



Banking. Wealth. Insurance. Family.



2022: The Year Ahead in Labor and Employment



What's to come in legal issues, benefits, health plans, regulations and compliance

September 30, 2021



WI Owned

Wisconsin's largest family-owned financial services company



Principal owners of Johnson Financial Group are members of the S.C. Johnson family including Helen Johnson-Leipold, who serves as Chairman of the Board.



30+ Locations

Locations in Wisconsin and Minnesota

BANKING

Johnson Bank provides a full line of services including wealth, mortgage, leasing, consumer and commercial banking.

WEALTH

Johnson Wealth Inc provides wealth management services for individuals, families, retirement plan services for organizations and their employees, and individual advisory services for public and private foundations and endowments.

INSURANCE

Johnson Insurance is a leading national, independent insurance agency. Since 1985, Johnson Insurance has provided a wide array of employee benefit, commercial and personal insurance solutions.



Presenter



Jason Gutzman, RHU, MHP, REBC, GBA, ChHC, CSFS, CEBS
Consultant/Compliance Specialist

Jason joined Johnson Insurance in 2017 as VP Employee Benefits with more than 27 years of experience in the employee benefits industry. He specializes in consulting with employers of all sizes with an emphasis on both insured and self-funded programs.

Jason has a Bachelor of Arts degree in Political Science/Public Administration from the University of Wisconsin – Green Bay. Additionally, he is a Registered Health Underwriter (RHU®), Chartered Healthcare Consultant (ChHC®), Registered Employee Benefits Consultant (REBC®), Managed Healthcare Professional (MHP®), Group Benefits Associate (GBA®), Certified Self-Funding Specialist (CSFS®), and a Certified Employee Benefits Specialist (CEBS®). He also speaks regularly to trade associations and employer groups on a variety of industry topics.

Jason is licensed in licensed in WI, IL, MN, MI, OH, AZ, AR. _____



2022 Employee Benefits Forecast

- 2022 Health Care Cost Drivers and Projections
- Emerging Strategies and Recommendations
- Regulatory and Compliance Reminders

Disclaimer: This presentation and answers to questions are intended to provide general information and does not constitute legal or tax advice. Please contact legal and/or tax advisor(s) for specific needs.



2022 Health Care Cost Drivers and Forecast

The public health crisis has made understanding the factors influencing health plan costs trends even more important for plan sponsors. The double-digit pharmacy trends on top of medical trends continue. Growth in health care spending continues to outpace economic growth.

- 2022 Medical Trends for PPO's/POS Plans will average between 6.8% - 7.2%.
- The COVID-19 factor will continue to affect the 2022 insurance rates/renewals but not as significantly as in 2021.
- High use of virtual/telehealth expected to remain prevalent.
- Specialty drug spend continues to escalate.
- Cancer will continue to dominate in cost and frequency and a high- cost claim for most employers.
- Increase in Mental/Behavioral health claims for adults, adolescents AND younger. Substance and alcohol abuse claims have skyrocketed.

