WEBINAR • *Thursday October 22, 2020*

CLOSE THE BOOKS ON 2020 RIGHT:

PPP & STIMULUS UPDATES, HEALTHCARE RENEWAL PLANNING, AND A LEGAL REVIEW

BSI CORPORATE BENEFITS
Meeting all your employee benefit needs

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HOFFMAN HLAVAC & EASTERLY
ATTORNEYS AT LAW

Concannon Miller
Certified Public Accountants
Business Consultants

SPEAKERS

Tony DaRe, CEO

BSI Corporate Benefits

Edward Easterly, Esq.

Hoffman Hlavac & Easterly Law Firm

Val Lewis, VP Employee & Community Engagement, LAO

BSI Corporate Benefits

Andrew Desiderio, CPA

Concannon Miller

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AGENDA

- COVID-19 UPDATE

- LEGISLATIVE UPDATE FOR FALL 2020
  Presented by Edward Easterly, Esq. - Hoffman Hlavac & Easterly

- HEALTH INSURANCE MARKET UPDATE
- EMPLOYEE COMMUNICATION IN A VIRTUAL WORLD
  Presented by Tony DaRe, CEO & Val Lewis, VP, Employee & Community Engagement, LAO - BSI

- PPP FUNDS & STIMULUS UPDATE - TAX STRATEGIES & WHAT'S NEXT
  Presented by Andrew Desiderio, CPA – Concannon Miller

- QUESTIONS & ANSWERS

WEBINAR LOGISTICS

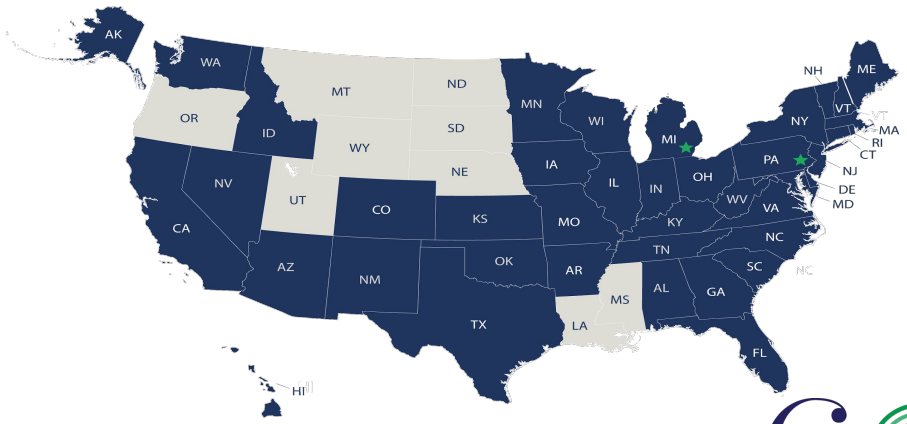
- Questions
  - Attendees can submit questions anytime by clicking on Q&A at the bottom of screen
  - Common questions received will be answered at the end of presentation
  - **ALL** questions will be answered and sent to participants after webinar
- Webinar presentation will be sent out to all participants tomorrow
- Federal overview
- Web Security

BSI CORPORATE BENEFITS OVERVIEW

AN ADVOCATE FOR OUR CLIENTS ON A HUMAN & FINANCIAL LEVEL

- Independent employee benefits consulting firm
- Expertise in controlling cost, while maintaining competitive benefits
- Represents over 150 clients in 41 states and internationally
- Serving clients between 50 - 5,000 employees
- Has participated in **120+** union contract negotiations
- 50% of BSI's book of business has union populations
    - BSI's team has extensive union experience representing local and national companies with multiple unions including Teamsters, Steelworkers, UAW, PSEA, SEIU, IAFF and others
- Licensed with 50+ insurance carriers in the U.S.
- 3 office locations:
    - Headquarters: Bethlehem, PA
    - Wilkes-Barre, PA
    - Southfield, MI
- $450 Million of healthcare spend under management

