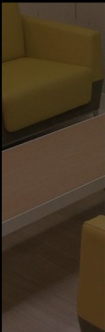




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ACA Redone (or Just Done?) Use It and Improve Your Competitive Position!


Presented by: John Rutledge, Senior Vice President – Assurance National Staffing Practice



Today's Program

- » ACA Update and Futurecast
- » State of the Health Insurance Market for Staffing Firms
- » Simplifying ACA/Employee Benefits Administration
- » Using Your ACA Plan to Attract and Retain Talent

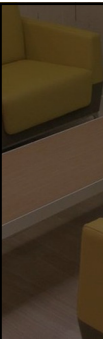
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The ACA

- » The ACA, in its current form, is on life support, unsustainable
- » Congress will likely pass something; however, the ability for the GOP to gather enough votes in the Senate changes almost daily – anything is possible – it’s really anybody’s call
- » Full repeal won’t happen because it requires Democrat support
- » GOP is using Budget Reconciliation process – only requires 50 votes in Senate (VP Pence will break a 50/50 tie)
- » If new legislation isn’t passed by the end of August, look for status quo another year while Congress tackles Tax Reform
- » Even with passage, we are likely status quo for 2018
- » Midterm elections can change the Republican majority

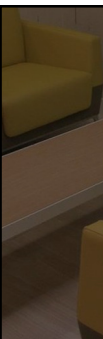
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The ACA

- » If the GOP passes something, it will probably look like this:
 - » Employer mandate goes away
 - » Individual mandate goes away
 - » Subsidies for individuals replaced by tax credits
 - May be income based, age based or a combination
 - » Pre-existing conditions will be allowed, but only if individuals maintain constant (may have short gap) coverage
 - » Exchanges remain as online malls – plans will still be costly
 - This places pressure on employers to maintain plans, even if fully paid by employees
 - » Likely the strict requirements on health plans will be relaxed
 - Non-hospitalization plans may come back
 - » There will still be employer reporting requirements to ID tax credit eligibility
 - » Health insurance for employer plans may be headed for voluntary

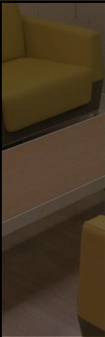
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The State of the Health Insurance Market

- » Many more options have been available than some expected
 - » Remember the cries “Nobody will write you!”, “Pay the penalty and buy my indemnity plan”?
 - » Not all options are good ones – some are under regulatory scrutiny and may be placing owner’s assets at risk
- » Insurance is a contract – know what you’re getting into and understand your side of the contract
 - » There are many good options
 - » Most of the best options are partially self-insured – your exposure is capped
 - » Stick with industry leaders
 - » Use a broker that knows staffing and is an expert in how the ACA affects staffing
- » Administration was a mess for 2015 and 2016 – the dust has settled
- » If/when Congress makes changes, look for a chaotic renewal cycle as insurers grapple with implementing/unwinding changes

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The State of the Health Insurance Market

- » Options for staffing firms include:
 - » Compliance only: Skinny MEC plans as low as \$4.60/week
 - » Non-hospitalization major medical plans as low as \$20/week
 - » Full hospitalization MVP plans as low as \$34/week
 - » No minimum participation MVP Plans
 - » Weekly premium administration (NOT normally recommended due to the very high administrative burden it places on the staffing firm)
 - » Billing in arrears
 - » ACA reporting service bundled in
 - » Plans that use good claims experience to offset cost for internal staff plans – this can be a gold mine for you!
 - » Captives and partial self-insurance have become very popular

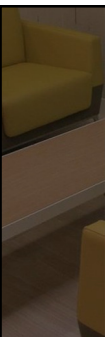
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The State of the Health Insurance Market

- » Choose a plan that matches your strategy – there is no one-size-fits-all solution
 - » Compliance only
 - » Compliance with administration outsourced
 - » Use ACA plan to subsidize internal staff plan – risk management
 - Best bang for the buck for staffing firms with at least 50-100 enrolled on internal staff plan – annual cost per employee as low as \$3700 total
 - Have separate internal benefits plan but combine into a single risk pool with 1 insurer
 - » Full coverage: High-end talent and/or moral obligation
 - » Low cost
 - » Maximize talent acquisition
 - » Value proposition for clients – improve candidates, lower turnover
 - » Combinations of the above


