Employee Benefits Report

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Employee Benefit Planning

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How Employer-Sponsored Dental Insurance Supports Employees' Overall Health

Employer-sponsored dental insurance can play an integral part in your employees' health.

Regular dental exams detect issues before they become big problems. Dentists gain insight into patients' overall health by looking at the health of the mouth, teeth and gums. In addition, dental problems also can affect overall health.

Mouths are full of bacteria. In a clean mouth, 1,000 to 100,000 bacteria live on each tooth surface. Daily brushing and flossing keeps bacteria levels down, but certain medications — such as decongestants, antihistamines, painkillers, diuretics and antidepressants — can reduce saliva flow. Saliva is im-

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Future of the Cadillac Tax Running on Fumes

There's interest on both sides of Capitol Hill for the Cadillac Tax to be repealed and never enacted.

The Cadillac Tax was created as part of the Affordable Care Act to help fund benefits for uninsured Americans. Beginning in 2022, plan sponsors and insurers must pay a 40 percent excise tax on any employer-sponsored health plan costing more than $11,100 for employees-only or $29,750 for family coverage. Those costs likely will be passed on through copays and deductibles.

Although the name implies that the tax is only for rich benefit plans, many of the plans are mod-

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portant because it washes away food and neutralizes acids produced by bacteria in the mouth that might lead to disease. Those who do not clean their mouths regularly could be looking at serious disease and decay.

While your employees can practice good oral hygiene as a way to avoid disease, the importance of regular dental checkups and cleanings cannot be overstated. This is where dental insurance can help. Dental policies generally cover two preventive visits annually and a portion of the costs for preventive care, fillings, crowns, root canals and oral surgery. Some plans also cover orthodontics, realigning teeth and jaws; periodontics, the structures that support and surround the tooth; and prosthodontics, fitting dental prostheses.

Diseases and Conditions Influenced by Poor Oral Health

Here are a few of the conditions that can be detected with regular exams.

- **Cardiovascular disease** –While some researchers debate whether poor oral health can actually lead to heart disease, studies show that inflammation and infections caused by oral bacteria might be a factor in heart disease, clogged arteries and stroke.
- **Endocarditis** – Endocarditis is an infection of the inner lining of the heart and occurs when bacteria or other germs from one part of the body, including the mouth, spread through your bloodstream and attach to damaged areas in the heart.
- **Glaucoma** – Glaucoma occurs when normal fluid in the eye doesn't drain properly. This creates pressure that damages the optic nerve, resulting in sight loss. Although there are a number of reasons why glaucoma occurs, including age, family history, racial background and medical conditions, such as diabetes, some researchers believe oral infections might trigger a series of events where the bacteria from an inflamed tooth or gums spreads to the optic nerve.
- **Periodontitis** – Periodontitis is a severe form of gum disease and has been linked to premature birth and low birth weight, as well as increased risk for heart disease and diabetes.

Dental Insurance Options

Comprehensive health insurance benefits help small businesses attract top talent, and many employees expect it. According to the National Association of Dental Plans, about 50 percent of both small and large employers offer dental benefits.

Small businesses — those with 50 or fewer full-time equivalent employees — are not required to provide health care insurance coverage, including dental insurance. However, employees are increasingly depending on employers to provide health benefits.

The average cost of providing dental coverage for a small employer depends on the state and other factors. In California, for example, an employer pays $20 to $50 per person per month.

The American Dental Association estimates that individuals who do not have dental coverage pay approximately $370 per year out-of-pocket for annual exams, cleanings and X-rays.

If you are interested in providing dental insurance for your employees, here are some options:

est and have high costs due to conditions that include geography, the number of female, older workers or dependents.

House lawmakers introduced legislation (H.R 748) this year to repeal the Cadillac tax, and during the 2017-2018 congressional session, more than 300 members from both parties in the House co-sponsored repeal legislation.

Lawmakers have already delayed implementation of the tax twice. Congress passed and President Barack Obama signed a delay of the Cadillac tax in 2015, changing the effective date from 2018 to 2020. Congress passed and President Donald Trump signed a delay of the tax in 2018, changing the effective date from 2020 to 2022.

- **Preferred Provider Organization (PPO)** plans require members to see dentists who are in-network to get discounts. They often are able to choose an out-of-network dentist, but their out-of-pocket costs may be higher. This is the most common type of dental insurance and often is referred to as "100-80-50" coverage. That means that the plan covers up to 100 percent of fees for cleanings and normal preventive care and usually up to 80 percent of the costs for basic services, such as restorative care like fillings and simple procedures. Coverage includes up to 50 percent of dental fees for major procedures like crowns and reconstructive bridges.

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- **Dental health maintenance organizations (DHMO)** utilize a group of dental professionals who provide care for a more affordable premium.
- **Group dental plans** are similar to a membership buyers' club. For a small annual fee, members have access to a network of dentists offering reduced fees.
- **The Small Business Administration** offers qualifying companies (25 or fewer full-time employees and average annual wages under $50,000) a small business tax credit when they pay 50 percent or more toward employees' self-only health insurance premiums. While this discount does not apply to dental insurance, it may free up funds so employers may offer other benefits like Dental, Vision or Life insurance.

