



COVID-19: The Latest News From Segal

Issues, strategies, and solutions

March 23, 2020 / Tami Simon / Jen Benz / Kathryn Bakich

Today's Speakers



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| Agenda: Navigating COVID-19

Welcome

Leadership Issues

- Decision-making
- Managing various stakeholders
- Mitigating risk

HR/Employee Benefits

- Legislation
- Leave
- Health plans
- Retirement plans and investments

Communication Strategies

Available Resources for Your Ongoing Questions

Navigating Uncertainty

Communicate
more than normal

Acknowledge
that uncertainty is disruptive
and disorienting

Listen
to stakeholder fears, concerns
and recommendations

Manage
concerns with honesty,
transparency, and timeliness



Identify and Engage Your Stakeholders

Who can you lean on to help guide your decisions?

Who is impacted by your decisions?

Who needs education and information?

Evaluating Insurance Risk Exposure

- Have you reviewed your insurance policies lately?
- Is there coverage for closing a facility or when events are canceled?
- How are employees protected in a remote work environment?
- What if expenses are incurred with evacuating, sanitizing and testing your workplace?
- Is there coverage if data becomes compromised?
 - Social Engineering and Phishing attacks are on the rise



COVID-19 Legislation and HR/Employee Benefit Issues

Federal Legislative Actions to Date



1. Coronavirus Preparedness and Response Supplemental Appropriations Act

The first coronavirus response law (PL 116-123) was passed on March 6, 2020 and provided \$8 billion for health and international programs and made \$7 billion in small business loans available

2. Families First Coronavirus Responses Act (Families First Act)

The second law (PL 116-127) was passed on March 18, 2020 and provides paid leave, tax credits, expanded unemployment and nutrition assistance, and free testing

3. A third law — the Coronavirus Aid, Relief, and Economic Security (CARES) Act — is primarily focused on economic stimulus

Families First Coronavirus Responses Act (Families First Act)



Testing and Visits

Emergency Family and Medical Leave Expansion

Emergency Paid Sick Leave Act

Families First Act

COVID-19 Testing and Visits



- Group health plans and insurers must cover:
 - Diagnostic tests; and
 - Items and services given during office/urgent care/telehealth/emergency room visits
- No deductibles, copays or coinsurance permitted
- No prior authorization or medical management requirements
- Applies to:
 - Group health plans: self-insured plans and ACA grandfathered plans
 - Similar rules apply to Medicare (including Medicare Advantage plans), the Federal Employees Health Benefits Program, CHIP, Medicaid, TRICARE and other federal health programs
- Effective March 18, 2020 and applies during the currently declared national emergency

Families First Act

Emergency Family and Medical Leave Expansion



- Effective April 2, 2020 – December 31, 2020
- Applies to public employers and private employers with fewer than 500 employees
- Employers must permit employees to take up to 12 weeks of leave if they are unable to work due to a public health emergency and:
 - Must care for a child (under 18) if school or daycare closed or child care provider unavailable
- Applies to all workers who have been employed for at least 30 days
- First 10 days are unpaid; additional 10 weeks are paid based on 2/3 pay, not to exceed \$200/day, and \$10,000 in the aggregate

Families First Act

Emergency Paid Sick Leave Act

Effective April 2, 2020 - December 31, 2020



- Employers must allow employees to take paid sick leave if unable to work due to quarantine, illness, or caregiver role related to COVID-19
- Applies to public and private employers with fewer than 500 employees
- Paid sick leave is 80 hours for full-time employees, pro-rated for part-time
 - Immediately available to all employees no matter how long they have been employed
 - Cannot be offset against other paid leave, including state paid leave
 - Does not preempt state/local leave laws
- Paid at 100% of pay or minimum wage, whichever is greater
 - Only 2/3 if absence due to caregiver role
- Maximum: \$511/day and \$5,110; \$200/day and \$2,000 for caregiver leave
- Other details: Can't cash out; Notice requirement; Guidance due within 15 days

IRS Notice 2020-15

HDHP/HSAs



- High-Deductible Health Plans (HDHP) may cover COVID-19 testing and treatment before deductible met
- IRS rationale:
 - Unprecedented public health emergency
 - Need to eliminate potential administrative and financial barriers to testing and treatment
 - Vaccines = preventive care
- Broadly written to apply to any benefits
- [IRS Notice 2020-15](#)

