

Alternative Employee Benefit Options HR Professionals are Considering

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Jennifer A. Hayes
Human Resources Practice Leader

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Introduction

There are standard benefits that every company should offer to be competitive and to allow your employees a good work experience. The basic benefits include: Health Insurance, Dental and Vision Insurance, flexible hours or shifts, retirement plans with a match, paid time-off, performance bonuses, education and training, a positive environment, and employee recognition and appreciation. How you deliver these benefits can drastically affect their effectiveness and the cost to the bottom line of the company.

Student Loan Repayment Plans

Until recently, there was no apparent way for an employer to provide student loan repayment assistance on a nontaxable basis. This past year, the Consolidated Appropriations Act of 2021 allows employer-provided student loan repayment as a tax-free benefit to employees for five additional years, extending CARES Act relief first made available in March 2020. This means that through December 31, 2025, employers can choose to make tax-exempt annual contributions of up to \$5,250 per employee toward eligible education debt. The funds allocated for this student loan assistance do not count toward an employee's gross taxable income.

Key Requirements

To take advantage of this benefit, employers who already maintain an educational assistance program will need to amend their program, and employers who do not already maintain such a program will need to adopt one. The following provides an overview of some of the key requirements of an educational assistance program that provides for student loan repayment assistance:

- **Written Plan** - The program should have a written plan document. There are no specific requirements as to the form, but the document should fully describe the eligibility, benefits, and rules of operation and should be formally adopted by the employer.
- **Notice** - Employers should provide notification of the availability and terms of the program to eligible employees. Often, the plan document is prepared to also serve as the notice that may be distributed to employees.
- **Eligibility** - Except for certain owners, all employees may be eligible to participate in the program. Employers, however, may limit eligibility in a variety of ways (employees with a certain title or employees in a certain location), but any eligibility restrictions must not discriminate in favor of highly compensated employees. Discrimination issues can be avoided by making all employees eligible or by excluding all highly compensated employees.
- **Benefits** - The payments may be made directly to lenders or as reimbursements to employees and are combined with any other payments under the program for purposes of applying the \$5,250 maximum.
 - For this purpose, a "qualified education loan" is a debt incurred by the employee solely to pay qualified higher-education expenses incurred by the employee around the same time and during a time when the employee was an eligible student.

- **Substantiation** - Employers should require that employees receiving benefits under the program substantiate their expenses.
- **No Cash instead of Benefits** - Employers cannot offer employees benefits under the program instead of a cash payment. In other words, employees cannot "opt-in" or "opt-out" of benefits.
- **Claw-Back Provision** - The program may require that an employee who receives benefits under the program and does not satisfy some subsequent condition (such as remaining employed for one year) may need to repay the benefits. Such a provision, however, is not always enforceable under state law. It can be difficult to enforce as a practical matter.

Voluntary Insurances

A way to expand your benefit offerings at little to no cost to the employer, but adding great convenience to the employees, is through voluntary insurance. Employees would be able to purchase these insurances through a payroll deduction and at a better cost than if they went direct to the insurance provider.

Below is a non-exhausted list of potential insurances that can be offered:

- **Hospital Indemnity Insurance** – pays the employee money while in the hospital (on top of any STD that the company offers)
- **Accident Insurance** – pays for medical and out-of-pocket costs that you may incur due to an accidental injury
- **Disability Insurance** – can supplement corporate-sponsored STD and LTD
- **Life Insurance** – provides your family with a benefit after you die
- **Pet Insurance** – to take care of your furry children
- **ID Theft Protection** – defends your employees from financial fraud and stolen identity
- **Elder Care** – to assist with care for you as you age or for your parent or grandparent
- **Critical Illness Coverage** – augments an employee's health insurance policy
- **Legal Insurance** – protects your employees from the time, stress, and financial pressure that can occur due to unexpected legal issues
- **Long-term Care Insurance** – covers a host of services not included in regular health insurance such as assisted living, in-home care, help with day-to-day activities
- **Car Insurance** – discounts to your employees by promoting one program through pay deduction
- **Homeowner's Insurance** – same as car insurance
- **Traveler's Insurance** – aiding your employees with costs during both work and pleasure travel

Pharmacy Benefit Managers (PBMs)

As employers we need to start understanding how PBMs fit into our overall Health Insurance plans. PBMs are companies that manage prescription drug benefits on behalf of health insurers, Medicare Part D drug plans, large employers, and other payers. By negotiating with drug manufacturers and pharmacies to control drug spending, PBMs have a significant behind-the-scenes impact in determining total drug costs for insurers, shaping patients' access to medications, and determining how much pharmacies are paid.

We need to start talking about PBMs for many reasons. A few of the most important reasons are prescription drugs are the primary drivers of health-related expenditures, prescription drugs are also one of the top three most expensive essential health benefits, pharmacy is the single most complicated benefit to manage, and the PBM industry is under scrutiny and is rapidly changing. Policymakers are considering three reforms to regulate PBMs which include: requiring greater transparency around rebates, banning spread pricing, and requiring PBMs to pass through rebates to payers or patients.