For information about providing dental for your employees, please contact us.

Unlimited Vacation – Good Idea? or Too Many Headaches?

Who wouldn't want unlimited vacation time? Here are a few advantages, as well as pitfalls.

Who wouldn't want unlimited vacation? Employees like it because they gain more time to relax and can come back to the office refreshed and ready to work.

Employers, like you, can benefit, too. Oftentimes you can save money by not paying employees for unused vacation days. The *Financial Times* reported in 2017 that a big firm can save millions of dollars' in unused leave it otherwise would pay to departing employees.

Some companies — particularly start-ups, tech companies or nonprofits — offer unlimited vacation to entice talented job candidates or offset low salaries. It's also considered a perk for executive-level or exempt employees. The benefit cannot be offered to nonexempt employees, though, because their paid time is governed by wage and hour laws.

Of course, as with any great idea, there are pitfalls. Here are downsides you should know if you decide to offer unlimited vacation to your employees.

The Downside

One problem with offering unlimited vacation is employees often take less time off than employees who have a set number of vacation days. One reason is that many companies have a "use it or lose it" policy which encourages employees to use time off. The 2017 HR Mythbusters report by HR software company Namely found that employees who were eligible for unlimited vacation took off an average 13 days a year, while those with capped vacation days took about 15 days off. Many employees with unlimited time off felt guilty taking a va-

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cation, particularly if they worked for a company with a workaholic culture.

Another negative consequence is that some states, such as Illinois, require employers to log employees' work hours as well as vacation or paid time off (PTO) accruals and usage. Companies that don't keep track of days off may argue that the state requirement doesn't apply since employees cannot accrue guaranteed vacation time. The Illinois Department of Labor disagrees. The Department says all employers "must pay an employee who separates from employment a monetary equivalent equal to the amount of vacation pay to which the employee would otherwise have been allowed to take during that year but had not taken." With unlimited vacation, how would employers know how many days the employee meant to take, but didn't? Should employers take employees' word or use an average of the days used by all employees or by specific employees? It can get complicated.

Unlimited vacation and PTO policies also create issues when trying to follow Family and Medical Leave Act (FMLA) rules. Federal law requires that employers allow available paid leave to run concurrently with an employees' FMLA leave. If a policy simply provides for unlimited PTO, with no cap, that might mean that an employee's entire 12-week FMLA leave must be paid. But, with a time off cap, paid leave would be limited to the time the employee had not yet used.

Solutions

There are a number of actions you can take to ensure that an unlimited leave policy is a true benefit for you and your employees:

- Talk to your legal counsel about managing the transition from fixed PTO in a way that does not violate your state and local wage laws. For example, if you are in a jurisdiction requiring you to provide a certain number of days of paid sick leave, consider adding language to your policy to make it clear that employees will be provided with the required number of paid sick days.
- Make sure the new rules also coordinate with paid parental leave or short-term disability policies.
- Establish rules to ensure that unlimited vacation doesn't hurt your company's operation. For instance, you can limit consecutive days off or require employees to get management approval for time off.
- Even though you offer unlimited time off, you should continue to monitor your employees' vacation and sick days and their reasons for absences. You will be in compliance if your state requires it, moreover you will also have information you may need to defend yourself against certain claims.
- Regularly review and update your policy to ensure you stay up to date with changes in the law. ■

Advantages and Disadvantages of the Emerging Telehealth Trend

Telehealth/telemedicine is being touted as a great innovation — the ability to talk to a provider anytime of the day from home for little or no cost. There are advantages and disadvantages.

If you sponsor a health care coverage plan for your employees, you might have considered the option of including a telehealth or telemedicine benefit. Many insurers are encouraging the use of electronic health care as a way to reduce your and your employees' premiums and out-of-pocket costs while improving their access to health care.

Telehealth is the term used most often to describe a broad range of technologies and methods that are used to deliver virtual health care and educational services to patients. Telehealth includes:

- Two-way virtual visits between the patient and caregiver.
- Using videos, digital images and the Internet to transmit data.
- Visits conducted via desktop computer, cell phone or digital handheld devices such as PDAs or tablets,
- Remote patient monitoring, including a patient sensor or other on-site machine to transmit information through the web to a remote caregiver.