97%
CLIENT RETENTION



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AWARDS & ACCOLADES

Since 2017, BSI has been voted **“Best Benefits Consulting Firm”** in Eastern PA

Since 2014,LVB has named BSI one of the **“Fastest Growing”** companies in Eastern PA

Recently, BSI was added to the **“2020 Inc. 5000”** list as one of the fastest-growing privately held companies in the nation

BSI Mission:

An advocate for our clients on a human and financial level

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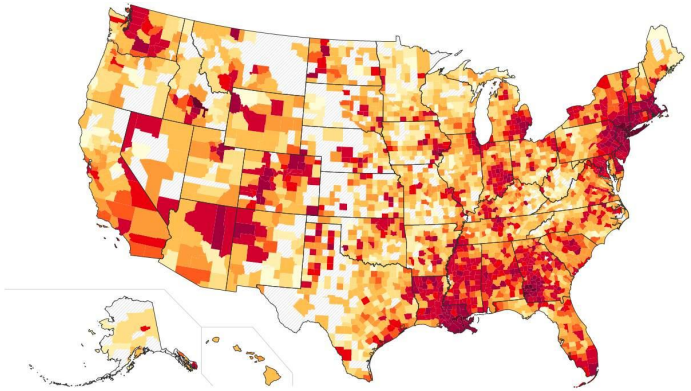
Meeting all your employee benefit needs

COVID-19 BY THE NUMBERS

8.28 Million

CASES in the US

As of 10/20/2020



221,881

Coronavirus Related

Deaths in the US

As of 10/20/2020

79 Million

tests Administered in the US

6.8M positive tests

9% positive test rate

100+

Vaccine Candidates

Currently Under Development

Following conditions carry increased risk:

- Cancer
- Chronic Kidney Disease
- COPD
- Heart Conditions
- Immunocompromised
- Obesity
- Sickle Cell Disease
- Smoking
- Type 2 Diabetes

Statistics provided by Center for Disease Control

*95% of COVID related deaths involved at least one comorbidity

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COVID-19 LOCAL IMPACT

	Lehigh County	Northampton County	Pennsylvania
Total confirmed cases	6,067	4,908	177,409
Total deaths	363	309	8,533
Tests administered	73,867	67,146	2,340,511

Only one COVID-19 related high claimant across BSI book of business including BSI CORE

Data provided by Pennsylvania Department of Health on 10/21/2020

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EDWARD EASTERLY, ESQ.

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PANDEMIC LAW UPDATE:

A STRANGER NEW WORLD

Presented by:

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PANDEMIC LAW: UNCHARTED TERRITORY

- “Google-based” Lawyers
- New Laws/Regulations/Guidance
- Extra unemployment ran out = THE LAWSUITS HAVE COMMENCED
  - ADA, TITLE VII, ADEA, OSHA, STATE LAWS
- What have you done to protect yourself
  - Document decisions
  - COVID is not a reason to “get rid” of bad employees

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FFCRA UPDATE

- Provides paid time off (Emergency Sick Leave and Emergency Family and Medical Leave) for COVID-19 related absences from work
- 12/31/2020

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FFCRA: 6 QUALIFYING REASONS FOR EPSL

Employee is unable to work (and unable to telework) because:

1. Is subject to a Federal, State, or local quarantine or isolation order related to COVID-19;
2. Has been advised by a health care provider to self-quarantine related to COVID-19;
3. Is experiencing COVID-19 symptoms and is seeking a medical diagnosis;
4. Is caring for an individual subject to an order described in (1) or self-quarantine described in (2);
5. Is caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID-19; or
6. Is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Treasury

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FFRCA

- EFMLA
  - 12 weeks paid leave
  - For employees who are caring for a child whose school or place of care is closed (or child care provider is unavailable) for reasons related to COVID-19 (Reason #5 above)
  - First two weeks unpaid (can use EPSL or other PTO)
  - To be eligible, employee must have worked at least 30 days of employment

FFRCA

- NEW ISSUES: S.D.N.Y Case (August, 2020) and New DOL guidance
  - TRAVEL ADVISORIES – COVERED LEAVE?
    - Is subject to a Federal, State, or local quarantine or isolation order related to COVID-19 – SO…YES!
  - DEFINITION OF "HEALTH CARE PROVIDER"
    - NOT EMPLOYER BUT EMPLOYEE
      - doctor of medicine or osteopathy authorized to practice in their state
      - podiatrists, dentists, clinical psychologists, optometrists, chiropractors, nurse practitioners, nurse midwives, clinical social workers, physician assistants, and other similar professionals
      - professionals who provide "diagnostic services, preventive services, treatment services, or other services that are integrated with and necessary to the provision of patient care."

