

Addressing the Coronavirus Outbreak - Benefit Plan Management Considerations

Marsh & McLennan Agency understands there are many unknowns surrounding the COVID-19 virus and it can be difficult to sift through the information to determine action steps. MMA has consolidated several decision points that you should consider as you and your organization develop your own business resiliency plan regarding your benefit program.

MEDICAL PLAN

Most major medical carriers released a statement this week regarding the employee cost sharing for COVID-19 testing.

Fully-Insured Plans: Under fully insured plans, members will have no cost share for the COVID-19 test. The COVID-19 test is covered similar to a preventive screening.

MMA is committed to providing up to date information for employers on the Coronavirus.

Visit our dedicated Coronavirus webpage at <https://mma.marshmma.com/coronavirus-outbreak-resource-page> for up-to-date resources for employers.



Self-Insured Plans: Under self-insured plans, employers have the option to waive the member cost share for the test and cover the test at 100%. If a group would like to opt out of covering the test at 100%, they would need to contact their medical carrier in writing within the next few days.

As MMA has worked with the different medical insurance carriers, the impact to an employer plan is estimated to be between \$.06 - \$.10 per member per month (PMPM) to supply the test at no cost share.

For both fully or self-insured plans, other services surrounding the administering of the test, such as the doctor visit, facility fee or supplies would still be covered normally under the medical benefits. Therefore, the member could incur some cost as dictated by the plan.

MMA recommends that employers of self-insured plans waive any member cost sharing related to the cost of the COVID-19 test at a physician's office or urgent care center.

PHARMACY

Most Carriers and Pharmacy Benefit Managers have made medications that treat chronic illnesses available to members early, rather than waiting until they are eligible for their next 30-day supply.

TELEHEALTH

Another measure that some carriers are taking to ease the burden of COVID-19 identification and treatment is to reduce or remove the cost share for telehealth services. Some medical carriers have waived the co-pay for telehealth services through their fully-insured plans. Self-insured plans will have the option to opt-out of this program if they prefer to keep a cost share for members in place.

MMA recommends offering telehealth services at no co-pay for members. We have developed a ready-made communications campaign for our clients to promote their telehealth option. We suggest that employers communicate often when telehealth is an option.

HEALTH SAVINGS ACCOUNTS, IRS NOTICE 2020-15

On Tuesday, March 10, 2020, the Department of Treasury and the Internal Revenue Service (IRS) issued guidance through IRS Notice 2020-15 that allows the coverage of COVID-19 on a first dollar basis without rendering a qualified high deductible health plan (HDHP) ineligible for use with a Health Savings Account (HSA). The full notice is available at: <https://www.irs.gov/pub/irs-drop/n-20-15.pdf>

Initially, there were significant concerns on cost being a barrier to treatment and that while the test itself could be covered as preventive, the treatment, including telemedicine, would be subject to any applicable deductible. This assumes that the HDHP satisfies all other requirements under the Internal Revenue Code.

The IRS guidance and exception allows those fully-insured groups and self-funded groups opting to waive costs associated with testing and treatment of Coronavirus to do so without jeopardizing the tax favored status of their HDHP with Health Savings Account Plans. Self-funded groups opting to waive member cost should clearly define what the expansion of treatment at no cost means (i.e. just telemedicine specific to Coronavirus for 90 Days) and if offering more generous coverage, MMA would suggest that the Stop Loss carrier be consulted to confirm no impact to coverage terms and conditions to avoid any issues.

QUARANTINE AND EMPLOYEE LEAVE

Employers are quickly implementing risk management strategies to protect employees such as travel and meeting restrictions and heightened cleaning protocols. In addition to these strategies, employers should be considering scenarios where employees are not able to be at work. MMA recommends that employers consider the following scenarios and plan accordingly.

Employees who are diagnosed with COVID-19

Once an employee is diagnosed with COVID-19, the disability and leave event should be similar to income continuation under any other illness. Typically, for the first week of absence due to an illness, paid sick leave or vacation would provide income continuation. Paid time off would also provide income continuation to employees who think they may be ill but have not yet been officially diagnosed. For illnesses that last more than a week, short-term disability (STD) benefits would kick in. While we expect that most disability insurers and administrators will be covering claimants diagnosed with COVID-19, employers should confirm with their vendors to identify any potential exclusions.

