Employee Benefits Report

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Taking the High Cost of Relocation Out of the Equation

Even though Covid has made working remotely much more popular, there are still jobs that require people to work on premises. Relocation expenses for people hired in these positions can be costly.

Although there is no obligation on your part to cover moving expenses, a relocation package can be a valuable tool to convince top candidates to choose your company over another.

Most relocation packages are offered to potential employees who live more than 50 miles from your company's location. The package either covers reasonable moving and other work-related expens-

continued on next page

Employers to Cut Back on 2021 Salary Increases

If you're like many employers, you're planning on minimal or no salary increases for your employees in 2021. Experts, however, recommend rewarding employees in key, hard-to-fill positions.

According to the 2020 General Industry Salary Budget Survey conducted by Willis Towers Watson Data Services, one in three American companies is lowering its projected average salary increases. These companies represent a range of industries, including manufacturing, healthcare, financial services and energy.

Earlier this year these employers were planning salary increases of 2.8 percent. Later, after budgets were set, they low-

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es or is a flat monetary amount. The purpose of the benefit is to help ease the financial burden of moving and allow employees to get a quick start in their new positions.

Relocation assistance in the past was reserved for higher-level employees or specialized contractors. Today, competition for the best talent is stronger for positions at all levels. A survey by Atlas Van Lines shows a 13 percent increase in the number of relocation packages sold over a three-year period among companies offering relocation assistance.

What a Relocation Package Provides

The type of relocation package you offer depends a great deal on the employee's position and your financial resources. For instance, you might offer a new college graduate a one-time $2,500 bonus to cover moving expenses. But for a senior IT project manager making more than $100,000, expect to cover a wider variety of expenses.

All assistance must be compliant with Internal Revenue Service regulations and should be in writing. Some companies have an in-house relocation manager to help oversee the move and may work with designated contractors.

While you may not want, or be able to cover all relocation costs, a move is not inexpensive. Here are just a few of the expenses a new employee might need help with:

- **Temporary Housing:** At least 30 days of temporary housing in a hotel or rental house.
- **House-Hunting Trip:** Travel, lodging and meal costs for a minimum of one trip. Might also include childcare so the kids can stay home.
- **Home Sales/Buying Costs:** Includes the costs of selling the employee's home and purchasing a new home — closing costs, real estate commissions and other expenses normally incurred when buying or selling a house.
- **Loss-on-Sale Allowance:** This protects the employee in the event their present home sells for less than its purchase price
- **Job Search Help:** A spouse or partner may need help finding a new job.
- **Quality Moving Company Service:** Includes the cost of a moving truck, insurance coverage and other related expenses, such as packing and unpacking — which can save the employee time and stress.
- **Storage Unit Rental:** The cost of storing the employee's household items until they get settled.
- **Utility Costs:** The costs associated with turning off and turning on utilities.
- **Cancellation Fees:** The fees associated with breaking an employee's lease on their rental property, if applicable, as well as cancellation fees at the employees' child's day care or nursery school.
- **School Location Assistance:** For employees who have school-age children
- **Elder Help:** Employees who care for elderly parents may need help with moving costs.
- **Miscellaneous Expenses:** Includes fixed amounts for expenses such as driver's license fees; pet registration and licenses; cleaning services; utility hook-ups; and other move-related expenses.
- **Auto Transportation:** The cost to move at least one vehicle. ■

ered projected salary increases to 2.6 percent. About 7 percent of the companies are not planning raises in 2021, down from 14 percent this year.

Specific reasons for the more conservative increases range from weaker anticipated revenues during the pandemic to cost-cutting measures.

Experts recommend that rather than allocating the funds across the board, employers should consider focusing on compensating employees in key positions higher than others or paying employees based on performance. For instance, some companies expect to increase "star" employees' pay by an average 4.7 percent.

With the challenges caused by the pandemic and mandated shutdowns, Willis Towers Watson Data Services found that few workers — 62 percent versus 82 percent in 2018 — expect raises.

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What it Takes to Add Inclusion to Your Diversity Efforts

Employers have been practicing diversity in hiring for many years but are now finding that inclusion is also important. Do you know the difference?

For many years employers have taken measures to ensure their workforce is diverse. They set goals to hire a certain percentage of minorities and posted job openings to especially appeal to minorities.

Employers have since learned that diversity hiring is not enough to create an energetic, productive workforce. Inclusivity, as well as diversity, is just as important. And while diversity and inclusion might sound like the same thing, they are different.