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FFRCA REVISED REGULATIONS:

Specific Examples of Employees Entitled to FFRCA Leave

The DOL also specifically identifies the types of employees who are not exempt "even if their services could affect the provision of health care services:"

- IT professionals
- Building maintenance staff
- Human resources personnel
- Cooks and food service workers
- Records managers
- Schedulers
- Billers

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FFRCA

- SCHOOL ISSUE
  - Optional remote learning = NO
  - Hybrid learning schedules = YES

- WHAT ABOUT INTERMITTENT LEAVE
  - Option Of Employer…but, hybrid issue
    - Available when “Closed”

- OTHER ISSUES
  - DOL – confirmed FFCRA applies only if work available
  - Must provide documentation to employer “as soon as practicable”

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FFRCA

- REMINDER:
    - Documentation is key
    - Tax credit
    - Decision to approve or deny
- Anti-retaliation provision
    - Lawsuits are already starting
    - Cannot retaliate against employee for requesting or taking leave

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ADA ISSUES

- Anti-body tests (EEOC = No)
- COVID-19 tests (rapid vs regular)
- Post-vaccine – employee refuses to get vaccine

  --Policy?

  --Certification requirement?

  --Accommodation options (masks)?

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ADA ISSUES

- COVID-19 can be a disability under the ADA
- Pandemic may trigger or exacerbate other disabilities
  - --Depression
  - --Anxiety
  - --Asthma and other breathing disabilities
  - --Heart-related disabilities
- Must attempt to provide reasonable accommodation(s)
- Undue Hardship Standard

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ADA ISSUES

- Employee requests leave of absence because older family member resides with employee and is at greater risk
- Employee requests LOA because of child's disability which creates compromised immune system
- Employee requests to telecommute because of family member who is at risk

ADA ISSUES

- Employee requests to telecommute because of depression or anxiety related to COVID-19
- Telecommuting Issues: Policy; Timekeeping; Confidential Information; Workers' Compensation
- Employee requests private office because of COVID-19 fear
- Employee requests not to wear mask because of medical condition (other options – face shield; telecommuting; private office)

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COVID-19 TERMINATIONS

- Many states, including Pennsylvania, have announced that all employee terminations related to COVID-19 will not be used to increase an employer's UC rates
- Employers have been instructed to clearly state on all UC forms that the termination was COVID-19 related in order to qualify
- Pennsylvania has not changed its UC form to provide a "COVID-19" option for "reason for termination"

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UC HORROR STORIES

- Employees filing but not hearing back
- Employers returning forms that are not received by UC
- Employers receiving forms (Relief from Charges) with deadlines that have already passed
- Employees who are clearly ineligible for benefits being granted benefits

- Why?
  --The UC System is overwhelmed
  --Burden will be on employers to “trust but verify”
  --May need to protect rights in the court system

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FOR MORE UPDATES, PLEASE SUBSCRIBE TO THE HHE EMPLOYMENT LAW BLOG & FOLLOW US ON SOCIAL MEDIA!