HHS Guidance

Telemedicine Coverage



- HHS will not penalize healthcare providers that use telecommunication methods that may not fully comply with HIPAA
 - This guidance makes it easier for individuals to seek virtual care from their current provider
 - Plans can also use a telehealth network – either stand alone or through their TPA – to provide network telehealth services
 - [HHS Telemedicine Fact Sheet](#)
- [Medicare has also expanded telehealth](#)

State Legislative Activity

Covering COVID-19 Testing



For fully insured health plans:

- State insurance departments have directed carriers to cover tests and other services at 100% with no cost sharing
- States have also directed PBMs to provide flexibility with refills and other pharmacy issues

For self-funded health plans:

- State laws do not apply to self-insured plans, therefore third-party administrators are asking self-insured plans to opt-in (or opt-out) of coverage rules similar to those in state insurance laws
 - *Look for deadlines! TPAs and PBMs are telling plans they will take implementation steps unless directed not to*

Benefit Plan Actions

- Cover testing at 100%
- Encourage utilization of mail-order pharmacy to limit exposure for the at-risk populations
- Promote telehealth and expand for mental health treatments
- Consider paid leave banks and other social responsibility programs
- Monitor impact on health plan cost trend due to both COVID-19 and postponement of all “elective and non-essential procedures”



Tax Deadlines Delayed



- The Treasury Department and IRS have postponed the April 15, 2020 due date for filing federal income tax returns and paying federal income taxes until July 15, 2020, without interest or penalties
- No extension application is required
- [Notice 2020-18](#)

Retirement Legislative Proposals

Plan distributions and loans



Getting money out

- Allowance for in-service distributions without the 10% early distribution penalty (in CARES Act)
- Increase the maximum loan limit to \$100k (up from \$50k), or the greater of \$10k or 100% of the present value of the participant's vested benefit; extend loan repayment deadline (in CARES Act)

Keeping money in

- Relief for required minimum distributions for 2020 for DC plans and IRAs (in CARES Act)

Retirement Plan Investments



Stock volatility is high but not unprecedented

- Diversification between stocks and bonds by investors has helped preserve principal in all periods of volatility
- Market timing – trying to move in and out of stocks and bonds in anticipation or reaction to volatility has not proved to be a successful Retirement Plan strategy
- Based on the stock market returns and current rates, DB plan funded status has deteriorated compared to 12/31/19
- It is a core principle of all institutional investors that asset allocation is a key component in managing the risk of plan investments. Three guiding principles to consider:
 - Funds' cash and liquidity availability to pay participant benefits
 - Rebalancing to the funds' target asset allocation
 - Adherence of the funds' managers to their investment discipline

COVID-19 Communication Strategies

Your People Want—and Need—to Hear From You



Communicate more frequently



Be transparent about what's known and unknown

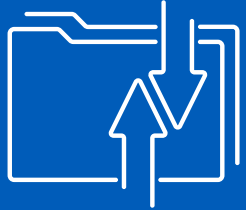


Respond to questions and concerns



Leverage your managers/field

Make Information Easily Accessible



Focus on ease of access and ease of updating



Centralize information



Make sure you can reach spouses/family members with benefits messages

Really Understand Your Audiences

- Revisit your various stakeholders and address their concerns
- Target messages to specific cohorts as needed
 - Different job functions
 - Different locations
 - Different family needs
 - Individuals with spouses/partners who can't work remotely
 - Impacts on child and/or elder care
 - Multigenerational
 - Not close to family



What to Communicate Right Now



- ✓ **How to safely access medical care**

- ✓ **How health and prescription drug plans work**

- ✓ **How time off and leave policies work**

- ✓ **Self-care tips on managing stress and anxiety**

- ✓ **Helping people address chronic/ongoing medical needs**

- ✓ **Caregiving tips for children and elders**

- ✓ **Acknowledge evolving financial needs**

What to Communicate Right Now

Safely Accessing Medical Care



- COVID-19 symptoms
- Where to go for care if they suspect they're sick
- Telemedicine as an alternative to doctors' visits or expensive trips to the emergency room (if applicable)
- Reminding plan participants of their rights under HIPAA

