

Monthly Benefit News & Developments

GAO ON INCOME AND WEALTH DISPARITIES AND EFFECTS ON RETIREMENT SECURITY

The Government Accountability Office released [*Retirement Security: Income and Wealth Disparities Continue through Old Age*](#), showing that income and wealth inequality in the U.S. has increased over the last several decades. At the same time, life expectancy has been rising, although not uniformly across the U.S. population, the report notes. Taken together, these trends may have significant effects on Americans' financial security in retirement, the GAO states. The 131-page report examines the distributions of income and wealth among all older Americans over time; the association between income, wealth, and longevity among older Americans; and how the distributions of income and wealth changed over time for a cohort of individuals as they aged.

UPCOMING KEY DATES

11/22/19 – Delayed effective date of DHHS “conscience protections” rule for healthcare workers.

12/31/19 – Expiration of the tax credit for qualifying health insurance costs purchased by eligible individuals, including Trade Adjustment Assistance recipients, PBGC pension recipients, and workers with certain COBRA coverage.

12/31/19 – Sunset date of the temporary freeze of the modified adjust gross incomes threshold (\$170,000 joint/\$85,000 others) for Medicare Part B premiums.

12/31/19 – Expiration of the Work Opportunity tax credit.

1/1/20 – Application of tri-agency final rule permitting use of health reimbursement arrangements for coverage purchased on insurance exchanges, Medicare coverage, and limited excepted benefits.

1/1/20 – Expiration of 2019 moratorium, requiring group health insurers to pay the ACA health insurance tax for the 2020 plan year.

1/1/20 – “Responsible Reporting Entities” of group health plans to begin reporting expanded primary prescription drug coverage for Medicare eligible individuals.

Legislative Activity on the Benefits Front

The President signed the “Continuing Appropriations Act, 2020, and Health Extenders Act of 2019” (H.R.4378, P.L.116-59), preventing a federal government shutdown when funding for the current fiscal year expired at the end of September. The law generally provides FY2020 continuing appropriations to federal agencies through Nov. 21, 2019. The House and Senate continue to work on separate, full-year appropriations bills and will likely face difficulties in reconciling them before the short-term funding expires, possibly forcing another continuing extension.

Meanwhile, the House approved the “Forced Arbitration Injustice Repeal Act” (H.R.1423), which would invalidate pre-dispute agreements that require arbitration of employment (and consumer, antitrust, or civil rights) disputes. The bill, which the Senate is not expected to act on and which the President opposes, also would ban limits on class and collective action lawsuits by workers, consumers, and others.

Regulatory Roundup

JOINTLY FROM TREASURY, LABOR, AND HEALTH & HUMAN SERVICES:

- [Frequently Asked Question](#) on excluding the value of drug manufacturers’ coupons for specific prescription brand drugs from the annual out-of-pocket limits for nongrandfathered group health plans.

DEPARTMENT OF TREASURY/IRS:

- [Final rule](#) amending regulations on 401(k) plan hardship distributions, qualified matching contributions, qualified nonelective contributions, and earnings.
- [Revenue Ruling 2019-19](#), providing guidance on the tax treatment of retirement plan distribution checks that participants have not cashed.
- [Revenue Procedure 2019-39](#), providing remedial amendment periods for correcting form defects in individually designed or preapproved 403(b) plans first occurring after March 31, 2020.
- [Notice 2019-49](#), providing an extension of temporary nondiscrimination relief for closed defined benefit pension plans for plan years beginning before 2021.
- [Notice 2019-55](#), providing the 2019-2020 special per diem rates to substantiate the amount of business expenses incurred while traveling away from home.
- [Proposed rule](#) on the application of the Affordable Care Act’s (ACA) employer shared responsibility provisions and nondiscrimination rules to health reimbursement arrangements.
- [Notice 2019-50](#), providing the 2020 applicable amount for the health insurance providers’ fee under the ACA.
- A [web posting](#) about a new mailing address for employee plans submissions.
- Web postings of [Publication 5258](#), ACA Information Returns Submission Composition and Reference Guide (Rev. 10-2019), and a [draft of Publication 5164](#), Test Package for Electronic Filers of Affordable Care Act Information Returns (Processing Year 2020).

FROM THE DEPARTMENT OF LABOR:

- [Final rule](#), [Fact Sheet](#), and [Frequently Asked Questions](#) updating the earnings thresholds needed to exempt executive, administrative, and professional employees from the minimum wage and overtime pay requirements.

SOCIAL SECURITY FACTS AND FIGURES

The Social Security Administration released [*Fast Facts and Figures about Social Security, 2019*](#). The report answers the most frequently asked questions about the SSA's programs and gives basic data for the Social Security (retirement, survivors, and disability) and Supplemental Security Income programs. The tables and charts illustrate the range of program beneficiaries, from the country's oldest to its youngest citizens. In all, about 67.9 million people receive some type of benefit or assistance.

ACCESS TO AND USE OF PAID LEAVE...

The Bureau of Labor Statistics released [*Access to and Use of Leave Summary 2017-2018*](#), which found that 66% of wage and salary workers had access to paid leave at their jobs during that period, an increase from 2011, when 60% had access. About 78% of wage and salary workers had access to unpaid leave, and an additional 9% were unsure whether they had access to unpaid leave; 93% of workers had access to either paid or unpaid leave.

...AND FLEXIBLE WORK SCHEDULES

The BLS also released [*Job Flexibilities and Work Schedules – 2017-2018*](#), finding about 36 million wage and salary workers (25%) during the study period worked at home at least occasionally and 15% had days they only worked at home; 57% of workers had a flexible schedule in which they could vary the times they began and stopped working.

