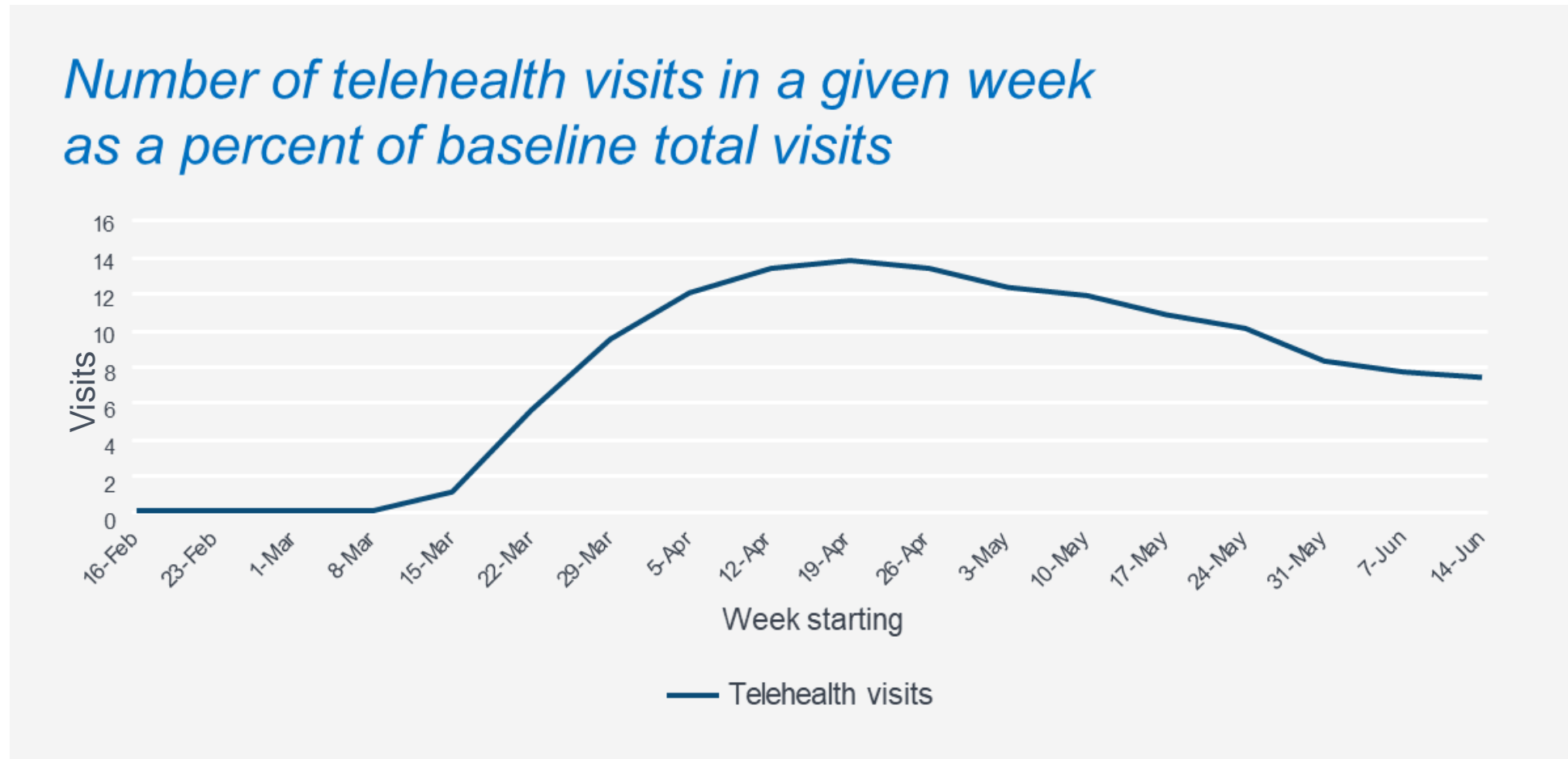
Few returns occur in 2020  
Most returns occur in 2021