What to Communicate Right Now

How Health and Rx Plans Work



- How your health plan covers preventive care, testing, and doctors' visits
 - Include changes due to new legislation
- Telemedicine copays or any other barriers
- Prescription drug refill rules
- Ways to access prescription drugs (including early mail-order renewals, if available, so no one is worried about running out of needed medications)

What to Communicate Right Now

How Time-Off and Leave Policies Work



- How your plans work for time off
 - Sick pay and Leave
 - PTO/vacation
 - Using "unlimited" vacation for illness/when it becomes STD in connection with the COVID-19 crisis
- Any short-term changes or updates
- Any vacation/time-off sharing or relief programs

What to Communicate Right Now

Self-care Tips On Managing Stress and Anxiety



- Reminders about available programs such as Employee Assistance Programs and other mental health resources
 - Include webinars and mindfulness sessions
- Consider providing access to online resources
- Acknowledge financial strain
 - Include reminders about enterprise financial literacy support, emergency fund programs, etc.
- If applicable, coping with working remotely/juggling family and work; or dealing with unemployment/furloughs and financial implications

Available Resources for You and Your Team

Resources

Health plan cost model

- Segal to release model that forecasts COVID-19 impact
- Model assumptions will likely include:
 - Cost of test
 - % who get tested
 - Of those tested, % who have virus
 - Of those with virus % have no additional cost
 - Cost of treatment
 - Cost of hospital treatment
 - Treatment Distribution
- States and the federal government are guiding health providers to postpone all “elective and non-essential surgeries”



Resources

Thought leadership

Here are some of the most relevant Segal articles:

“What You Need to Know about the New Coronavirus”

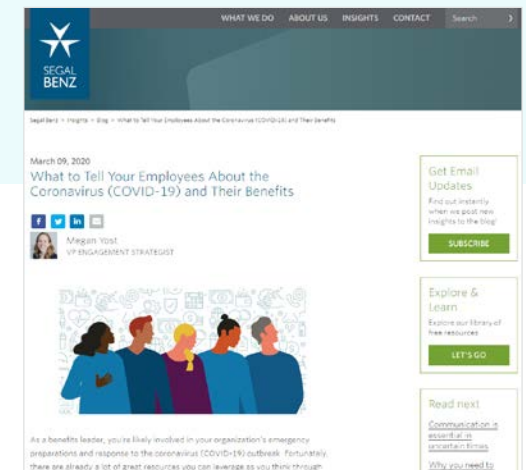
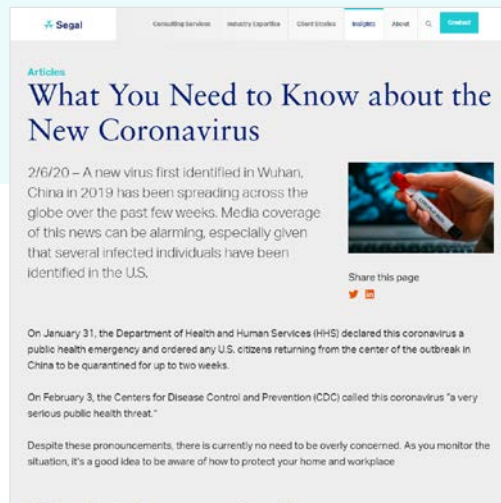
“Preparing Your Workforce for the Coronavirus: Guidance”

“Group Health Plans and COVID-19: What You Need to Know”

“Coronavirus Test Coverage and Group Health Plans”

“Medicare Telehealth Expansion in COVID-19 Spending Law”

“What to Tell Employees about the Coronavirus”



Resources

Tools and webinars

segalco.com/consulting-insights/covid-organization-continuity-checklist

How to Lead Your Organization Through the COVID-19 Crisis

As the coronavirus continues to transform every aspect of society, your responsibilities as a leader continue to evolve. Telling your people to wash their hands and work from home, while sound advice, won't be enough to address the questions about how your organization will continue to operate efficiently. We're here to help you make sense of these uncertain times with a simple, easy-to-read checklist summarizing what issues you need to prioritize in order to keep things running as smoothly as possible.

And because institutions of higher education face a common set of challenges unique to their mission, we've created a separate version of this checklist that speaks to those issues.



