



Total Rewards Strategy Development and COVID-19 Leave Considerations

April 13, 2020

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welcome to brighter



What is Benefit Bites?

Our Benefit Bites webcast series is designed to be different, and with you in mind. Taking place each month, these live sessions feature our best Mercer subject matter experts delivering updates and guidance on real people issues you may face on a daily basis. We've designed each session to allow for your questions to be taken live, to help you get the answers you need now, when you need them most!

As always, if you have any questions or future topic suggestions please contact lauren.esmits@mercer.com. We welcome your input!

Upcoming Bites

TODAY

Total Rewards Strategy Development and COVID-19 Leave Considerations

Wednesday, May 20

Behavioral Health – making a difference for your employees

Wednesday, June 17

Data Analytics and population health management – how to move from data to insights

Wednesday, July 15

Innovation – Solutions across the health spectrum



The coronavirus pandemic will be a **defining moment** in an employee's career and life journey

How businesses respond will have lasting impact on employee behavior – engagement, productivity and commitment

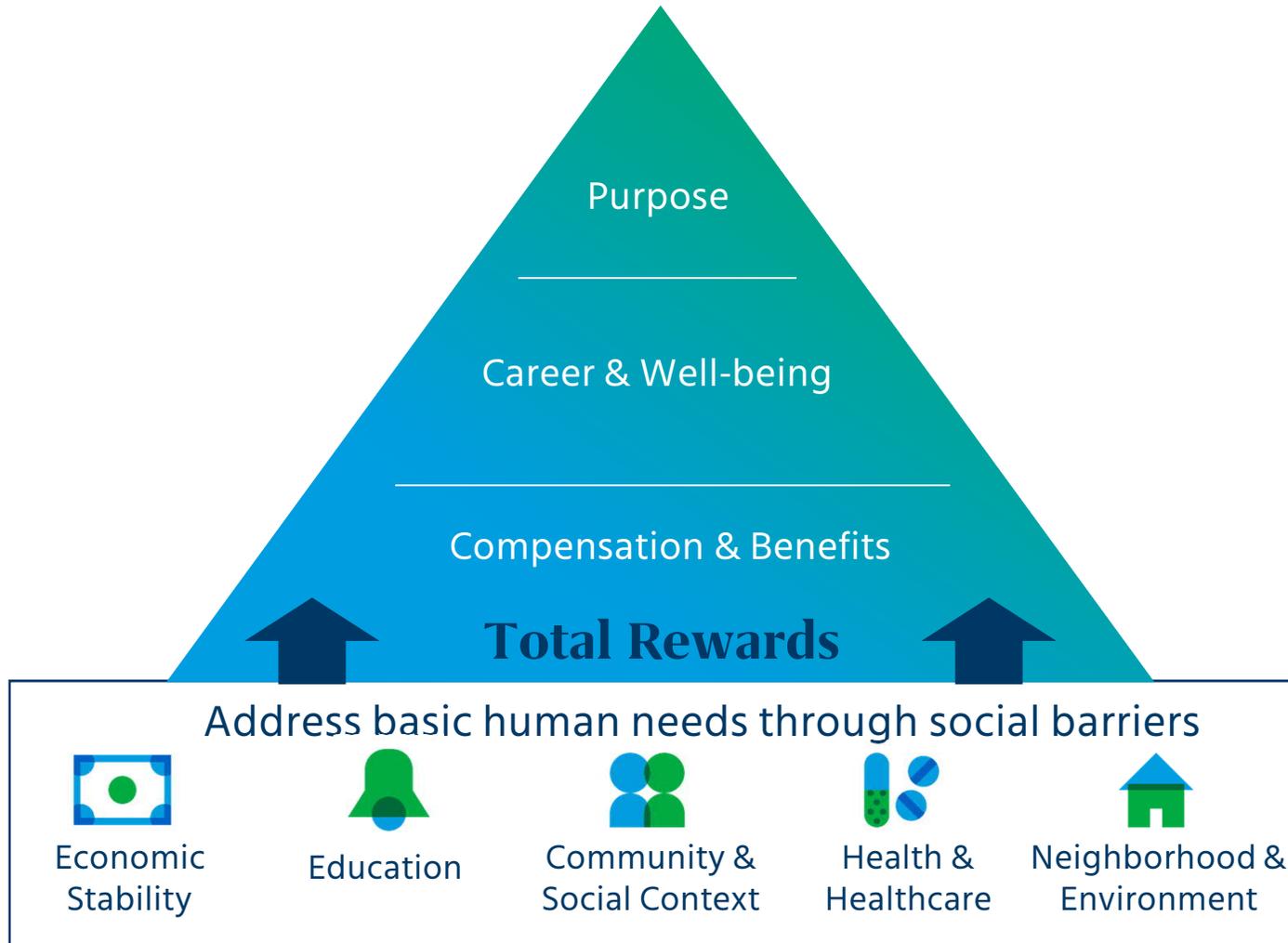
Employee experience is the way forward – not just in good times

