



# EMPLOYEE BENEFIT PROGRAMS: WHAT'S FRESH AND NEW IN BENEFITS

APMA ANNUAL FORUM  
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MONTEREY, CALIFORNIA

# Program Overview

- We wish to express confidence in the information contained herein. Used with discretion, by qualified individuals, it should serve as a valuable management tool in assisting employers to understand the issues involved and to adopt measures to prevent situations which commonly give rise to legal liability. However, it should not be considered a substitute for an experienced agricultural group health insurance broker and/or experienced labor counsel, as it is designed to provide information in a highly summarized manner.
- This area of the law changes rapidly, so the reader/viewer should consult with experienced professionals for individual responses to questions or concerns regarding any given situation.

# Program Overview

- About The Presenter
- Emergence of COVID-19
- Comorbidities
- Telehealth Availability and Expansion
- Focus on Mental Health
- Vaccination Drives
- Charging Extra for Unvaccinated People?
- No Surprises Act
- On-Site/Worksite Clinics
- Formal Eligibility Policies
- Substance Abuse Coverage
- Group and Voluntary Life Insurance
- Financial Wellness

# David Nikssarian

- President and CEO of Nikssarian Insurance Services, Inc., specializing in group health programs
- Raised on a family farm in Fowler, CA, graduated from CSU Fresno
- Regional Manager for 23½ years for the insurance services division of an agricultural association
- Past President of the Central Coast Chapter of the National Association of Insurance and Financial Advisors (NAIFA)
- Founded Nikssarian Insurance Services, Inc. in 2003 with his business partner and wife Mary Khasigian Nikssarian

# Emergence of COVID-19

*“...2021 will be remembered as the year that we began the process of learning to live with this virus rather than hoping for its extinction, since we now know that its ability to mutate will keep COVID-19 a part of our world for the foreseeable future...”*

- Pete Delgado, President/CEO of Salinas Valley Memorial Healthcare System

# Emergence of COVID-19

- Welcome to Day 680 of the pandemic!
- The pandemic is now the third-highest insured loss after Hurricane Katrina and the September 11 terror attacks.
- Growing studies of long-haul COVID
  - ✓ Brain fog, digestive issues, fatigue, migraines ... permanent disability?
- Vaccine development faster than ever
  - ✓ 63 separate vaccines in Phase 3 trials around the world, 99 in other phases
  - ✓ Challenges of keeping up with variants
  - ✓ Logistically cannot vaccinate entire world every six months
- Working remotely has changed the way business is done in many places
  - ✓ Zoom and Teams meetings bring not just work but also medicine to the screen

# Comorbidities

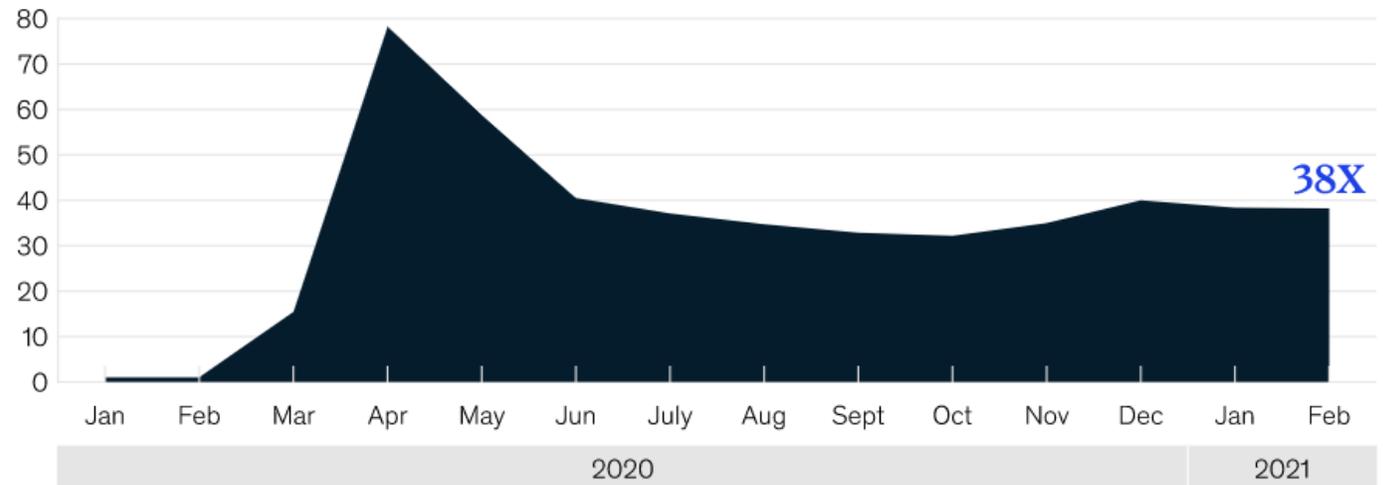
- More awareness of comorbidities than ever before
- A major study released early January 2022 showed that 1 in 6700 vaccinated individuals had a breakthrough infection requiring hospitalization. (through October 2021, pre-Omicron).
  - ✓ 100% of these individuals had at least one of eight identified comorbidities:
  - ✓ Immunosuppression, obesity, diabetes, diseases of the kidneys, heart, brain, lungs, or liver.
  - ✓ No single comorbidity was particularly influential, obesity less influential than others
- Early screenings and prevention protect against other future illnesses by removing or reducing comorbidities
- Highest return on investment in terms of preventive programs
- Hardest group to reach, hardest group to get to make changes