↓ Estimated impact on 2020 medical costs: -12% to -27%  
↑ Estimated impact on 2021 medical costs: +6% to +14%



# Virtual health (telehealth)

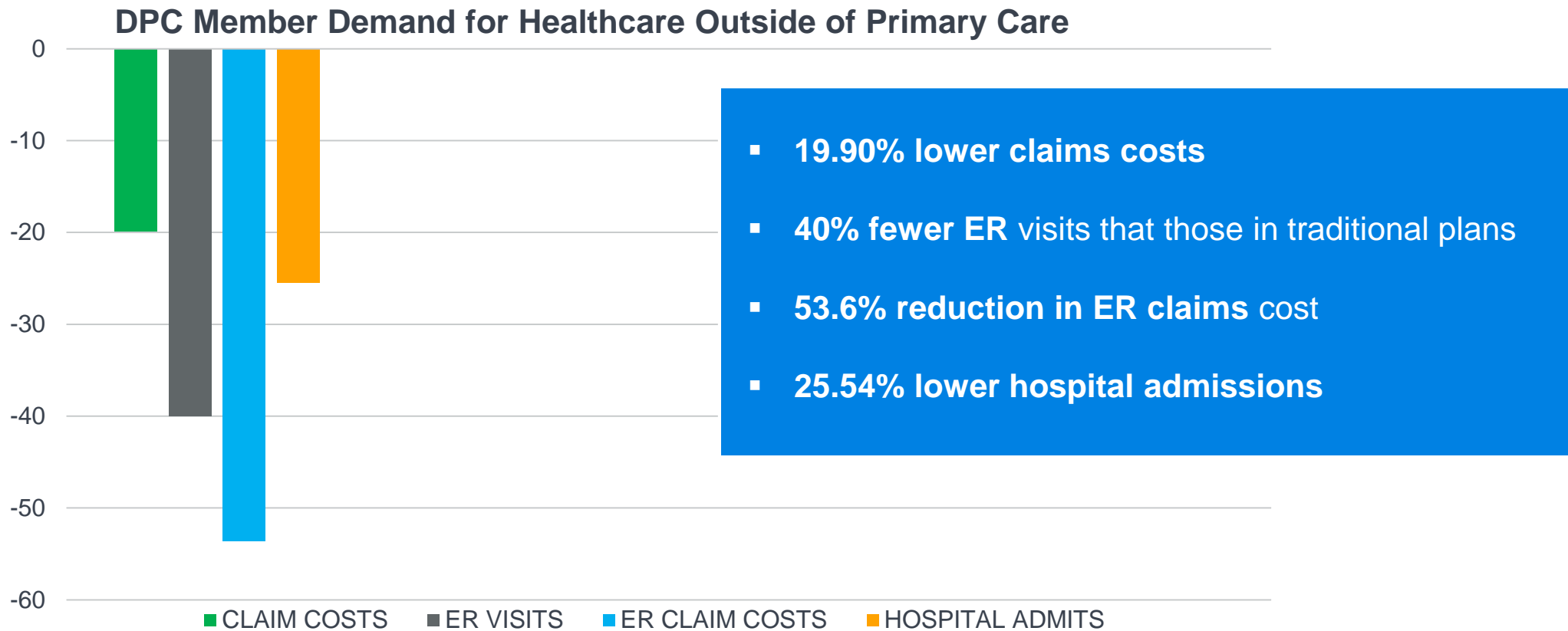
Telehealth has seen rapid ascent but is flattening/descending. Time to maintain momentum.