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TONY DARE, CEO

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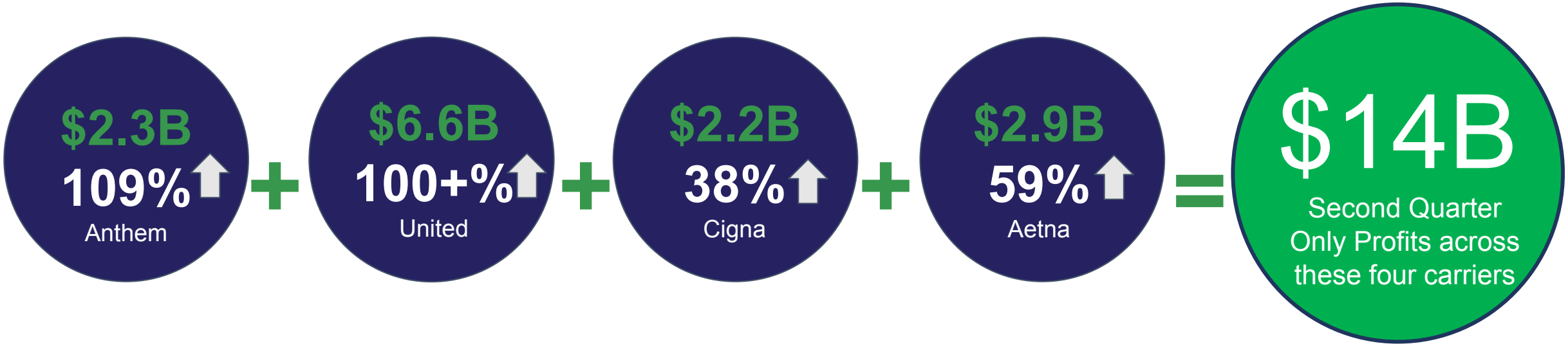
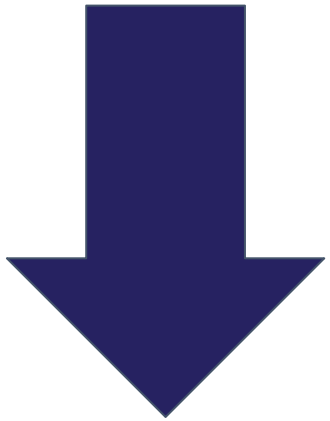
HEALTH INSURANCE MARKET UPDATE

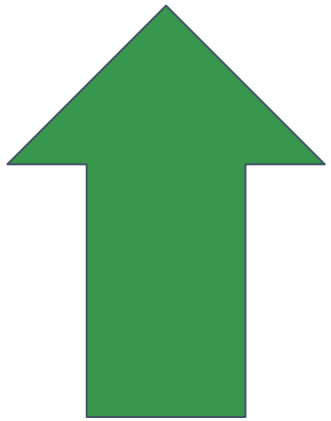
TRENDS IN MEDICAL CLAIMS AND THE COVID FACTOR

2020 SECOND QUARTER ONLY CARRIER PROFITS





CLAIMS



PROFITS

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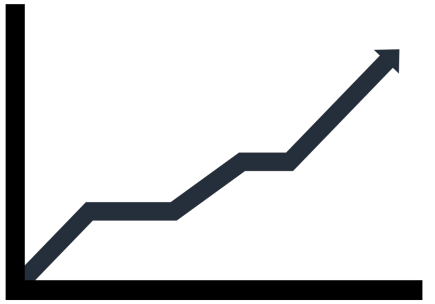
TRENDS IN MEDICAL CLAIMS AND THE COVID FACTOR

15%

Total medical claims *(March - May 2020)* compared to 2019. [1]

$14B

Combined 2nd quarter profits for the four largest US carriers. [2]



Actuarial trend for 2021 renewals is 14%. [3]

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28% ↓ claims from 2019 across consortium

$2.3M projected surplus to CORE clients (2020)

0% CORE renewal increase

1. Oliver Wyman. *Cost and Utilization of Healthcare Services During COVID 19.*
2. Star Tribune. *UnitedHealth Profit doubles to $6.6B with COVID-19 slowdown.*