# Telehealth

- Most carriers offered telehealth in some capacity pre-pandemic
  - ✓ 2019 study: 8% of Americans had used it and most were “willing to try.”
- Telehealth services shot up as soon as the pandemic started
- Current estimated use to be 13-17%
- Not limited to Primary Care
- Many plans offer free or very low-cost telehealth services your employees can take advantage of

## Growth in telehealth usage peaked during April 2020 but has since stabilized.

Telehealth claims volumes, compared to pre-Covid-19 levels (February 2020 = 1)<sup>1</sup>



<sup>1</sup>Includes cardiology, dental/oral, dermatology, endocrinology, ENT medicine, gastroenterology, general medicine, general surgery, gynecology, hematology, infectious diseases, neonatal, nephrology, neurological medicine, neurosurgery, oncology, ophthalmology, orthopedic surgery, poisoning/drug tox./comp. of TX, psychiatry, pulmonary medicine, rheumatology, substance use disorder treatment, urology. Also includes only evaluation and management visits; excludes emergency department, hospital inpatient, and psychiatry inpatient claims; excludes certain low-volume specialties.  
Source: Compile database; McKinsey analysis

# Focus on Mental Health

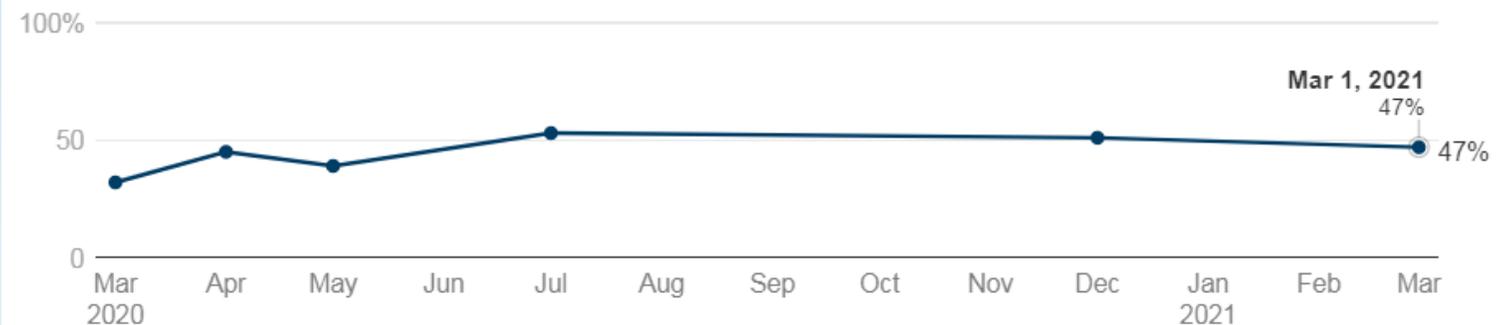
- More common than most people imagine
- 20% of U.S. adults experience some form of mental illness each year
  - ✓ 4% experience a serious mental illness
  - ✓ 75% of chronic mental health conditions begin by age 24
- Pre-PPACA plans were not required to cover mental health and substance abuse, and had severe limitations
- One of the PPACA's Essential Health Benefits

# Focus on Mental Health - Continued

- Society was stressed before the pandemic
- Depression and anxiety spiked during the first pandemic lockdowns
- March 2021: About half of adults continue to report negative mental health impacts

## Mental Health Impacts Of Pandemic Rose During The Summer; Has Remained At About Half Of The Public Reporting Negative Impacts

Percent who say they feel that worry or stress related to coronavirus has had a **major** or **minor** negative impact on their mental health:



NOTE: See topline for full question wording.