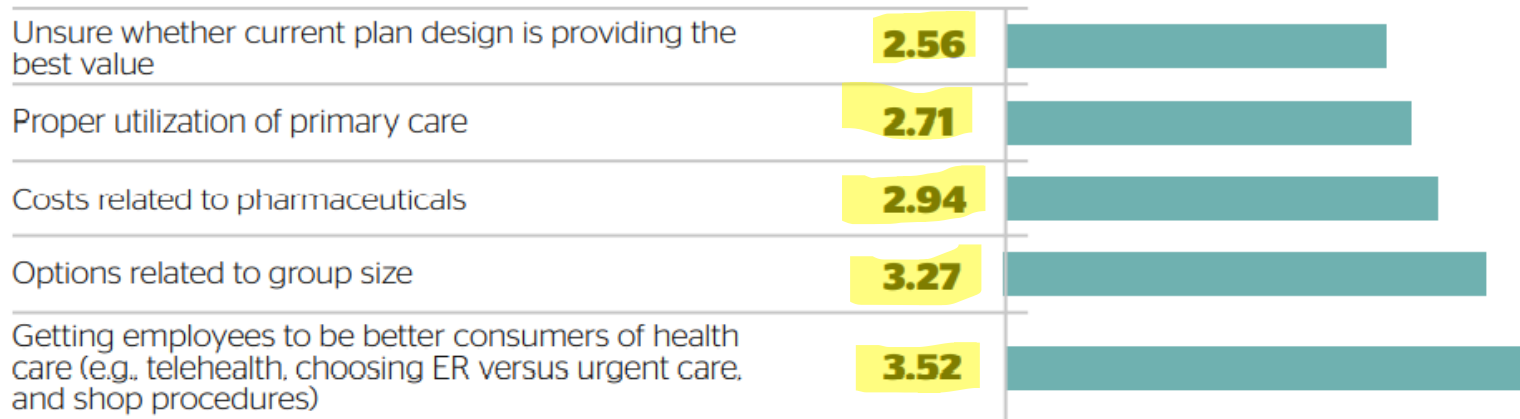


2021 Zywave Broker Services Survey

Please rank your organization's top challenges as they relate to employee benefits and HR

Mitigating health care costs	1
Staying informed and up to date on compliance (e.g., FFCRA, CARES, ACA, COBRA, FMLA, and wage and hour)	2
Attracting and retaining employees	3
Employee communications (e.g., decision support, Benefits 101, consumerism, COVID-19 protocols)	4
Benefits administration	5
Employee well-being (e.g., mental health, physical health and social health)	6
Company culture	7
Employee PTO and leave issues	8
Helping employees prepare for retirement	9
Remote work and its impact on all challenges	10

Please rank your organization's challenges as they relate to mitigating health care costs



Emerging Strategies and Recommendations

Alternative Funding

- “Escape” the vicious cycle of fully insured
- Level Funding
- Self-Funding (Traditional)
- Self-Funding (Captive)
- Reference-Based Pricing

Site of Care Alternatives

- Virtual/Telehealth
- On-Site/Near-Site Clinics
- Enhance or Promote EAP Services

Take Control of your Prescription Plan/Spend

- Increase Specialty Drug Cost Containment
- Review your PBM contract (Self-funded) and avoid multi-year contracts
- Monitor impact of July 9 Executive Order





2022 Regulatory and Compliance Updates

NON-HDHP/GRANDFATHERED HEALTH PLAN OUT-OF-POCKET MAXIMUMS

Non-HDHP/grandfathered health plans are subject to limits on cost sharing for essential health benefits (EHB). The annual limit on total enrollee cost sharing for EHB for plan years beginning on or after Jan. 1, 2022, is **\$8,700 for self-only coverage and \$17,400 for family coverage.**

MEDICARE PART D NOTICES

Prior to each year's Medicare Part D annual enrollment period, plan sponsors that offer prescription drug coverage must provide notices of creditable or non-creditable coverage to Medicare-eligible individuals. The required notices may be provided in annual enrollment materials, separate mailings or electronically. Whether plan sponsors use the federal Centers for Medicare & Medicaid Services (CMS) model notices or other notices that meet prescribed standards, they **must provide the required disclosures before Oct. 14, 2021.**

AFFORDABILITY PERCENTAGES TO DECREASE FOR 2022

IRS has set the indexing adjustment to the contribution percentage for 2022 for determining affordability of an employer's plan under the Affordable Care Act (ACA). The threshold will **decrease from 9.83% to 9.61%**. An Applicable Large Employer will avoid penalties by not requiring an employee's contribution towards self only coverage is "affordable".

ACA REPORTING FOR 2021

Section 6055 & Section 6056 (ACA Reporting) **will continue to be required in 2022** for coverage provided in 2021. IRS is expected to issue a Notice this fall specifics about filing deadlines, final Forms, any coding changes, etc.