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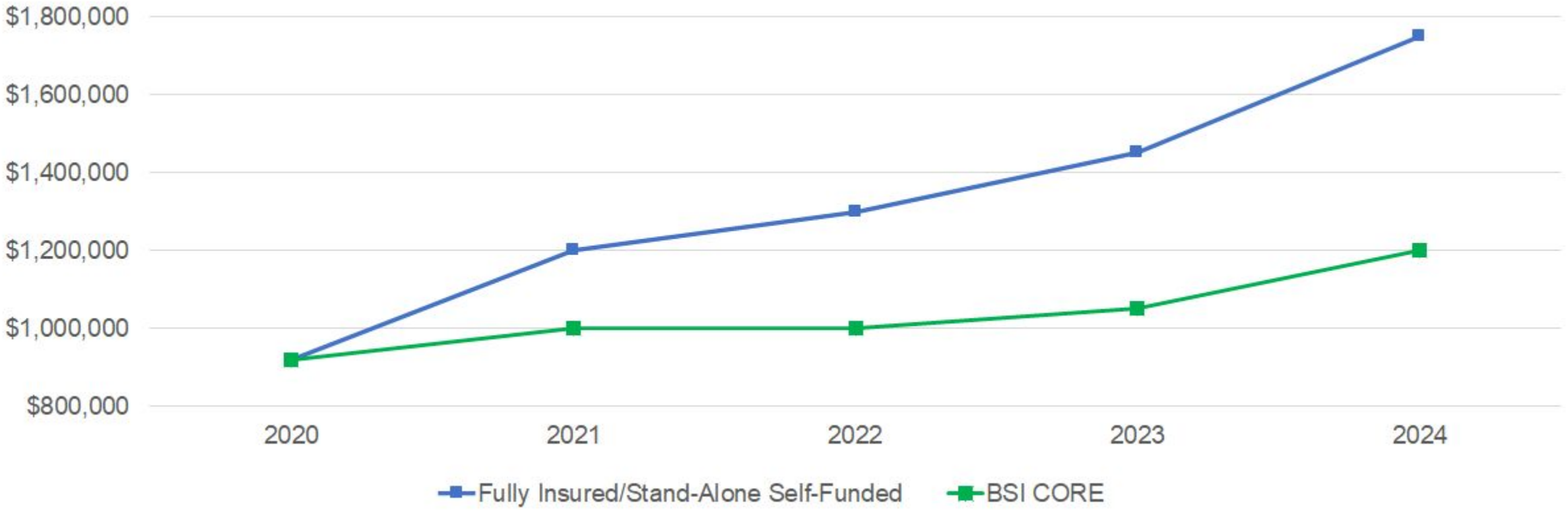
5-YEAR COST PROJECTION GRAPH

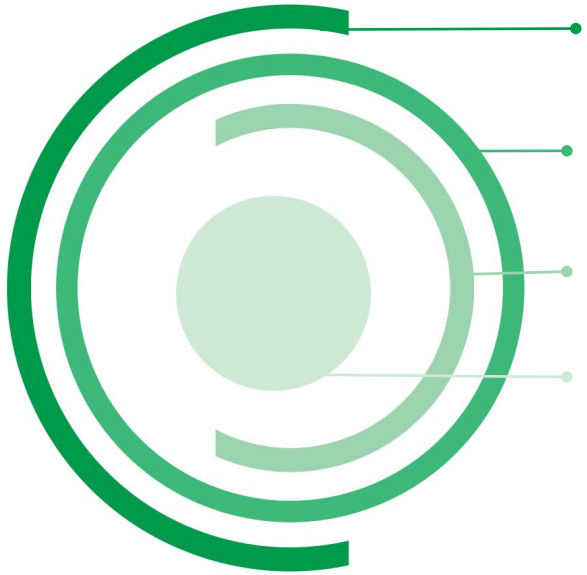
BSI CORE vs. Fully Insured/Stand-Alone Self-funded



A 100-LIFE BSI CORE CLIENT PROJECTS TO SAVE ABOUT $1,000,000 OVER 5 YEARS ASSUMING THE AVERAGE EXPERIENCE OF CONSORTIUM COMPARED TO FULLY INSURED/LEVEL FUNDING

PROVEN FUNDING MODEL

- Leveraged buying power of **650+** employer groups & **120,000+** members
- Capped stop loss increases
- No lasers at renewal
- 100% of unused claims dollars are returned to the client
- Level funded or pay as you go
- No multi-year contract requirements
- Full disclosure of all administrative costs & lower taxes
- Predictable renewal increases