SOURCE: KFF COVID-19 Vaccine Monitor (March 15-22, 2021) • [Download PNG](#)

**KFF COVID-19  
Vaccine Monitor**

# Focus on Mental Health - Continued

- All illnesses are made worse by stress and anxiety due to the body spending resources on elevated heart rate, blood pressure, etc.
- Mental health care should be like physical checkups or regular maintenance on a car
- Financial pressure and heavy workloads stress people out and cause turnover – stressed employees are less productive and morale plummets
- Employers need to be aware of work pressure on employees
- Ask yourself: What is a tangible benefit you can provide your employees to reduce stress at your workplace?

# Vaccination Drives

- Grower-Shipper Association
  - ✓ And many others
- Fieldworkers went from the most vulnerable population to the most protected
  - ✓ 80% Central Coast fieldworker vaccination rate (achieved early)
  - ✓ 66% overall California vaccination rate
- Critical involvement of HR Managers in achieving this goal

<https://usafacts.org/visualizations/covid-vaccine-tracker-states/state/california>

<https://www.npr.org/2021/11/22/1056238770/covid-delta-unvaccinated-higher-health-insurance-premiums>

# Increasing Group Plan Contributions for Unvaccinated Employees

- Delta Airlines – Extra \$200 per month cost to stay unvaccinated
  - ✓ \$50,000+ cost per employee hospitalized with COVID
- OSHA Emergency Temporary Standard
  - ✓ Supreme Court review
- Subject to ERISA, HIPAA, ADA, Civil Rights Act, ADEA, IRC (IRS Section 125/POP plans)
- IRS Section 125/POP Plan compliance considerations
- Proper documentation essential
- No ag employer implementing this that we are aware of as of today

# No Surprises Act

- Effective for plan years beginning on or after January 1, 2022, intended to reduce unexpected costs of care
- 70%+ of emergency claims and hospitalizations involve at least one out-of-network bill
- Insured patients under some circumstances will be billed in-network costs for out-of-network services
- Uninsured patients must receive estimates
- Applies to covered items and services at:
  - ✓ Out of Network hospitals and free-standing emergency facilities
  - ✓ Out of Network providers at in-network facilities
- Deductibles and Out-Of-Pocket maximums must be included on ID cards
- And much more

# On-Site/Worksite Clinics

- Increased ease of access to preventive care
- Many employees commute upwards of an hour to work and lose time that they would otherwise be able to see a doctor
- Clinic programs are not limited to large employers
- Association health plan clinics
- Services delivered by licensed providers, such as a visiting nurse through VNA
- Local Urgent Care clinics and Doctor Groups can offer onsite programs

# Eligibility Policies

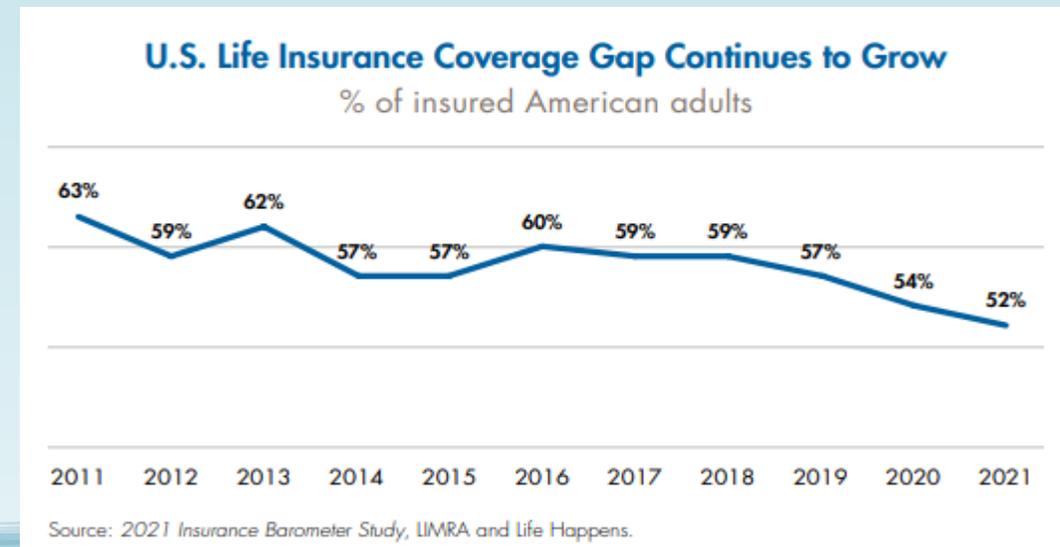
- COVID-19 is pushing the limits of leave policies
- Critical that your company has something in writing to clarify policies
  - ✓ Without a policy, HR is likely to treat some cases differently than others, even without intending to discriminate
- Policies should discuss, at a bare minimum:
  - ✓ Hours worked to qualify for the plan?
  - ✓ Waiting periods
  - ✓ Protected vs unprotected leaves
  - ✓ Rehire rule
  - ✓ Workers' comp vs non-worker's comp