Source: Ateev Mehrotra et al., The Impact of the COVID-19 Pandemic on Outpatient Visits: Practices Are Adapting to the New Normal (Commonwealth Fund, June 2020). <https://doi.org/10.26099/2v5t-9y63>

# Direct Primary Care (DPC)

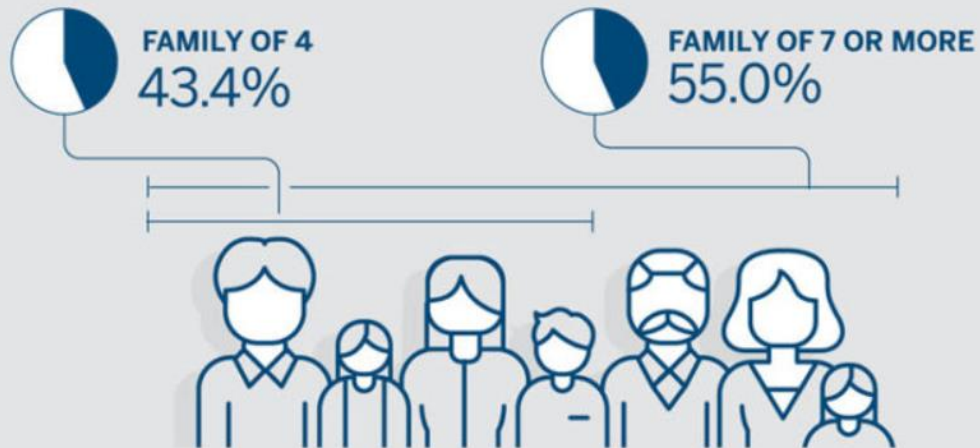
In May 2020, Milliman released an in-depth study about impact of **Direct Primary Care** on health care costs. Sponsored by The Society of Actuaries in partnership with the Direct Primary Care Coalition and American Academy of Family Practice.



# Mental health / emotional wellbeing

## HOUSEHOLD IMPACT OF BEHAVIORAL DISORDERS BY FAMILY SIZE

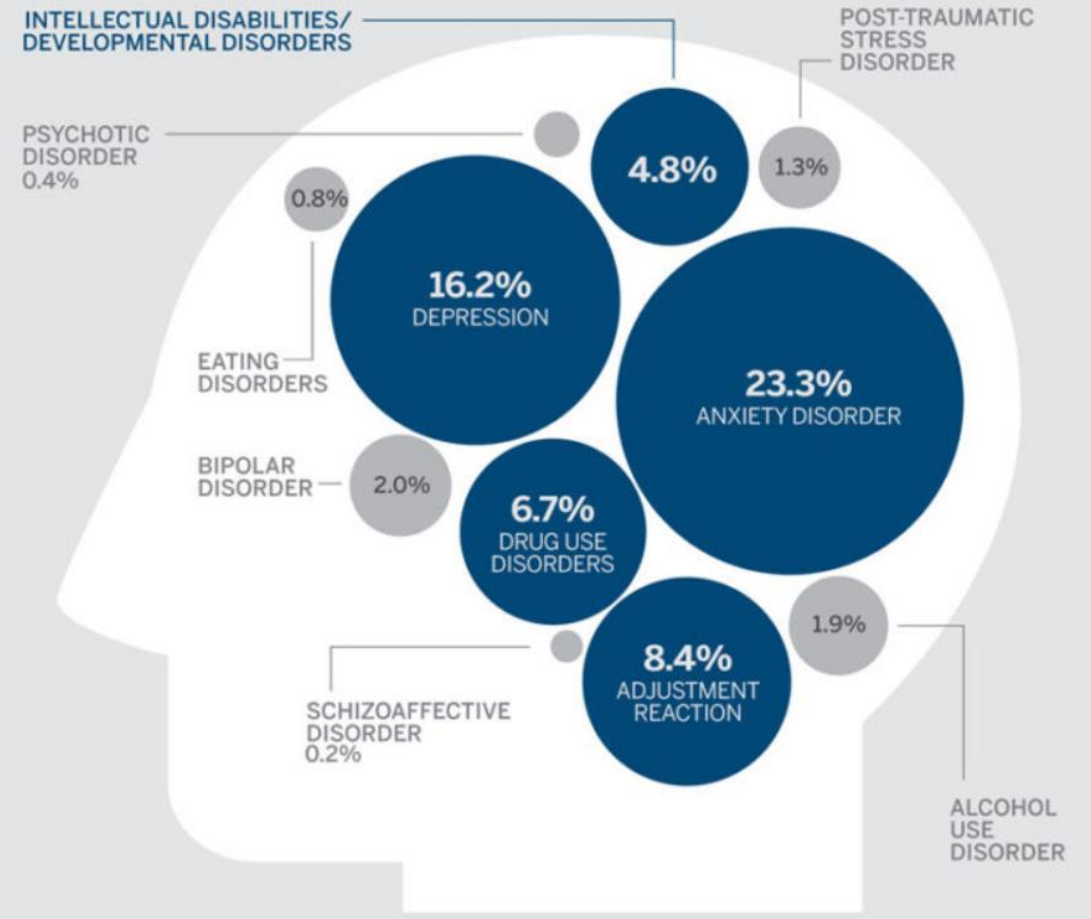
For a typical family of four, we found that over 43% of households had at least one family member treated for MH/SUD conditions in 2017. Among families with more than five members, more than half had at least one family member treated for MH/SUD conditions.