✓ Same Carrier

✓ Same Hospitals

✓ Same Doctors

✓ No Employee Disruption

Additional Savings Opportunities

✓Strategic Wellness

✓Telemedicine

✓Pharmacy Optimization

✓Plan Design Optimization

✓Ancillary Discounts

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VAL LEWIS

Vice President Employee &
Community Engagement, LAO

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EMPLOYEE COMMUNICATION IN A VIRTUAL WORLD

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OPEN ENROLLMENT PLANNING

1 **Recorded webinar**

- Recorded webinar benefits
  - Link provided to access 24/7 for current open enrollment and in the future
  - Ability to share with spouse/dependents
  - Webinar can be added to company intranet
  - Use for onboarding new employees

2 **Live webinar via Zoom**

- Live presentation
- Listen only during presentation
- Open for Q&A at the end of presentation

3 **Individual one-on-one meetings**

- BSI utilizing SignUp Genius to allow employees to sign up for a 15 minute one-on-one Q&A session

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HEALTHIEST YOU

INCREASED UTILIZATION DUE TO COVID-19

WHAT IS HEALTHIEST YOU?

HealthiestYou gives employees access 24/7 to US board-certified doctors through the convenience of phone, video or mobile apps

HOW MUCH DOES IT COST?

Employees pay $0 per call - no copays & no deductibles

WHAT ARE THE BENEFITS?

- **FREE** option to employees to avoid the Urgent Care & ER
- HealthiestYou will send Rx directly to pharmacy for pick-up
- Employees can get care anywhere in all 50 states
- Employees can access real-time cost comparisons for prescriptions nearby
- Telemedicine is available to enrolled employees and enrolled family members
- HealthiestYou bundle offers access to:
  - Behavioral Health
  - Dermatology
  - Expert Medical Services
  - Back Care
  - Nutrition

BSI's TELEMEDICINE SUCCESS

PROACTIVE EDUCATION & SAVINGS

CONSULTATIONS

In 2018 there were
3,504 consultations

In 2019 there were
4,652 consultations

In 2020 YTD (Sept) there were
2,979 consultations

33% INCREASE
(2018-2019)

**Average Teladoc utilization is 15%*

UTILIZATION

In 2018 there was
37% utilization

In 2019 there was
48% utilization

In 2020 YTD (Sept) there was
57% utilization

54% INCREASE
(2018-2020)

133%
Behavioral Health
utilization

SAVINGS

In 2018 there were
$1,811,568 savings

In 2019 there were
$2,405,084 savings

In 2020 YTD (Sept) there were
$1,540,143 savings

33% INCREASE
(2018-2019)

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CONTACT INFORMATION

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Meeting all your employee benefit needs

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ANDREW DESIDERIO, CPA

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Paycheck Protection Program (PPP) Update and 2020 Year-End Tax Planning

Presented by
Andrew Desiderio, CPA

STRATEGY | EXECUTION | RESULTS

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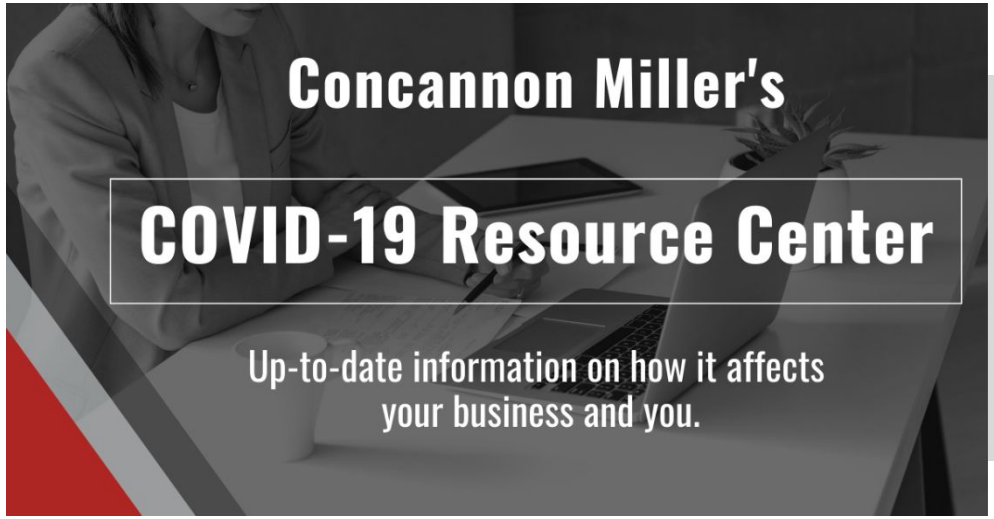

Additional information is available on our website at www.concannonmiller.com under the "Resources" tab.