# Substance Abuse Coverage

- Substance abuse deaths have risen during the pandemic in California especially
- Is an Essential Health Benefit under the PPACA
- Pre-PPACA was “One course of treatment during a patient’s lifetime”
- Post-PPACA this benefit is unlimited
- Due to unlimited benefits, carriers are aggressively reviewing pre-approvals based on “medical necessity”
- Anecdotally, the net result may be fewer benefit payouts than before (unintended consequence)

# Group Life Insurance/Voluntary Life Insurance

- Life expectancy in the US is down to 2003 levels, a decline of 1.3 years on average
  - ✓ Gap between Latino and White life expectancies grew due to disproportionate impact of COVID-19 on different populations
- 850,000 deaths in a population of 330 million = 1 in 390
- Fewer individual life insurance policies than ever



# Group Life Insurance

- More Americans are interested in life insurance and intend to buy
  - ✓ 31% of consumers say COVID-19 has made them more interested in life insurance
  - ✓ 31% also say they are uninsured or underinsured
- Issues to consider when offering group life programs:
  - ✓ Normally 100% paid for by employer
  - ✓ Benefit levels by job classification allowed
  - ✓ Carrier reluctance to insure seasonal employees
  - ✓ Fixed amount or multiple of earnings coverage level

# Voluntary Life Insurance

- Cost paid for with payroll deductions (after-tax) from employees who are interested in purchasing coverage
- Guaranteed issue (no Evidence of Insurability (EOI) required) up to \$100,000 for employees, up to \$300,000 non-guaranteed (depending on the carrier)
- No open enrollment every year: your choice is final
- Minimum participation requirements

# Financial Wellness

- 27% of adults cannot cover an unexpected \$400 expense with their own money
  - ✓ Most surveyed said that they could get a formal or informal loan or sell something to cover the cost, but 12% of adults report having no options at all
- In California, 37% of people had virtually no savings (as of 2017)
  - ✓ 57% of Latino Californians reported no savings
- Financial stress influences employee retention and performance

<https://www.federalreserve.gov/publications/2020-economic-well-being-of-us-households-in-2019-dealing-with-unexpected-expenses.htm>

<https://www.mercurynews.com/2017/07/26/more-than-a-third-of-california-households-have-virtually-no-savings-are-at-risk-of-financial-ruin-report-says-3/>

<https://www.nytimes.com/2020/11/06/your-money/payroll-deduction-emergency-savings.html>

# Financial Literacy and Wellness Programs

- Survey employees to see what kind of financial issues and goals they have
  - ✓ For example, “paying off debt,” “saving for retirement,” “buying a home,” “strategies for investing,” “managing credit”
  - ✓ Most people feel dissatisfied about their own financial literacy and worry about being taken advantage of by predatory companies
- There is no single program you can buy for this – customize for your business
- Your HR benefits software platform may already have financial literacy features included, or may have an app available for employees
- Not an insurance product you would go to your broker for
- If you can work out some way to get your employees with minimal savings to have \$1,000 or even \$500 in a regular savings account, their stress will be reduced
- Important to provide a culture of education and set an example for employees who may be reluctant to discuss finances

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QUESTIONS?

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