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COVID-19 Response Planning: Maintaining Business Operations

Practical Steps to Consider

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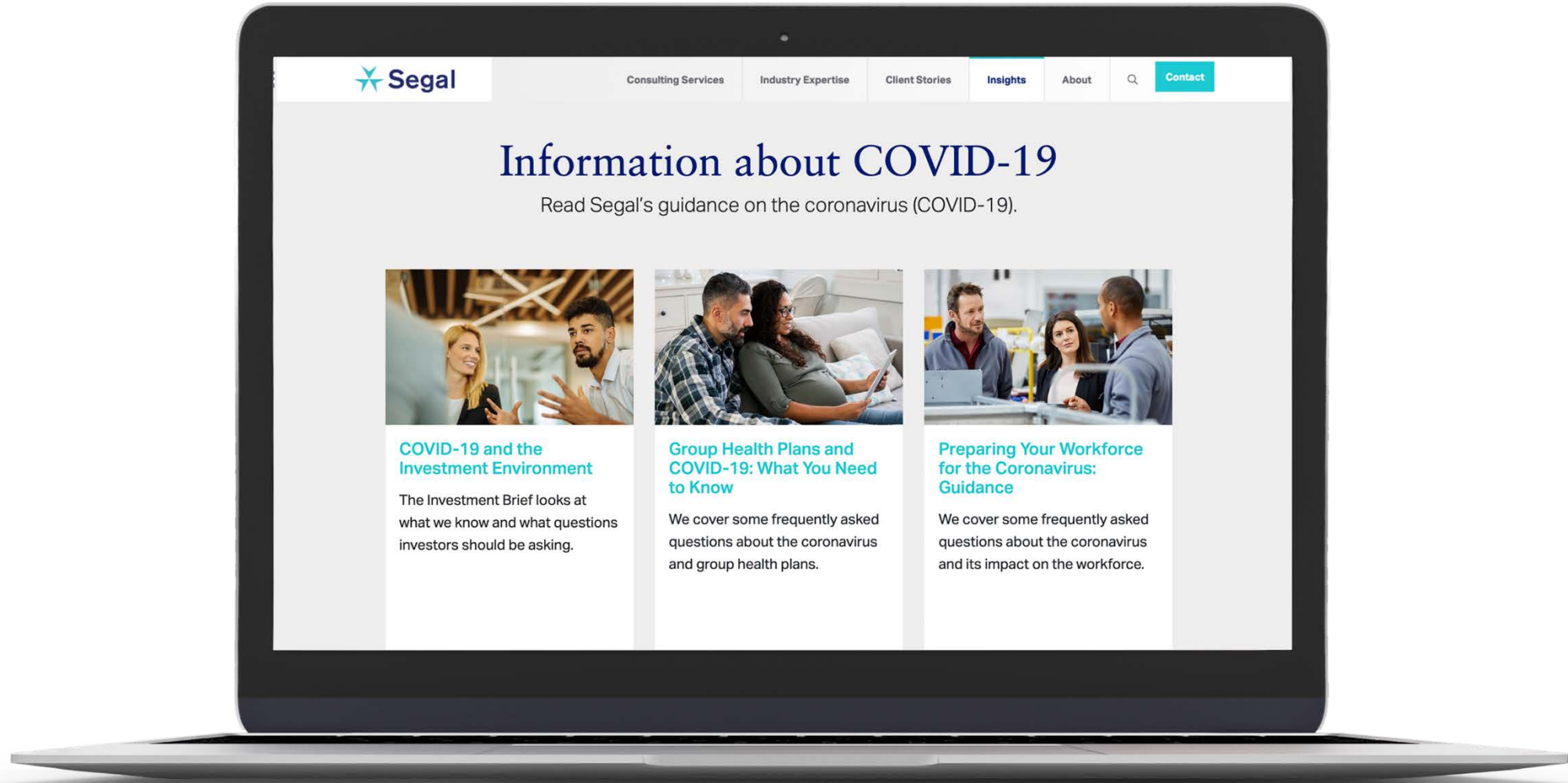
[Checklist](#) summarizing most relevant issues for various stakeholders

Response Planning

Webinars bringing you the latest COVID-19 information
<https://insights.segalbenz.com/resources>

Resources

Dedicated COVID-19 page on Segalco.com



Questions?



Contact Us



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