Source: Milliman Research, February 2020, "Household dynamics in the prevalence of mental health conditions and substance use disorders"

## MOST COMMONLY DIAGNOSED CONDITIONS IN FAMILIES FOR A FAMILY OF 4

In 2017, nearly a quarter of families of four or more had at least one person with a diagnosed anxiety disorder.



# Mental health / emotional wellbeing

## EMPLOYER CHECKLIST

- Improve access to care (Employee Assistance Program, digital solutions, etc.)
- Remove the stigma – Lead from the top
- Communicate extensively to enhance early engagement of resources
- Focus on “collaborative care” provider networks through your carrier/TPA
- Work with other employers and providers to drive payment reform for MH/SA providers
- Compliance check – Parity audit (qualitative and non-qualitative)





# Review of federal legislation and regulations

# Agenda

- Legislation: Enacted and proposed
- Guidance from the federal agencies
- Regulations: Final and proposed
- Practical issues of compliance
- Wrap up

**But first, really important news:**



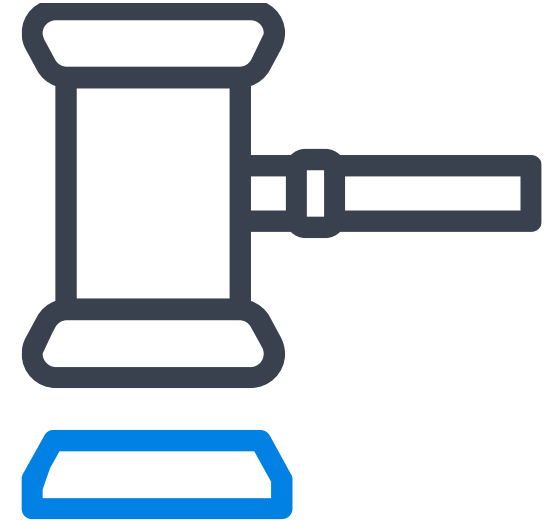
# Legislation: Enacted

**December 2019:** SECURE Act

**March 2020:**

- Coronavirus Preparedness and Response Act
- Families First Coronavirus Response Act ([FFCRA](#))
- Coronavirus Aid, Relief, and Economic Security Act ([CARES](#))