2022 Regulatory and Compliance Updates Cont.

ACA PAY OR PLAY PENALTIES WILL INCREASE FOR 2022

Two separate annual penalties can apply under the employer shared responsibility rules—the Section 4980H(a) penalty and the Section 4980H(b) penalty. Although IRS has not yet announced the 2022 adjusted amounts, past methodology results in the following projections:

The Section 4980H(a) penalty can apply when an ALE does not offer coverage to “substantially all” full-time employees (and dependents). For 2021, the annual Section 4980H(a) penalty is calculated as **the ALE’s number of full-time employees (minus 30) x \$2,750 (\$2,700 in 2021)**.

The Section 4980H(b) penalty can apply when an ALE does not offer coverage to all full-time employees, or the ALE’s coverage is unaffordable or does not provide minimum value. For 2021, the Section 4980H(b) penalty is calculated as **\$4,120 (\$4,060 in 2021) x the number of the ALE’s full-time employees who receive an Exchange subsidy**.

NO SURPRISES ACT

On Dec. 27, 2020, the No Surprises Act was signed into law as part of the Consolidated Appropriations Act of 2021. Some sections of the legislation **go into effect on Jan. 1, 2022**, and the Departments of Health and Human Services, Treasury, and Labor will be issuing regulations and guidance to implement the law.

The No Surprises Act **prohibits surprise bills** (including both out-of-network (OON) cost sharing and balance billing amounts) for individuals covered by group health plans when: (1) receiving emergency services (and post-stabilization services) furnished by a nonparticipating provider or nonparticipating facility and (2) when receiving non-emergency services, furnished by nonparticipating providers in participating facilities. Exceptions may apply for post-stabilization and nonemergency services if certain conditions are met—for example, if the individual is provided with a compliant notice and consents to receiving non-emergency services from nonparticipating providers and to paying the OON cost sharing and balance billing amounts. In addition, the Act protects enrollees against surprise billing if the enrollee relied on inaccurate provider network status information in the health plan’s directory about a provider when obtaining care. **The Act requires providers/facilities and health plans to negotiate (arbitration process if needed) payment disagreements between the parties.**



2022 Regulatory and Compliance Updates Cont.

2022 HSA/HDHP Amounts:

Type of Limit		2021	2022	Change
HSA Contribution Limit	Self-only	\$3,600	\$3,650	Up \$50
	Family	\$7,200	\$7,300	Up \$100
HSA Catch-up Contributions (<i>not subject to adjustment for inflation</i>)	Age 55 or older	\$1,000	\$1,000	No change
HDHP Minimum Deductible	Self-only	\$1,400	\$1,400	No change
	Family	\$2,800	\$2,800	No change
HDHP Maximum Out-of-pocket Expense Limit (<i>deductibles, copayments and other amounts, but not premiums</i>)	Self-only	\$7,000	\$7,050	Up \$50
	Family	\$14,000	\$14,100	Up \$100



Compliance Housekeeping Reminders

- Update **COBRA** Rates (don't forget HRA, EAP and Clinic, if applicable)
- Update **ERISA Wrap** Document – Consider creating if you do not have one!
- Complete **Medicare Part D CMS Credibility** Certification Online.
- **Summary of Benefits and Coverage (SBC)** template changed in 2021. Distribute prior to the start of a new plan year.
- Monitor elements of the **No Surprises Act** that will take effect on January 1, 2022 and beyond in phases. Expect more info soon regarding **Independent Dispute Resolution**.
- Double-Check your compliance with any “outcome-based” or “health-contingent” **wellness program** components.
- Conduct a **non-discrimination test** on your **Section 125** Plan.
- **Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA)** Notice changes most years and should be distributed annually.
- If you have a “**grandfathered**” plan, make sure to include information about the plan's grandfathered status in plan materials describing the coverage under the plan.
- If self-funded, consider having a third-party complete a comparative analyses of the **nonquantitative treatment limitations (NQTs)** on your Plan to ensure compliance with the **Mental Health Parity and Addiction Equity Act (MHPAEA)** as amended by the Consolidated Appropriations Act, 2021.





QUESTIONS

?

Jason Gutzman, RHU, MHP, REBC, ChHC, CSFS, GBA, RPA, CEBS
Vice President-Employee Benefits
Consultant/Compliance Specialist

Direct: 920.445.7432
jgutzman@johnsonfinancialgroup.com

