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BARNARD INSURANCE GROUP

The Barnard Bulletin

Mark's Memos

Heavy Lifting...

SO FAR 2020 has turned out to be an extremely difficult year for a lot of good people.

We have all watched as a tiny virus travelled all the way around the world and radically changed almost every aspect of our daily lives. Of course, our first thoughts and prayers go out to those who do not survive their exposure to COVID-19.

But there are other victims of this crisis that deserve our consideration. They are not losing life, but just about everything else as a result of the economic downturn the response to this virus has caused.

I have seen businesses close up permanently as well as hard-working employees getting laid off from jobs they have held for decades.

Some of these people have families with special needs and when they lose their employment, they lose their health plan as well.

While COBRA and State Continuation are always available, it would be difficult for any of us to afford these or any other services without our jobs to help pay for them.

For now, the best case for people who desperately need their benefits is to be below 400% of the Federal Poverty Level (FPL), after their year-to-date income and any unemployment benefits are calculated.

In that scenario we can get them an Affordable Care Act plan, subsidized by the government, which in many cases could be cost free through the end of the year.

But what then? Into next year, if they are unable to replace their income enough to get to at least 100% of FPL in Texas, they will have their ACA subsidy taken away.

That is the individual side of the crisis. On the business side there are local employers whose revenues are quite literally drying up. They want to do all they can for their employees, but the money is not coming in any longer and they are having to make impossible choices.

For some business owners, these are people that have been with them for a generation, and they are like family.

And when they know that in addition to all of this, they have to go home to a spouse or a child with a chronic health condition and explain that they have lost their job as well as their benefits that have been paying those medical bills, it's an impossible position that no-one should ever have to endure.

So, if your business has not been severely impacted by COVID-19, or the oil crisis, be thankful.

But also take time to consider some of your fellow business owners who have not been so fortunate.

I believe we will all get through this together, but the truth is they are the ones doing most of the heavy lifting. ❖

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If you have questions regarding any of the articles in this newsletter or have a coverage question, please call us at:

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Coronavirus Fallout

IRS Allows Mid-Year Changes to Health Plans, FSAs

THE IRS has loosened restrictions on employees who want to make changes to their group health plans and flexible spending accounts (FSAs) in the middle of the policy year.

IRS rules are typically stringent and rigid, barring changes from being made to health plans except during open enrollment. Under the new rules, the employer would still have to approve letting staff make changes to their plans if they have more than one option to choose from.

The IRS issued the new guidance after employer groups lobbied the agency and Congress to loosen the rules because the COVID-19 pandemic has led to profound changes in employees' health care needs, as well as access to childcare.

The rules are temporary and apply only to 2020. All of the following mid-year changes must be approved by the employer:

Health plan changes: Employers can let employees make mid-year changes that would be in effect for the remainder of the year. The new guidance allows employees to:

- Drop out of their health insurance if they have another option,
- Sign up for insurance if they have not done so,
- Add family members to their plan, or
- Switch to a different health insurance plan.

Allowing these changes could be beneficial to employees who have had their salaries cut, or were furloughed, but were able to retain their health coverage.

Someone in this position, for example, may decide to switch to a lower-cost health plan if they are unable to afford the premiums on their current plan.

Flexible spending accounts: Employees must decide before the plan year starts how much to set aside from every paycheck into their FSA, the funds of which can be used to pay for health care-related expenses. Under the new guidance, they are allowed to make changes to their contribution levels mid-year.

Employees that expect more medical expenses and are able to afford it, can elect to increase their FSA funding. But those who may have been setting aside funds for an elective surgery that they may want to postpone, can chose to decrease the amount they put into their FSA every month.

Carryover amount: Regulations governing FSAs require employees to use all of the funds in their FSA in a given year or lose it. There are two exceptions: Employers can give employees a two-and-a-half-month grace period after the end of the plan year to spend remaining funds that are in the account at the end of the year, or they can let workers carry over up to $500 from one year to the next.

Starting this year, the carryover limit will be set at 20% of the maximum health care FSA contribution limit, which is indexed to inflation.

That means that for 2020, employers can let employees carry over up to $550 into 2021.

The takeaway

While allowing your employees to make changes can help them better budget their health care spending, making the change will result in extra administrative expenses for you.

Changing plans mid-year, signing up employees for new plans and adding dependents can involve a significant amount of paperwork and documentation.

That said, allowing employees to make these changes mid-year could also give them some extra peace of mind. ❖

Pandemic Transition

How to Reopen, Bring Staff Back to Work Safely

IF YOUR business is preparing to reopen after a relaxation of shelter-in-place orders, you should proceed with caution and make sure you have safeguards in place to protect your workers, as well as customers if they are entering your premises.

How can you take that first step back to a semblance of normalcy?

Here are some recommendations from the Los Angeles Department of Public Health and other sources that can apply to any municipality anywhere in the country.

The advice mainly applies to establishments that will have customers, but most of the recommendations are relevant across a wide swath of sectors.