**April 2020:** Paycheck Protection Program and Health Care Enhancement Act





# Legislation: Proposed

**May 2020:** Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act

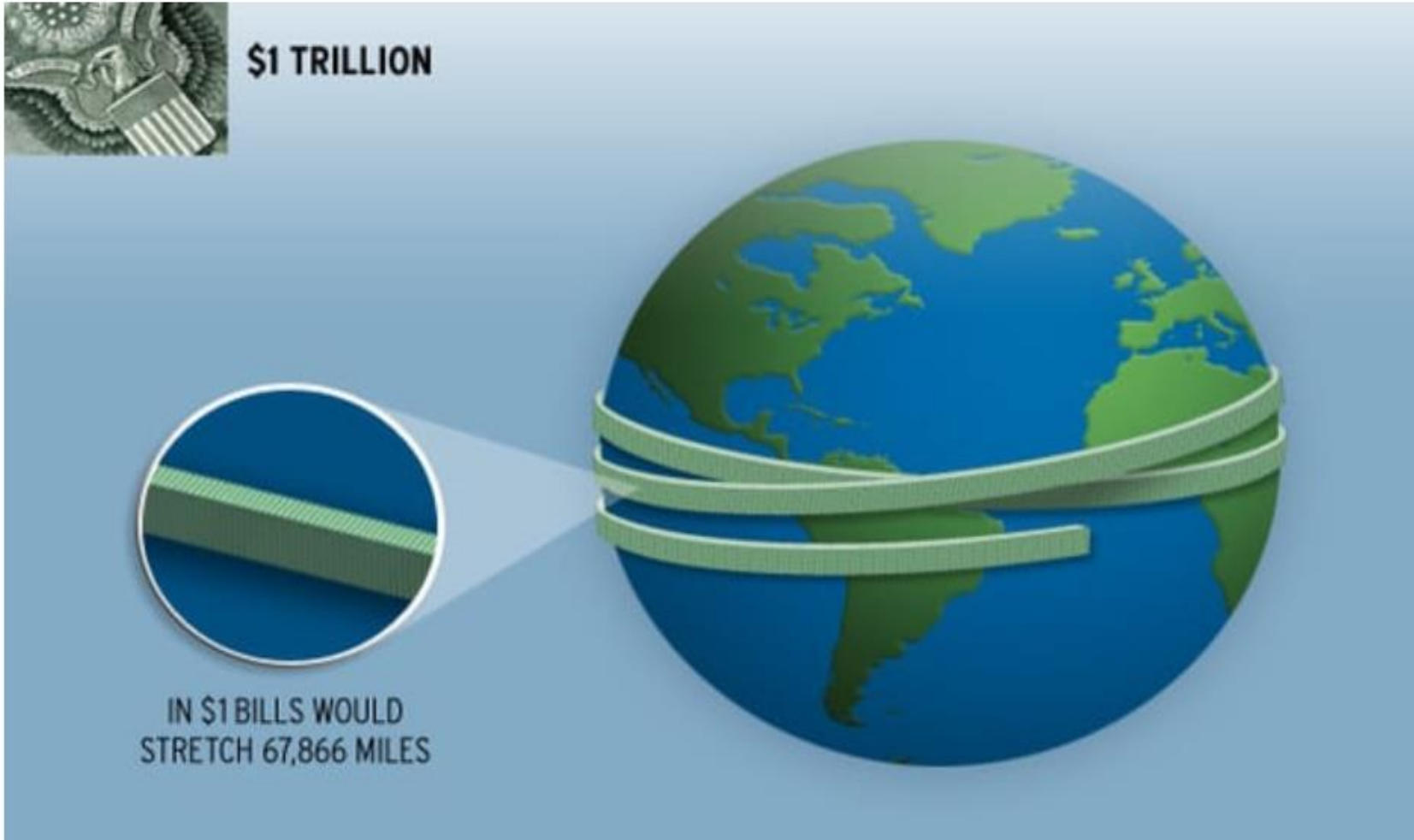
- Passed by House of Representatives
- Scoring: \$3 trillion increase in federal budget over 10 years

**July 2020:** American Workers, Families, and Employers Assistance Act

- AWFEA Act is one of the bills in the Senate's three bill package collectively called Health, Economic Assistance, Liability and Schools (HEALS) Act
- Scoring: \$1 trillion increase in federal budget over 10 years
- The other two bills do not affect employer group health insurance plans



# What does \$1 trillion look like?



- \$1 trillion in **\$1 bills** is ~68,000 miles and is about  $2\frac{3}{4}$  times around the Earth's equator.
- \$1 trillion in **\$100 bills** would be enough to fill 4.5 Olympic-sized swimming pools.