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Simplifying ACA/EB Administration

- » First, my sin of omission – if I had to do it all over again...
 - » You NEED an Employee Benefits Administrator on staff
 - » Driven by ELIGIBLE headcount, not enrolled
 - » 250 – 1 person part time 500 – full time
- » Certain functions can be outsourced or streamlined by technology
 - » Certain functions cannot
 - » EB plans governed by federal and state laws
 - » Fiduciary rules and obligations can place personal assets at risk
 - » Compliance (not just ACA) is your greatest risk

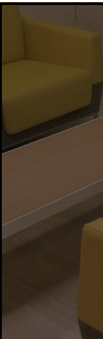
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Simplifying for EB Administration

- » Basic Workflow Once a Plan Has Been Established
 - » Eligibility is determined (EITHER the monthly or the look-back method)
 - » Eligibility is communicated to the employee – timely
 - » Employee enrolls, waives or does nothing
 - » Enrollment is communicated to the insurer
 - » Employee data is entered into insurer's system
 - » Payroll deductions begin
 - » Coverage starts
 - » Changes are managed (status changes, missed premiums, new dependents, etc.)
 - » Employer is invoiced (the contract is with the employer – employer is responsible for premium)
 - » Premiums are paid (DUE prior to coverage – i.e., August coverage requires August premiums in-house by the insurer before August 1)
 - » Coverage terminations must be transmitted to carriers – with reason codes
 - » COBRA must be administered and multiple annual notices to *eligible* employees are required

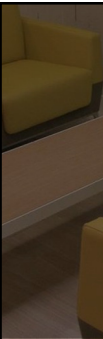
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Simplifying ACA/EB Administration

- » Problems with basic workflow for staffing firms:
 - » Determining eligibility – who does it? Look-back very problematic
 - » Communicating eligibility – when is it done, how, by whom?
 - » Getting employees to accept or waive coverage
 - » Sending insurance applications to insurance carriers on time
 - » Coordinating employee deductions with coverage date
 - » Getting ID cards to employees when coverage begins
 - » Who manages all this workflow and keeps things on track?
 - » Tracking data for those #@*%#! ACA forms
 - » Reconciling invoices so they can be paid on time
 - » Paying invoices without having to float the employee's share
 - » Darn monthly billings for employees who don't work a full month
 - » Transferring procedures and information when positions turnover
 - » Handling all this and not staying compliant with ERISA, ACA, etc.


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Simplifying ACA/EB Administration

- » Using technology for EB administration (not just enrollment):
 - » Move to employee self-serve enrollment, changes, etc.
 - For both internal staff as well as field staff
 - » Employee self-service benefits
 - Reduces EB administrative time by 50% -- do the math -- what is 4 hours/day X number of people involved worth to your organization?
 - Staff-to-employee ratio without self-service = 1:99
 - Staff-to-employee ratio WITH self-service = 1:151
 - » Reduces paper for enrollment
 - » Streamlines enrollment time
 - » Appeals to largest portion of workforce (Millennials and Gen-Xers)
 - » Results in better enrollment decisions by employees

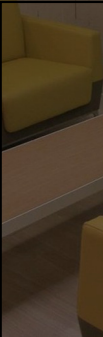
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Simplifying ACA/EB Administration

- » A Simplified System – Partially Outsourcing and Using Technology
- » You still need a person in-house to manage, but technology can reduce admin time by 50%
 - » Use the monthly method – toss the look-back: Offer coverage to all
 - » Integrate your payroll system with a quality benefits administration technology company that uses a dedicated team to service staffing firms – they are out there – we know them: WEEKLY eligibility file feeds
 - » Make offer of coverage during onboarding (recommend employee consent/acknowledgement – may want to consult labor lawyer)
 - Eliminate paper – get employees to do online self-service or mobile app whenever possible
 - » Consider requesting billing in arrears (one month maximum grace period)
 - » Rethink how you deduct: Use first two pay periods? Deduct further in advance? No perfect way and it is not possible to eliminate financial risk in a monthly model. Think “breakage” like they do in retail...