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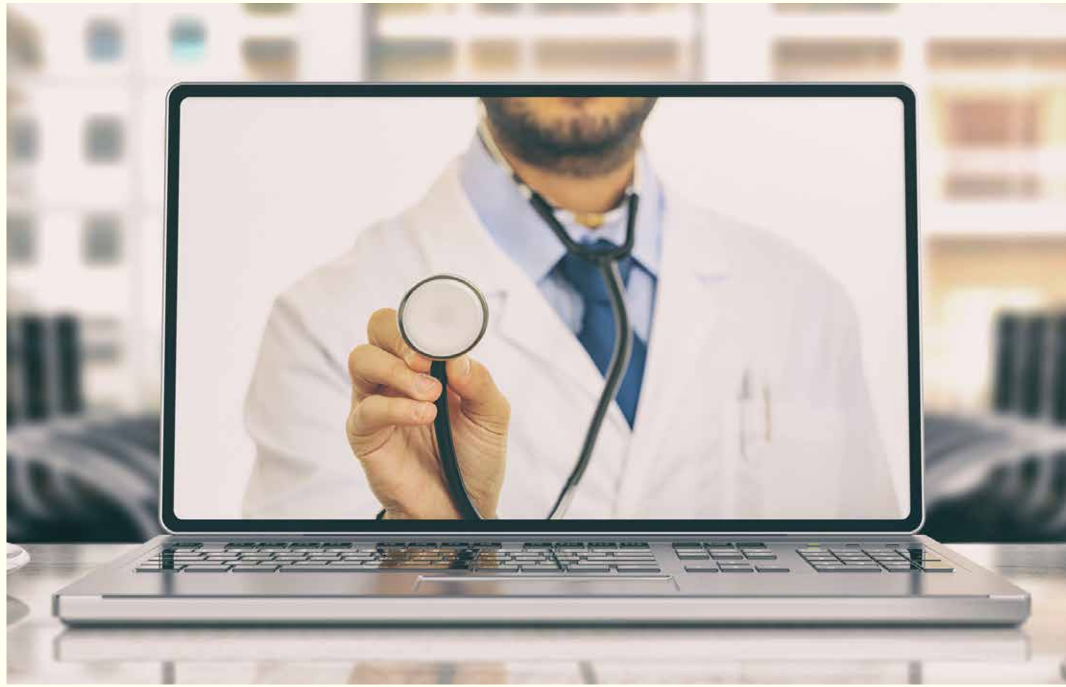
According to the *Global Telemedicine Market Outlook* 2022 report, the telemedicine industry is valued at $29.6 billion and is projected to grow 19 percent from 2017 to 2022. Rutgers University found that approximately 90 percent of U.S. hospitals are on the path to implementing a telehealth program, with 50 percent already having a program in place.

Before you jump on the telehealth bandwagon, however, consider the advantages for your employees and disadvantages of this benefit.



Advantages

Convenience and accessibility: According to a Cisco global survey, 74 percent of patients prefer the easy access of telehealth to in-person interactions with providers. Employees who have access to a telehealth provider can call and talk to a registered provider any time of the day without an appointment when they have a non-emergency situation. Providers have access to patients' records and can make diagnoses and prescribe drugs. This is particularly helpful for those who live in remote areas.

In addition, 24/7 access also eliminates travel time, scheduling conflicts and taking time off from work to go to a doctor's office. In addition, everyone appreciates the ability to talk to a doctor in the middle of the night when traditional doctors' offices are closed.

Physicians like telehealth because, theoretically anyway, they can save time by selecting only the most serious cases for in-office visits.

Cost Savings: A telehealth visit will either cost your employees the same as an office visit or may even be free. Either scenario makes it more likely employees will use the service and seek treatment when needed. Telehealth visits also reduce unnecessary, non-urgent emergency room visits.

Increased Patient Care: Easier access increases the likelihood patients will seek health care when needed; keep their follow up appointments; ask questions; and report early warning signs.

Disadvantages

Fewer In-person Visits: Patients who rely on telehealth for all their health care needs often forgo establishing a relationship with a primary physician. A primary care physician can spot potential problems because they get to know their patients. In addition, the telehealth provider might not have access to a patient's records, which could include information about the patient's care routines and history, thus increasing the risk of a misdiagnosis. In addition, not all procedures — even simple checkups — can be performed digitally. To discuss whether telehealth access makes sense for your employee benefits program, please contact us.

The Advantages of a 457 Retirement Plan

You and your employees might qualify for 457 retirement plans if you work for a state or local government or for certain tax-exempt organizations such as a charities, hospitals or unions. A 457 plan is sponsored by a governmental entity and a 457(b) plan is sponsored by a tax-exempt organization. Both 457 and 457(b) accounts come with some highly prized added benefits for employees.

Similar to 401(k) or 403(b) accounts, contributions to a 457 plan are taken from the employees' paychecks on a pre-tax basis, which lowers employees' taxable income. The contributions are invested in mutual funds, and interest and earnings on that money are not taxed until the employee withdraws the funds at retirement. Some employers may match the amount an employee contributes to a 457(b) plan up to a certain limit.

The biggest difference between a 457 plan and 401(k) or 403(b) plans is that employees who are leaving a job or retiring before age 59½ can withdraw their retirement funds without having to pay a 10 percent penalty fee.

The contribution limit for 2019, set by Internal Revenue Code (Code) Section 402(g), is $19,000, and up to an additional $6,000 for employees age 50 or older. Unlike other employer-sponsored retirement plans, employers can offer employees an opportunity to make catch up contributions (that are twice the annual limit) three years before normal retirement age. The amount an employee can contribute to a 457(b) plan each year cannot exceed 100 percent of the employee's salary.

The 457(b) plan also can be offered with other plans. Teachers, for instance, may be offered both 403(b) and 457(b) plans and can contribute the maximum amount to both plans. However, at the same time, that doesn't include catch-up contributions.