Source: CNBC, "What Does \$1 Trillion Look Like?" Published online on April 8, 2009.  
[https://www.cnbc.com/2009/04/08/What-Does-\\$1-Trillion-Look-Like.html](https://www.cnbc.com/2009/04/08/What-Does-$1-Trillion-Look-Like.html)

# Families First Coronavirus Response Act (FFCRA)

Enacted March 18

- **All employer's group health plans:** No participant cost sharing (deductibles, copays, coinsurance) or prior authorization for:
  - FDA approved COVID–19 testing and administration
  - Visits: In-person office, telehealth, urgent care and ER
  - Expires 12/31/2020
- **Self-insured group health plans** responsible for the cost of coverage
- Fully-insured premium rates are not expected to change until 2021 renewal

# Families First Coronavirus Response Act (FFCRA)

Enacted March 18

## Applies to:

- Private entities employing <500 employees
- Public agencies with at least one employee

# Families First Coronavirus Response Act (FFCRA)

## Emergency paid sick leave (EPSL)

- Available regardless of employment period
- Expires 12/31/2020
- Maximum of 80 hours
  - FTE's: paid leave for up to 80 hours
  - PTE's: up to the average hours worked in 2-week period
- \* Healthcare providers or emergency responders organizations/companies may elect to exclude such employees from EPSL

Employee Scenario	Max Comp (per day)	Cap (2 weeks or 10 days of pay)
Is personally affected by symptoms	\$511	\$5,110
Is not personally affected by symptoms	\$200	\$2,000

**Note: During this review, think of how your HRIS had to be amended, if necessary.**

# Families First Coronavirus Response Act (FFCRA)

## Expanded Family and Medical Leave (EFMLA)

Employers provide up to 12 weeks of job-protected leave to those employed for more than 30 days if they are:

- Caring for a biological, adopted, foster, or stepchild under age 18 because school or childcare is closed
- A childcare provider is unavailable due to a declared COVID-19 emergency

**First 10 days** of leave may be unpaid

- Employee may elect to substitute PTO



**After 10 days...**

The paid amount will be no less than:

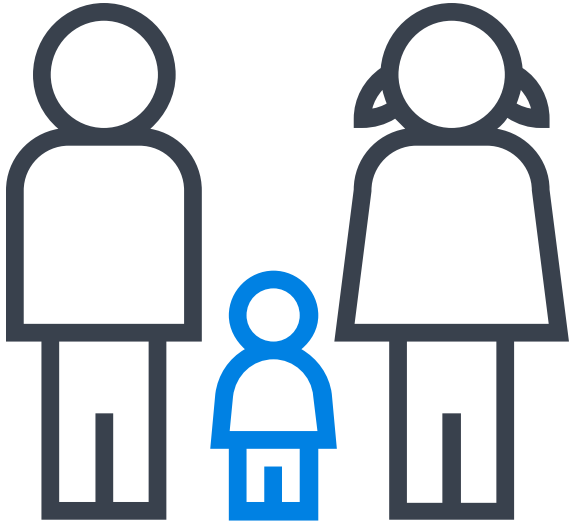
- 2/3 of regular pay or
- # of hours otherwise normally scheduled
- Capped at \$200 per day or \$10,000 in aggregate

# Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act

## Proposed provisions that could affect GHPs

- 100% subsidy of group health plan premiums for terminated/furloughed workers enrolled in COBRA
- Section 125 Flex carryovers increase to \$2,750 from 2020 to 2021
- No cost sharing for items and services for COVID-19 treatment
- Condition the receipt of healthcare provider relief funds on the provider, not balance billing patients
- FFCRA expanded to all employers, i.e. 500 employees is not relevant as is it now