First, diversity is about more than race. It also includes many other characteristics including national origin, ethnicity, gender, abilities, sexual preference, age, interests, background, levels of educational achievement and socioeconomic status.

Keep in mind that not all concerns about diversity are per se a violation of the law. Some concerns might just be culturally problematic. Which is why it's important to have training that focuses on respect in the workplace.

Whereas diversity is the makeup of your workforce, inclusion is about the quality of the culture in which diversity exists. Inclusion is how individuals feel they are treated by co-workers and managers. For instance: do all workers get the same promotional, mentoring, and training opportunities, as well as access to volunteer activities as other employees? True inclusion removes all barriers, discrimination and intolerance.

The bottom line is that having a diverse, talented workforce is not enough; everyone needs to be respected equally and made to feel a part of the team.

Compliance

One of the driving forces behind encouraging companies to be more diverse is federal compliance regulations concerning all aspects of employment. These include recruiting, hiring, promoting, demoting, transferring, training, terminating and employee benefits planning. Employers who have 15 or more employees must follow the guidelines set by the Equal Employment Opportunity Commission (EEOC).

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Laws enforced by the EEOC include:

- Title VII of the Civil Rights Act, which protects applicants and employees against discrimination or retaliation for filing a complaint based on race, ethnicity, gender, religion, national origin, or pregnancy
- Equal Pay Act
- Age Discrimination in Employment Act
- Americans with Disabilities Act
- Genetic Information Nondiscrimination Act.

The federal government also has regulations governing diversity practices for federal contractors.

Proactive Steps

To check how inclusive your organization is, conduct a diversity and inclusion analysis. In particular, look for these red flags:

- Lack of diversity in the workplace, including the makeup of the executive management team
- Diverse leaders who are not a part of the decision-making process
- Limited resources devoted to diversity initiatives
- Diversity initiatives that focus only on recruitment
- Tokenism (one person representing a whole race, minority group, gender, etc.)
- High turnover, especially of a particular minority group

As you start to develop policies and decide they could negatively affect any protected groups, make sure you have a diverse group working on the project. Think about who the new policy and procedures impact and whether they could negatively effect any protected groups.

Training

Make sure employees and management staff are familiar with EEOC laws; and the company's "no harassment" policy; and, if you serve as a federal contractor, Office of Federal Contract Compliance laws.

Training, however, should go beyond focusing only on laws. Current and new employees should be informed about what inclusion means with special focus on behavioral patterns such as implicit bias, microaggression and stereotyping.

Partners

To be successful there should be buy-in from all sectors of the company — starting with the executives. Leadership needs to challenge the status quo and model the type of behavior they want to see.

Even if the team includes an ethics and compliance component, the organization's human resource department will be a valuable partner in implementing the policies and training during the onboarding process. ■

2021 Health Care Costs Could Reach Double Digits

Kaiser Family Foundation (KFF) reports that since 2012 the cost of family coverage has increased 3 to 5 percent annually. The COVID-19 pandemic is changing that trend.

Even though it's not known exactly how the pandemic will affect health care benefit costs in 2021, PwC's Health Research Institute projects that increases for employer-sponsored health plans could range anywhere from 4 to 10 percent. This is the first time in 15 years that PwC is reporting a double-digit projection for health care benefit costs.

One of the main reasons the pandemic has prompted such a wide range of projected increases is that many people delayed both preventive and elective care this year for fear of going into a doctor's office and contracting COVID-19. Experts are concerned about what might happen if the level of care in 2021 returns to normal levels.

About 157 million people have employer-sponsored health insurance — the largest source of health insurance in the United States, according to KFF. This is more than any other type of coverage, including Medicare, Medicaid and individually pur-

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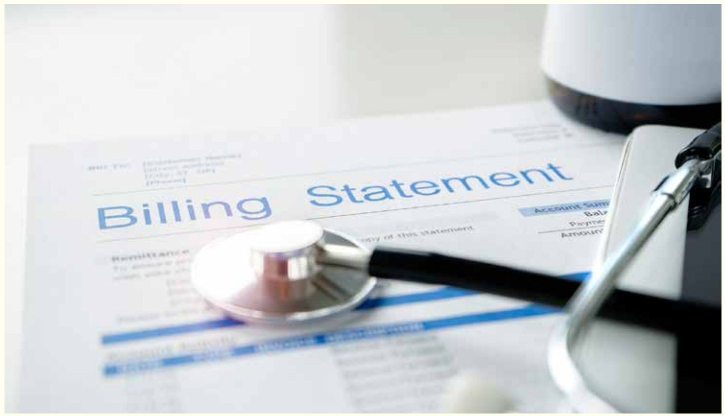
chased insurance on the Affordable Care Act exchanges.