Measures to protect employees

- If someone can continue working from home, let them do so.
- Tell employees not to come to work if sick.
- If any employee tests positive for, or has symptoms that are consistent with COVID-19, you should:
  — Ask that they isolate at home, and
  — Ask all employees who may have come in contact with that colleague to immediately self-quarantine at home.
- Check employees for symptoms or a fever before they enter. This must include a check-in concerning cough, shortness of breath or fever and any other symptoms the employee may be experiencing.
- These checks can be done remotely or in person upon the employee's arrival. A temperature check should be done at the worksite, if feasible.
- Offer at no cost to your employees cloth face coverings if they are going to have contact with the public during their shift. If they are disposable, masks should be thrown away at the end of every shift. If they are reusable, they should be washed after every shift in hot water.
- Instruct employees not to touch the exterior of their masks.
- Disinfect break rooms, restrooms and other common areas frequently.
- Place hand sanitizer in strategic locations.
- Allow employees to take frequent breaks to wash their hands.

Signage

Place signs at each public entrance of your facility to inform all employees and customers that they should:

- Avoid entering if they have a cough or fever.
- Maintain a minimum 6-foot distance from one another.
- Wear a mask for their own protection, as well as for the safety of others.

Controlling crowds, lines

Limit the number of customers on the premises at any one time, to allow customers and employees to easily maintain at least 6-foot distance from one another at all practicable times.

Post an employee at the door to ensure the maximum number of customers in the facility is not exceeded. If people are queueing up, mark the ground outside to ensure proper social distancing.

Spacing between employees

- Require employees to work at least 6 feet apart. You may need to reorganize your office or workstations to ensure proper spacing.
- In jobs where workers are on their feet, mark spots on the floor where they should stand to ensure social distancing between your staff.
- Space out tables, chairs and microwaves in break rooms.
- Another option is to use partitions made of plexiglass so workers can communicate and make eye contact.
- In addition, you may want to abandon the popular open workspace concept and revert to using cubicles, which gained popularity in the 1980s and 1990s as a way to increase productivity by putting barriers between office workers. Having that divider will make your staff feel safer and can offer some protection.
- Reconfigure furniture placement in offices, public seating areas and other work areas to support physical distancing.

Cleaning and circulation

A recent study that analyzed superspreading events showed that closed environments with minimal ventilation strongly contributed to a characteristically high number of secondary infections.

Take steps to minimize air from fans blowing from one worker directly at another. Also consider opening windows for circulation.

Also important are:

- Disinfecting surfaces in workspaces, as well as doorknobs, buttons and controls. Pay special attention to areas that are frequented and touched more often.
- Providing workers and customers with tissues and trash receptacles.
- Employees who are cleaning and disinfecting should wear disposable gloves.
- Cleaning surfaces using soap and water, then using disinfectant.
- Sanitizing any other personal protective equipment such as hardhats after every shift. ❖

Pandemic Rules

FSAs, HSAs Can Now Be Used for Non-Prescription Medications

THE RECENTLY enacted $2 trillion federal stimulus law aimed at providing financial assistance during the coronavirus outbreak also includes a key change on how health savings accounts and flexible spending accounts can be used.

The Coronavirus Aid, Recover and Economic Stabilization Act reverses an Affordable Care Act rule that barred policyholders from using funds in HSAs and FSAs to pay for over-the-counter medications.

HSAs and FSAs allow people to set aside pre-tax funds for medical costs, medical out-of-pocket and copays, as well as for the cost of pharmaceuticals.

Money in these funds is usually deposited from the employee's paycheck before taxes, thereby reducing their tax burden.

HSAs

HSAs are usually attached to high-deductible health plans, while FSAs can be used in conjunction with any employer-sponsored health plan.

For 2020, contribution limits to HSAs are $3,550 for individual coverage and $7,100 for family coverage.

Unlike FSAs, HSA owners can allow their funds to carry over from one year to the next, so their contributions and the interest accrue tax-free.

Your employees can withdraw money from an HSA tax-free if it's used for qualified medical expenses.

They can find a list of these expenses on the IRS's website (your HSA provider should also be able to provide you with a list).

FSAs

For 2020, an individual can contribute up to $2,750 to a health care FSA.

If employers provide health care FSA contributions, this amount is in addition to the amount that employees can elect.

If employers have adopted a $500 rollover for the health care FSA, any amount that rolls over into the new plan year does not affect the maximum limit that employees can contribute.

The takeaway

The ACA rule was relaxed by the CARES Act due to the coronavirus outbreak, so that people can use their FSA funds to pay for OTC medications like pain relievers, anti-inflammatories and other medicines that don't require a prescription.

While Congress permanently overturned the ACA restriction on OTC drugs, other parts of the CARES Act reforms could vanish once the pandemic ends. For example, it only temporarily allows insurers and employers to cover telemedicine if employees haven't met their deductibles. ❖