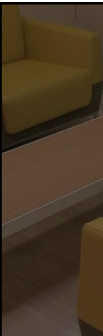
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Using Your ACA Plan to Attract/Retain Talent

- » Why is this important?
- » The ACA has moved staffing, hospitality, restaurants, security and other firms more into the mainstream from an employee benefits perspective AND reset candidate expectations
- » Talent acquisition is the staffing industry's #1 challenge
- » Multiple factors are converging to make competition for talent even more difficult
- » Employee benefits are less \$ than paying more in salary
 - » No payroll burden
 - » Many can be pre-tax, further reducing costs
- » There is a direct relationship between the quality and communication level of benefits and employee satisfaction
- » Employee cost is more important than what employees perceive is the employer cost

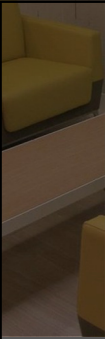
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Using Your ACA Plan to Attract/Retain Talent

- » What do candidates and employees want?
- » Huge disconnect between what employers believe and what workers actually say
- » Certain benefits can overcome offers with higher pay
- » Multiple credible sources
 - » Indeed
 - » Monster
 - » Glassdoor
 - » SHRM
 - » Employee Benefit Research Institute
 - » MetLife
 - » Watson Wyatt
 - » Harvard Business Review


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Using Your ACA Plan to Attract/Retain Talent

- » Medical benefits are extremely important to candidates
 - » SIA: Less than 10% of temporary workers are now uninsured – they're getting coverage somewhere – Exchange, spouse, Medicaid or your plan – they want coverage
 - » Monster: health insurance is the #1 most important benefit for a candidate – 32% compared to 15% for pay raise
 - » SHRM: 80% of HR professionals place health insurance as the top priority for recruitment and retention of talent
 - » Glassdoor: 80% of employees would take additional benefits over a pay raise
 - » Employees are willing to pay, but have price points – 78% say having health insurance is a huge financial burden, but a necessary one
 - » The lower the employee's income, the more important medical is to them

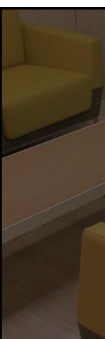
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Using Your ACA Plan to Attract/Retain Talent

- » Even as competition for talent ramps up, base wages have not increased significantly
- » This makes benefits (especially no/low-cost benefits) a natural way to attract and retain employees
- » Multiple surveys show employee benefits add value to employment
 - » Increase employee loyalty
 - » Improve worker satisfaction
 - » Decrease turnover
 - » Create more engaged employees
 - » Solidify cultural impressions about the employer
 - » Raises employee opinion of employer as being empathetic
 - » Employees rate improved health, dental and vision insurance ahead of more flexible hours, more vacation and virtually every other perk

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Using Your ACA Plan to Attract/Retain Talent

- » Recognizing a multigenerational workforce
 - » Millennials #1 and growing
 - » Gen-X a close #2 and fading
 - » Baby Boomers a not-so-distant #3 and retiring/dying
 - Today's benefits plans have largely been built for boomers
 - » Traditionalists/Silents a very distant #4
 - » Generation Z (teenagers) are up and coming next

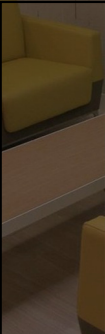
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Using Your ACA Plan to Attract/Retain Talent

- » Millennials
 - » Want benefits offered and managed digitally
 - » Want benefits their way
 - » Want flexibility and choices
 - » Want portability in benefits
 - » Want decision-support tools to help select benefits


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Using Your ACA Plan to Attract/Retain Talent

- » Gen-Xers
 - » Value medical substantially more than young millennials, but about the same as older millennials
 - » Rx coverage is much more important than millennials
 - » Same as millennials -- like voluntary programs like dental, hospital indemnity and critical illness plans


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Using Your ACA Plan to Attract/Retain Talent