Is it worth carving out your PBM or is it just too much work? The benefits of carving out your Pharmacy Benefit Manager are vast. When an employer carves out their PBM from their health insurance they have more visibility into their data and empowers executives to request guarantees that support their budget and goals. More importantly, having a direct relationship with your PBM give employees a more personalized experience and a dedicated pharmacy team to answer questions regarding their prescription drug benefits. Carved-in pharmacy arrangements may sound simpler for HR, but they create a disadvantage in negotiating rates and rebates which drives up the plan costs. For more information on PBMs see our HRx with LeAnn Boyd, CEO, and Co-founder of [Southern Scripts](#).

Corporate Gardens

During COVID-19, there was a spike in home gardening. Developing a green thumb was a way to pass the time for some people, while others were using it to attempt to make sure they have access to fresh food. But there are so many benefits to gardening that it could make sense for corporations to partner with an organization like [Green City Growers](#) and install a corporate garden.

Gardening can help employees in many ways that benefit both the employee as well as the employer. Physically, gardening burns calories, strengthens your heart, reduces your blood pressure, works your hand muscles, and helps you get your daily dose of vitamin D. Additionally, gardening decreases the risk of dementia, improves your mood, and gives employees opportunities to connect socially with one another. Having healthier, happy employees will reduce your over health insurance costs, increase loyalty to the company, and build a strong culture within the organization.

Depending on your corporate goals, gardening can also tie into your goals of reducing your carbon footprint, charitable donations, and wellness programs for your employees. By allowing employees to take home food that is grown in the corporate garden, employees will be able to buy less food that has to travel to the grocery store. Food that has not been consumed by employees can be donated to food kitchens and employees who are consuming healthier food will often start having an interest in improving their health in other ways, such as exercising or meditation.

Additional Benefits

There are so many benefits that employers can add that support their culture, corporate goals, and employee interests. The benefits list is endless! Choose benefits that are relevant and meaningful to your organization. Employee satisfaction is essential to a company's overall success, which is why it is crucial to establish a positive company culture and offer incentives and job perks that excite and inspire your team as well as attract top talent to the recruiting process. While every employee loves a competitive salary, there are many additional ways to reward your employees.

Personal

- Cell phone – reimbursements or partner with a company for discounts for your employees
- Technology reimbursement
- Concierge service – for car washes, dry cleaning pick-up/drop-off, grocery store deliveries
- Company parking – free or subsidized
- Home buying assistance
- Free wearable swag
- Charitable Contributions
- Volunteer days
- Summer Fridays
- Birthday PTO
- Paid sabbatical
- No office work hours

Leisure

- Get out of your comfort zone – pay for your employee's one-in-a-lifetime experience – skydiving, bungee jumping, scuba diving
- Restaurant vouchers
- Movie night
- Company book club
- Bring your child to work or bring your pet to work.
- Food – catering breakfast/lunch, coffee shop, adult beverages after 5:00 pm

New and Future Parent

- Childcare reimbursement
- Diapers & Wipes subscription
- Summer camp for employees' children
- Egg freezing
- New baby fund
- Mediation/Mother's rooms

Educational

- Career Development – certification programs, mentorships, job training, and tuition reimbursement
- Financial education and counseling – give employees the knowledge and ability to reach self-sufficiency in their daily financial lives
- Tuition reimbursement
- Mentorship programs
- DE&I training

Overall Wellness

- FSA/HSA/HRA – pre-taxed accounts to help your employees pay for dependent care, medical expenses, etc.
- Telemedicine – remote delivery of healthcare services and clinical information
- Fitness – wellness reimbursement or on-site gym
- Free flu shots
- Mental health workshops/app
- Treadmill desks
- Unlimited personal time-off
- In-office massages
- Employee Assistance Programs (EAP)
- Gender-reassignment assistance

Health Insurance

You, as an employer, understand the concept of a premium-funded health insurance plan. You pay a specific amount for each participant (and potentially their family) and split the cost with your employee. But there are other ways of getting health insurance to your employees that could save you money and with little or no additional work to the HR department, beyond the initial set up of a new health insurance plan.

Large organizations (1000+ lives) self-fund, or at least 98% of them self-fund. But what if you aren't that large? What are your options? How can a smaller company take advantage of the self-funding benefits while reducing the perceived financial risk? The answer is a Captive. A Group Captive is a health insurance pool formed by companies joining together to reduce the cost of their medical benefit spend. There are three levels of "insurance" or "risk" in a Captive. The first level is the employer's risk up to \$25k per employee, the second level is the Captive's risk up to \$500k and then the final level is reinsurance.

Working with a broker and their partners that understand this model can make this a creative and innovative solution for many organizations. Human Resources will be able to customize benefits and carve-out different solutions for items such as office/ER/Urgent and Rx co-pays. With these savings companies will be able to re-allocate funds for additional impactful benefits, headcount, or salary depending on the needs of the organization.

When moving into a Captive program you can expect transparency on regular medical and claims data, control of the design of your health plan and providers, cost-containing strategies including pharmacy programs, disease management, and wellness initiatives all while having a simple and effective turnkey solution. InCap®, Clark & Lavey's captive solution, is a great option for organizations that are trying to take control of their health insurance but do not have the exposure of a fully self-funded plan and have the ease of doing business with a premium plan. Finding the right partners makes the difference.