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The content of this presentation is intended for educational purposes only.

This presentation provides a brief summary based on our understanding and interpretation of current law. All tax references are to federal tax law only, unless otherwise stated.

The information contained in this presentation is general in nature and is based on authorities that are subject to change. It is not, and should not be construed as accounting, legal or tax advice or opinion provided by Concannon Miller & Co., P.C. The material presented may not be applicable to, or suitable for, specific circumstances or needs, and may require consideration of non-tax factors and tax factors not described herein. Contact Concannon Miller & Co., P.C. or another tax professional prior to taking any action based upon this information. Changes in tax laws or other factors could affect, on a prospective or retroactive basis the information contained herein; Concannon Miller & Co., P.C. assumes no obligation to inform the reader/attendee of any such changes.

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Overview of The Paycheck Protection Program ("PPP")

Created by the CARES Act, which authorized $349 billion in forgivable loans to qualifying businesses to pay their employees and cover certain other core expenses during COVID-19 crisis.

Flexibility Act

CARES Act substantially amended on June 5, 2020 with the enactment of the Paycheck Protection Program Flexibility Act of 2020 ("Flexibility Act")

Extension Act

Further amended on July 4, 2020 with the Paycheck Protection Extension Act ("Extension Act")

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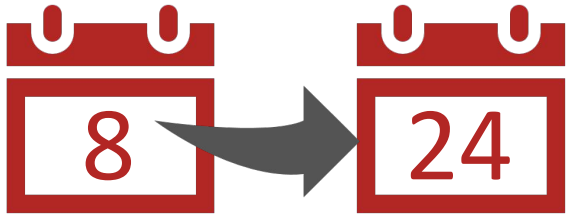
What's Changed

Covered Period

- Extended from an 8 week period to 24 weeks, or until December 31, 2020, whichever is earlier
- Borrowers already with loans as of June 5th have the option to keep the original 8 week period if preferable



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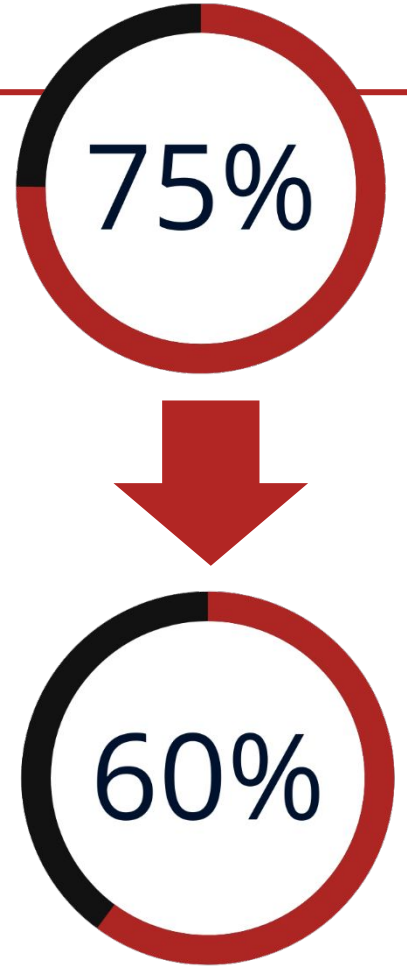
What's Changed (Cont'd)

Payroll Percentage

- Originally, 75% of the loan proceeds had to be used for payroll costs
- Flexibility Act reduces that percentage to 60% to qualify for forgiveness
- No more than 40% of loan proceeds can be used for non-payroll expenses