- » Baby Boomers
 - » Young boomers have the highest interest in medical insurance of all groups, but older boomers (eligible for Medicare) care less
 - » Dental insurance is not as important as it is with other generations
 - » Less interested in most voluntary programs
 - But much more interested in life insurance through the workplace than the other generations

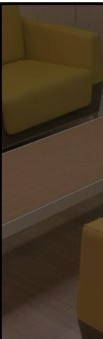
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Using Your ACA Plan to Attract/Retain Talent

- » Pulling it all together
 - » Understand your audience
 - Have broker do a demographic analysis of your workforce
 - » Have a benefits “package,” not just an ACA strategy
 - » Consider cost sharing (can you trade off vacation time, etc.?)
 - If the ACA mandate goes away, 70%+ of staffing firms say they will still offer coverage
 - » Give options – this is huge
 - » Communicate, communicate, communicate
 - » Manage your ongoing enrollment process

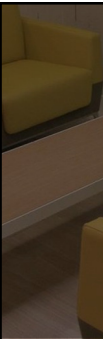
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Using Your ACA Plan to Attract/Retain Talent

- » Start with Skinny MEC Plans
 - » No real value beyond compliance
 - » Lower your Skinny MEC plan cost – give employees a raise
- » Change your Skinny MEC to a MEC Plus – maybe at little or no cost
 - » Add office visits, lab work, X-rays, generic Rx
 - » Add Telemedicine – little or no cost – employees love and it reduces time off
- » Give options: MEC Plus with indemnity option
- » Keep it simple – package plans (dental and vision, etc.)
- » Use technology to communicate and enroll


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Putting It All Together: A Sample Case Study

- » ABC Staffing socializes ACA cost at \$0.40 per billable hour
- » Actual ACA cost is approximately \$0.15 per billable hour
 - » Options: Use full \$0.40, stick with \$0.15, or something else
 - » Decision: Use \$0.20 first year, investing \$0.05/hour to fund technology and communications (\$0.015) and \$0.035 in MEC with expectation of ROI that would reduce ACA cost below \$0.15
- » Current plan is Skinny MEC 100% paid by employee (\$65/month) plus MVP option (minimal MVP participation)

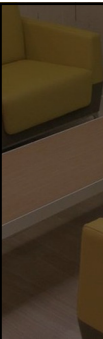
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Putting It All Together: A Sample Case Study

- » Reduce current \$65/month Skinny MEC to \$22/month (\$15/wk to \$5/wk)
 - » This results in an immediate pay raise to employees who participate in MEC of \$0.33/hour
- » Auto-enroll employees at full cost (employees continue to pay full cost) unless employee opts out or enrolls on their own
- » Add a "MEC Plus" at \$89/month
 - » Employer pays \$0.035 or \$4.55 – Employee cost is \$19/week (OLD MEC \$15/wk)
 - » Skinny MEC and MEC Plus include telemedicine – cost baked in
 - Employer heavily promotes telemedicine option
 - » No deductible, low copays for office visits, urgent care, lab, X-ray and \$5 generic drugs
- » Add a Hospital Indemnity policy option to provide for limited hospital benefits
 - » Approximately \$4.00/week
 - » Package option for hospital indemnity, dental, vision, life and disability < \$20.00/week

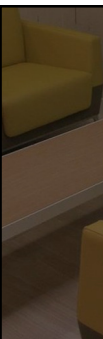
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Putting It All Together: A Sample Case Study

- » Employee Options:
 - » Opt out (waive coverage)
 - » Skinny MEC
 - » Skinny MEC with hospital indemnity
 - » MEC Plus for outpatient and Rx
 - » MEC Plus with hospital indemnity for outpatient, Rx and limited hospital benefits
 - » MEC Plus with hospital indemnity, dental, vision, life and STD
 - » No medical but dental, vision, life and STD
 - » High-deductible MVP (most costly medical option – not attractive to most)


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Putting It All Together: A Sample Case Study