Employer-sponsored health care is popular because employers and employees can get significant tax deductions and because it's economical. The average employer-sponsored family coverage in 2020 is $21,342, according to KFF. Of that amount, employees paid about $5,588 and employers paid the rest.



Employer Options

KFF data indicates that since 2010 average family premiums have increased 55 percent, a rate of increase that's at least twice as much as wages (27 percent) and inflation (19 percent).

Despite the annual increases, the National Alliance of Healthcare Purchaser Coalition reports that employers generally did not make any drastic changes to their health plans for 2021. Most employers are focusing more on how to get their businesses up and running again after city- or state-mandated closures. Employers are expected to actively start reviewing their plans at the end of 2021 in preparation for 2022 health care benefits.

A deductible is the specific dollar amount a health insurance plan requires a member to pay out of pocket toward covered medical care each year before insurance pays for covered medical expenses. Increasing the deductible continues to be a popular way for employers to keep premium costs down. KFF reports that more than 83 percent of covered employees have a deductible in their plan, up from 70 percent a decade ago. The average single deductible is $1,644. That's much higher from the $917 average a decade ago.

One of the biggest cost-cutting trends taking center stage during the pandemic was telehealth. Telehealth allows members to talk to a physician or mental health counselor using computers or mobile devices. Telehealth gives individuals the opportunity to seek care and get prescriptions without leaving the safety of their homes.

The Business Group on Health's annual survey on trends revealed that 53 percent of large employers are planning to expand their virtual care options for 2021. In addition, many are extending virtual options to new areas such as:

- Chronic care management
- Prenatal care
- Weight management.
- Mental health and well-being counseling
- Musculoskeletal issues, such as physical therapy for back and joint pain.

In addition to the growing interest in virtual care as a way to save money and get care safely, some employers are joining the trend toward on-site health clinics. According to the group's survey, 61 percent of the employers surveyed plan to offer on-site clinics in 2021. These clinics give employees easy access to immunizations plus provide care for situations where virtual care is not enough or chronic care management is necessary.

There also is interest is directing employees to centers of excellence. A center of excellence is a high-quality provider that specializes in a certain area of treatment and is recognized by the medical community as providing the most expert and highest level of care. Eighty-one percent of the respondents to the Business Group's survey said they would recommend centers of excellence to employees.

Even though employers are expecting health care costs to rise in 2021, Mercer's National Survey of Employer-Sponsored Health Plans said that only 18 percent planned to transfer those additional costs to employees. This approach is in sharp contrast to how employers reacted to the 2008 economic recession, which led many of them to trim health benefits.

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Family Friendly Benefits Now Include Fertility Treatments

A new trend in employer-sponsored benefits is fertility benefits. Not only do these family friendly benefits meet employees' needs, they save companies and individuals money.

According to the Centers for Disease Control and Prevention, one in eight Americans is affected by infertility. In addition, the LGBTQ+ community has actively sought fertility treatments as a way to have children. The Family Equality Council reports that 77 percent of LGBTQ+ individuals aged 18 to 35 are already parents or are considering having children — a 44 percent increase over previous generations.

Of those who pursue fertility treatments to create their family, the cost can be prohibitive. The average cost of In Vitro Fertilization (IVF) treatment can range from $22,000 to $30,000 depending on the treatment location, medications used, and testing required. In addition, it can take multiple treatments for a woman to become pregnant. With the median salary for a full-time employee in the United States close to $51,000 a year, fertility treatments are often out of reach for many individuals.

There is no set formula for what an employer-sponsored fertility benefit program must cover. Covered treatments might include IUI, IVF, egg freezing, surrogacy, adoption reimbursement, genetic testing and medications. Also, there may be requirements for pre-authorizations, dollar maximums or clinic restrictions.

With a managed fertility benefit, however, providing clinical oversight, pharmacy, neonatal intensive care and other health care related costs are often reduced considerably. In addition, there is less chance of having a multiple pregnancy. Not only are single pregnancies more healthy, according to WINFertility, the average nursery/NICU admission for for twins can run over $80,000 — and triplets can cost $400,000.

Employees who utilize a managed fertility benefit often return to work sooner than those who don't. They are also often more loyal, reducing employee turnover.