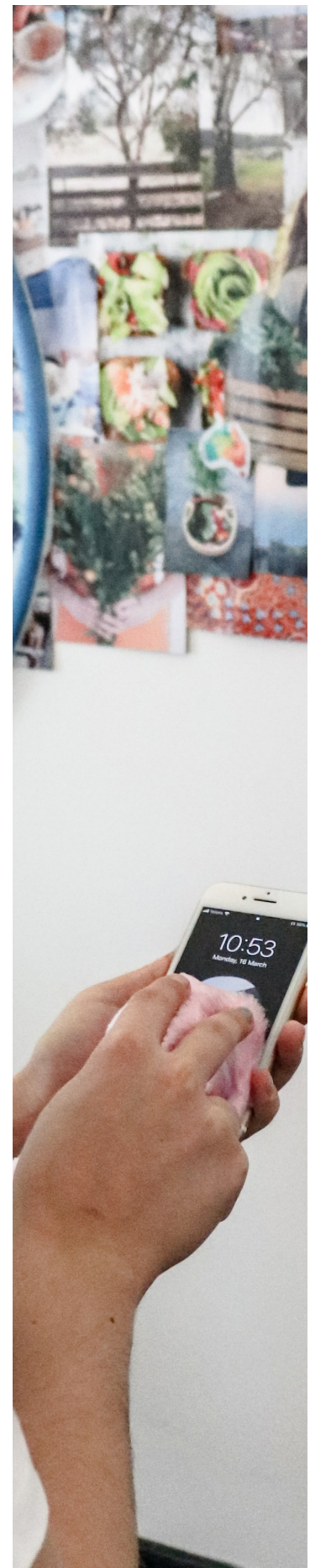
Employees who are not diagnosed with COVID-19 but are not able to work

There will be situations where an employee either has yet to be diagnosed or has no reason to believe they're at risk for COVID-19 but are unable to work. The employee may be quarantined by local authorities or by their employer. It is also possible that the employer's work site is closed or public transportation is not available. In this scenario, some employees may be able to work remotely and be as productive as they would be under normal conditions. But, many employees, such as those working in retail, hospitality or manufacturing, will not be able to work if they cannot physically get to work. For short durations of leave, regular forms of paid time off may be sufficient. As the length of the leave increases, employees may resent being charged for paid time off for circumstances outside of their control or they may even exhaust their available time.

It is important to note that most disability policies will not cover absences of this type. In most plans, an employee must have some sort of physical impairment to be considered disabled. If an employee is quarantined due to a suspected exposure, it is unlikely that absence will be covered under employer disability plans, unless your policy includes a Quarantine benefit. It is important to check your Short Term Disability policy to confirm that this benefit is included. Employers with self-funded plans may have additional flexibility to cover such periods under their plan, as long as all employees are treated in a way that is consistent with their written policy.

Some employers may have a formal or informal "emergency leave" policy that already exists, for when locations need to close due to natural disasters such as snow storms and hurricanes. Such policies, if formal, should have flexibility that permits the employer to adapt the leave based on each specific emergency. For example, instead of being for a fixed duration, the duration of emergency leave in response to COVID-19 may be approved by the employer in weekly increments and on a location-specific basis. Note, however, that while emergency leave policies for weather-related closures may typically be made by local managers, we recommend employers make decisions about COVID-19-related paid leave at a more senior level due to the larger potential organizational exposure.

Employers that do not currently provide paid sick leave to all their workers or who provide very limited paid time off may consider the use of emergency leave to extend paid sick leave as needed during this period without adding a permanent, accrued paid-time off entitlement.



MARSH & MCLENNAN AGENCY RECOMMENDATIONS

- Have you planned for how to pay employees who are quarantined, but not diagnosed with COVID-19?
- Have you drafted a policy for quarantine leave and included it in your leave policy and have you notified your insurance carrier of your policy?
- Have you notified your workforce of your leave policy?

MMA has drafted a sample quarantine leave policy for our clients to consider. Your account team can provide you with the sample.

WANT MORE RESOURCES?

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