- » Employee is provided options as part of the onboarding process using single sign-on with other onboarding (application, W-4, I-9, etc.)
 - » Enroll, waive or be auto-enrolled
 - » All field employees are given the same eligibility
 - » No in-depth benefits data is provided at this point, but is available online once employee goes on payroll and coverage is activated
- » Enrollment is done directly by the employee online via self-service, or can either use call center or mobile phone app
- » Employee can change elections any time up until coverage begins (burden is on employee)
- » Coverage is activated at first assignment (new payroll record is recognized by the benefits administration system)

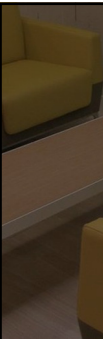
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Putting It All Together: A Sample Case Study

- » Employer approves all enrollments, changes and drops as a check/balance
- » No more having to make offer of coverage after assignment begins and worry about meeting ACA's requirement of 95% offer of coverage – ALL employees are enrolled or waived with records
- » Benefits administration system sends emails/texts notifying employee of activation, annual enrollment, reminders about telemedicine benefits, etc.
- » ACA reporting is all automated – all data captured by the system
- » Branches have laminated 1-page benefits flyers and can print/distribute 1-page handouts
- » All communication options are bilingual

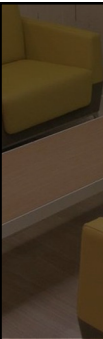
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Putting It All Together: A Sample Case Study

- » Employee Benefits Communications
 - » Use multiple media/channels
 - Three different types of learners: visual, auditory, tactile/kinetic
 - » Communicate often and early
 - Online, brochures, posters, emails, texts
 - » Brand your benefits and/or give it a theme that reinforces your culture and other things you want to drive home about your firm
 - » Your broker should be able to help you with print design (templates, for example), but may not have the expertise you need
- » Benefits administration systems are NOT the same as online enrollment
- » Not all benefits administration systems are equal – staffing firms generally require more technical hand-holding/support
 - » Big benefits administration companies fall down on this a lot

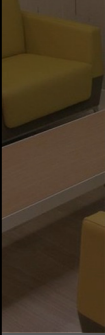
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What to Do Now: Review Your ACA Plans in a Different Light

- » Skinny MEC Plans: If paying more than \$30/month, find a lower-cost Skinny MEC provider
 - » Exception to this: If your MVP plan is also part of the same partially self-insured program, in which case the higher MEC rates are subsidizing the MVP (and/or your internal staff plan)
- » MEC Plus: If not offering, get quotes - \$90-\$200/month
- » Indemnity Plans: Review to make sure they complement the medical plans. By itself, indemnity doesn't meet ACA mandate like true medical plans (MEC, MEC Plus, MVP)

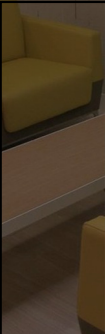
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What to Do Now: Review Your ACA Plans in a Different Light

- » MVP: Stand-alone MVP Plans are problematic – they carry unlimited risk for the insurer or self-insurer – use a packaged MEC/MEC Plus/MVP or bundle with internal plan – UW profits from temps will lower internal staff and MVP costs to \$150 - \$375/mo
 - » Think of 3 water glasses and a water pitcher
 - Water glass #1 = MEC claims
 - Water glass #2 = MEC Plus claims
 - Water glass #3 = Your MVP and/or Internal Staff Plan claims
 - » The pitcher can hold all the water of the 3 glasses and eliminate the added expense and resources of maintaining 3 separate glasses; plus you gain buying leverage


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What to Do Now: Review Your ACA Plans in a Different Light

- » Combining all medical plans with one carrier
 - » Separate programs for internal vs. field staff
 - » Single risk pool and insurance wrapper (policy)
 - » Lower administrative and insurance costs
 - » Underwriting profits from all plans give you lowest cost
 - » Can leverage buying power and mitigate risk using a group purchasing cooperative
- » Who is a candidate?
 - » Staffing firms with a minimum of 50 internal staff and/or professional field staff enrolled in a full hospitalization major medical (preferably 100 enrolled)

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Questions?

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Coming Next:
ChatBots for Staffing
Tuesday, July 18 at 2 PM EDT

Reserve your seat: www.lunchwithhaley.com