EMPLOYMENT OF OLDER WORKERS

The Congressional Budget Office's [*Employment of People Ages 55 to 79*](#), notes that from the mid-1990s to 2018, the share of people ages 55 to 79 who were employed increased by about a third, the result of continued increases in employment for women and a reversal of previously declining employment for men. Changes in demographic characteristics of that age group—namely, that the group became younger, on average, and that educational attainment increased—contributed significantly to the increase. Improvements in health, and changes in job characteristics and Social Security policy have probably induced people to spend more years working, the report said.

BUDGET AND ECONOMIC OUTLOOK

The CBO also issued [*An Update to the Budget and Economic Outlook, 2019-2029*](#), estimating the deficit hitting \$1 trillion for 2020. In 2019, CBO estimates, total mandatory outlays (net of offsetting receipts) will amount to \$2.7 trillion, up from \$2.6 trillion in 2018. Most of that \$144 billion increase is attributable to greater outlays for Social Security, Medicare, and higher education.

Regulatory Roundup – contd.

FROM THE DEPARTMENT OF LABOR:

- A [*notice*](#) announcing the Jan. 1, 2020 applicable minimum wage rate for federal contract employees.
- [*Family and Medical Leave Act toolkit*](#), a compliance guide for employers, workers, and military families.
- A [*fact sheet*](#) to help employers understand their retirement plan obligations under the Uniformed Services Employment and Reemployment Rights Act.
- A [*revised and updated*](#) model notice of premium assistance under Medicaid and the Children's Health Insurance Program.
- Three opinion letters - [*FMLA2019-3-A*](#), [*FLSA2019-13*](#), and [*CCPA2019-1*](#), that address compliance issues related to the Fair Labor Standards Act, the Family and Medical Leave Act, and the Consumer Credit Protection Act. [*Three additional opinion letters*](#) address other specific FLSA and FMLA issues.
- A [*proposed rule*](#) to implement the equal opportunity clause's religious exemption for federal government contractors.

FROM THE PENSION BENEFIT GUARANTY CORPORATION:

- A [*proposed rule*](#) to clarify and codify policies on payment of lump sums, changes to benefit form, partial distributions, and valuation of plan assets.
- A [*proposed rule*](#) modifying the assumptions used to determine de minimis lump-sum benefits in PBGC-trusted terminated single-employer pension plans.
- [*New forms*](#) to report when companies with pension plans stop operations at a facility and employees lose their jobs (under ERISA section 4062(e)).
- [*FY 2018 Projections Report*](#), which shows that the multiemployer insurance program continues on the path to running out of money by the end of FY2025; the program covering single-employer pensions continues to improve and last year emerged from a negative net position or "deficit" for the first time since 2001.
- [*Orphan and Inactive Participants in Multiemployer Plans, 2015 Plan Year*](#), a supplement that examines and analyzes the data reported by multiemployer pension plans on participants whose employer has withdrawn from the plan.

FROM THE DEPARTMENT OF HEALTH AND HUMAN SERVICES:

- [*2020 Part D Income-Related Monthly Premium Adjustment amounts*](#) for enrollees who have incomes above specified threshold amounts.
- A [*tool*](#) to help employers decide whether to offer an individual coverage health reimbursement arrangement.
- A [*fact sheet*](#) showing that healthcare – at 8.3% of total compensation for civilian workers in March 2019 – is typically one of the most expensive benefits for employers to provide.
- [*Medical Expenditure Panel Survey \(MEPS\) Insurance Component Chart Book, 2018*](#), providing data on: health insurance offer rates; employee eligibility and enrollment; health insurance premiums; employee and employer premium contributions; and employee cost sharing.
- A [*proposed rule*](#) and [*fact sheet*](#) to modify regulations on the confidentiality of substance use disorder patient records.

FROM THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION:

- A [*Notice of Information Collection*](#), stating the agency's intent to seek authorization for a three-year approval to collect the Form EEO-1, Component 1 data but will not be renewing its request for authorization to collect Component 2 data on wages and hours worked categorized by employees' race/ethnicity, gender, and job category.

Other Recent Milliman Publications You May Be Interested in:

- ***Multiemployer Alert: Segal Blend method still in question for withdrawal liability*** The Segal Blend method of determining withdrawal liabilities in multiemployer pension plans was ruled improper in a recent case with the New York Times but it has been upheld in others, leaving the issue open for future challenges.
- ***Designing benefits packages that attract and retain employees*** In today's tight labor market, companies need to look beyond salary in order to attract and retain employees.
- ***Navigating two decades of funded status*** This paper examines the sources of funded status volatility seen over the past two decades and discusses how plan sponsors of defined benefit pension plans have adapted.
- ***Cash flow duration of actuarial liabilities: What is duration and what can it tell us about actuarial liabilities?*** This article discusses how cash flows and present value are used to calculate duration.
- ***Millennials and retirement: What do employers need to know?*** Employers may benefit from learning more about Millennials' changing relationship with retirement planning.
- ***Multiemployer Alert: PBGC multiemployer program continues on a path toward insolvency*** The projections report for fiscal year (FY) 2018 has been released by the Pension Benefit Guaranty Corporation (PBGC), with three key takeaways for plan sponsors.
- ***Pension Funding Index August 2019***
- ***Combination products: An accelerated education*** Combination products provide valuable, and often substantial, health insurance coverage in the framework of a life insurance or annuity policy. Insurance companies offer many varieties of benefits in the market. This article addresses a range of combination life insurance and health products.



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