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What's Changed (Cont'd)

FTE/Wages Reduction

- If FTE headcount or wages are reduced during the covered period, the amount eligible for forgiveness is reduced.
  - Have until December 31, 2020 to restore headcount and wages to pre-February 15th level
  - Additionally, forgivable amount can now be determined without regard to a reduction in FTEs if the borrower is able to document it is:
    - Unable to rehire individuals who were employees on February 15, 2020, and also is unable to hire similarly qualified employees on or before December 31, 2020; or
    - Unable to return to a pre February 15th level of business activity due to compliance with federal requirements or guidance related to COVID-19

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What's Changed (Cont'd)

Deferral Period

- For loans entered into after the enactment of the Flexibility Act, businesses have five years, instead of two, to amortize any balance due on the loan.

Employer-share of FICA Tax Payments

- Permits all borrowers to defer the employer-share of FICA tax payments for periods through December 31, 2020.
- Repayment terms remain the same:

50%

December 31, 2021
December 31, 2022

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Reminder of Eligible Costs

What are eligible payroll costs?

- Wages, commissions, bonuses, salaries, and vacation (up to $100,000 annualized salary)
- Group health benefits including insurance premiums, health and dental
- Retirement benefits
- State & local employer taxes paid by employer (e.g. SUTA)
- Family, medical, and sick leave (***other than*** COVID-related required paid sick leave/FMLA under the FFCRA)

» Minimum of 60% of loan funds must be used on payroll costs to be considered for full forgiveness

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Reminder of Eligible Costs (Cont'd)

What non-payroll costs qualify?

- Rent (on leases in place prior to 2/15/2020)
- Related party rent – limited to the amount of mortgage interest the related party owes on the property during the covered period that is attributable to the space being rented by the PPP borrower
- Utilities including water, gas, electricity, telephone, internet, and transportation (for service agreements entered into prior to 2/15/2020)
- Interest on mortgages on real or personal property (on loans incurred before 2/15/2020); not eligible if related party mortgage

No more than 40% of the forgiveness amount can be for non-payroll costs

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Applying for Loan Forgiveness

- Submit a request to your lender
- Determine the requirements and appropriate application based on your loan amount
- Lender required to provide a response within 60 days
- SBA has 90 days to approve forgiveness
- Due date extended beyond 10/31/2020

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Applying for Loan Forgiveness (Cont'd)

- Form 3508EZ Application
  - Requires fewer calculations and less documentation than the full forgiveness application
  - Eligible if any of the following apply:
    - Self-employed and have no employees
    - Did not reduce salaries or wages of employees by more than 25% and did not reduce the number or hours of employees
    - Experienced reductions in business activities as a result of health directives related to COVID-19 and did not reduce salaries or wages of employees by more than 25%

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Applying for Loan Forgiveness (Cont'd)

- Form 3508S Application
  - Eligible if loan amount is $50,000 or less
  - SBA estimates 3.57 million of the 5.2 million loans approved will qualify
  - Required to certify the amount of loan forgiveness and supply supporting documentation
  - Exempt from FTE and salary reduction calculations

Accounting for Your PPP Loan

- Record as a debt instrument
- When forgiveness is approved by your lender, remove the liability and recognize income
  - Further guidance clarifying presentation is expected
- If a portion is not forgiven, it remains as a long term liability; will need to consider short term portion based on when payments become due
  - Interest rate will be 1%

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Taxability of PPP Funds

- Forgiven PPP loans are not taxable income
- IRS Notice 2020-32 declared no tax deduction allowed for expenses paid using PPP funds
- Bipartisan support for expenses to be deductible, however, that has not translated into congressional action

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Year-End Tax Planning

- Tax planning and projections are crucial in 2020
- Evaluate available accounting methods and make necessary changes
- Capitalize on CARES Act modifications such as NOLs, Qualified Improvement Property or Excess Business Losses
- CARES ACT retirement plan provisions
- Concannon is hosting a webinar in November to cover these topics in greater detail

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Thank You

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QUESTIONS & ANSWERS

Please select Q & A on the bottom of your screen to ask a question