# American Workers, Families, and Employers Assistance Act



- The proposed changes for employer group health plans in the AWFEA Act are not much different from the HEROES Act
- The Senate and House are attempting to reconcile the two bills, but there is not enough information on compromise for elaborating
- It is much more beneficial to review what the federal agencies now required



# Federal agencies' 2020 guidance on new laws

EBSA > Laws & Regulations > Laws > Affordable Care Act > Affordable Care Act > Affordable Care Act Implementation Frequently Asked Questions

## Affordable Care Act Implementation Frequently Asked Questions

- **Part 42** – This set of FAQs addresses the Families First Coronavirus Response Act and the Coronavirus Aid, Relief, and Economic Security Act. *This document was updated on April 15, 2020...*
- **Part 43** – This set of FAQs addresses the Families First Coronavirus Response Act and the Coronavirus Aid, Relief, and Economic Security Act.

**Note: Part 43, Q&A #8 affirmed limited employer obligation for COVID-19 services.**

# IRS notices

2020-29, 2020-33, 2020-35

- Group health plan elections: Revoke or make a new election
- Healthcare or dependent care flexible spending account elections can be revoked, increase or decrease a dollar amount
- Unused amounts remaining in an FSA as of the end of a grace period ending in 2020 to pay or reimburse expenses incurred through December 31, 2020
- \$550 is revised 2020 carryover amount into 2021
- High deductible health plans may cover COVID-19 testing and treatment prior to the satisfaction of the annual minimum deductible
- Relief with respect to deadlines
- COBRA continuation coverage
  - Special enrollment periods
  - Claims for benefits
  - Appeals of denied claims
  - External review of certain claims

# IRS notices

2020-29, 2020-33, 2020-35

- 2020 plan year amendments must be adopted by December 31, 2021, and may be effective retroactively to January 1, 2020
  
- **WHEW!**



# What other authority is delegated to the federal agencies?

**Department of Labor** will have additional authority to postpone certain deadlines that apply to ERISA-covered plans for a public emergency declared by HHS.

COVID-19 qualifies for this authority.

# Federal agency enforcement

- What level of enforcement of these laws is Department of Labor going to apply to employer group health plans?
- Let's see what they have written....

*“The Department will observe a **temporary period of non-enforcement** for the first 30 days after the Act takes effect, so long as the employer has acted reasonably and in good faith to comply with the Act.*

*For purposes of this non-enforcement position, “good faith” exists when violations are remedied and the employee is made whole as soon as practicable by the employer, the violations were not willful, and the **Department receives a written commitment from the employer to comply with the Act in the future.**”*

Source: U.S. Department of Labor - Wage and Hour Division. *Families First Coronavirus Response Act: Employer Paid Leave Requirements.*  
<https://www.dol.gov/agencies/whd/pandemic/ffcra-employer-paid-leave>

# Federal agencies' 2020 guidance on new laws



- Electronic Disclosure Final Regulation ([EBSA](#))
  - Explicitly excludes applicability to group health plans

## Any day now?

- Delay of filing Form 5500 until at least Jan. 31, 2021
  - Because of a pension plan issue.....sorry.....

# The practical issues

What is your company's protocol to evaluate/confirm/reject claims of eligibility for FFCRA benefits?

Has your Human Resources Information System been revised for the technical changes to pay and enrollment?

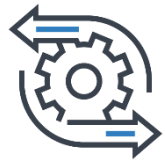
# Wrap up

## Employer health plan administration



**Don't underestimate** the amount of administrative work necessary to meet the federal agency requirements.

- Assess mandatory vs. voluntary compliance matters



**Employer HR systems could need to be retooled**, communication of the changes to affected employees may need more than federal agency safe harbor language.



**Other obstacles are going to come up** as federal regulations are issued, which are more authoritative than federal notices from Internal Revenue Service or Department of Labor.





**Questions**



# Thank you

**Dave Evans**

david.evans@milliman.com

**Garry Simmons**

garry.simmons@milliman.com

**Charlie Clark**

charles.clark@milliman.com