Employee experience is the intersection of an employee’s **expectations**, the **environment**, and **events** that shape their journey



Total rewards is the most tangible expression of your employee experience

Get back to the basics to address immediate and basic human needs – then prepare for recovery using total rewards



Compensation and Benefits

Provide a competitive and compelling offering

- Pay me fairly and competitively
- Reward my contributions
- Provide programs to manage my health and wealth

Career and Well-being

Create a differentiated experience

- Support me with my career journey
- Provide me with flexibility to make work “work”
- Help me manage my physical, financial and emotional well-being

Purpose

Create staying power through a unique proposition

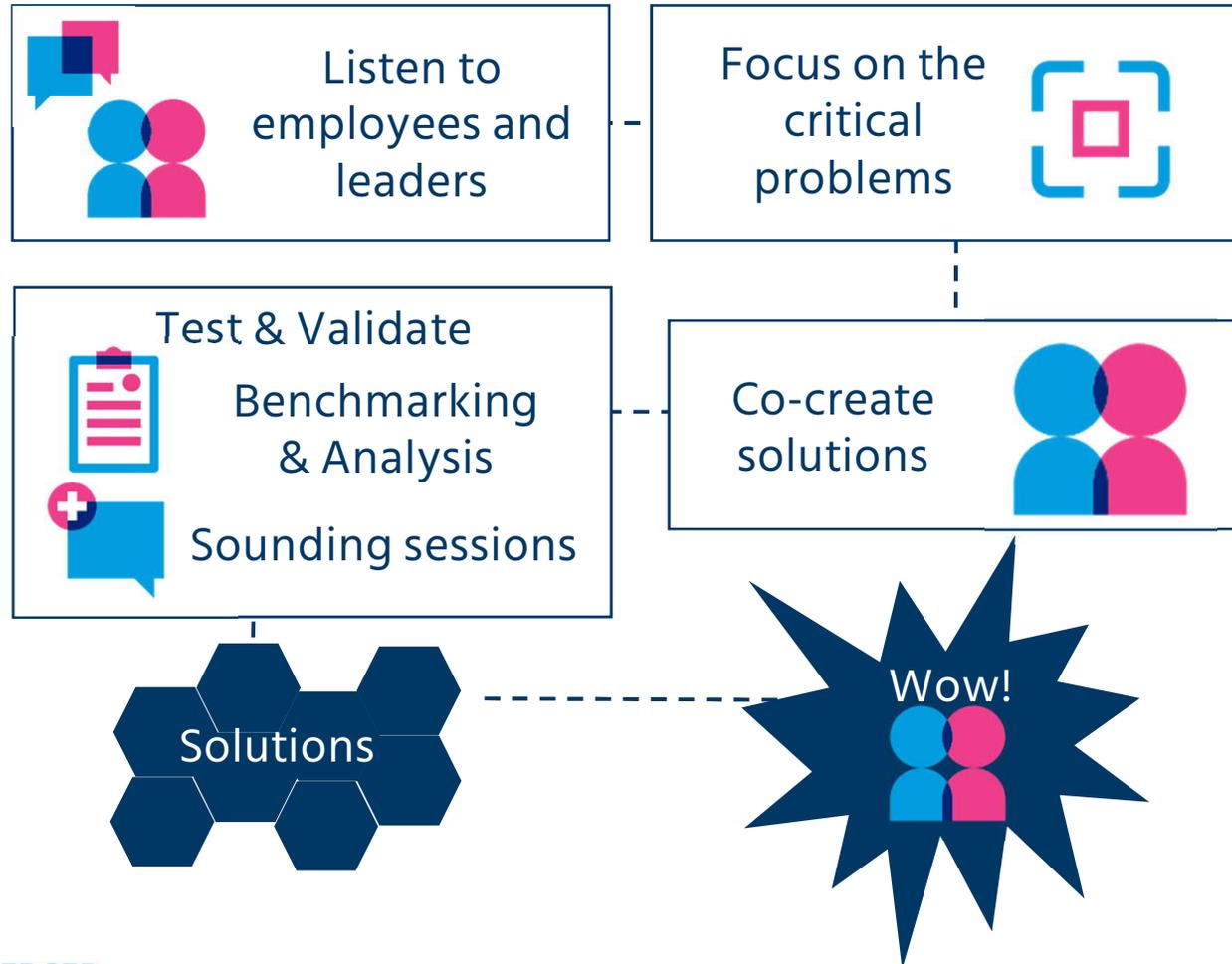
- Provide me with meaningful and fulfilling work
- Make me proud to work for a company that makes a positive impact on society

Designing total rewards
to enhance the employee experience



Use An Experience Driven Approach

Experience Driven Approach



Three Keys

- 1) Defining the right problem provides focus
- 2) Utilize the right research at the right time
- 3) Co-create to drive speed agility and innovation

Defining the right problem provides focus to ensure we move quickly and drive business impact

What's the trigger?

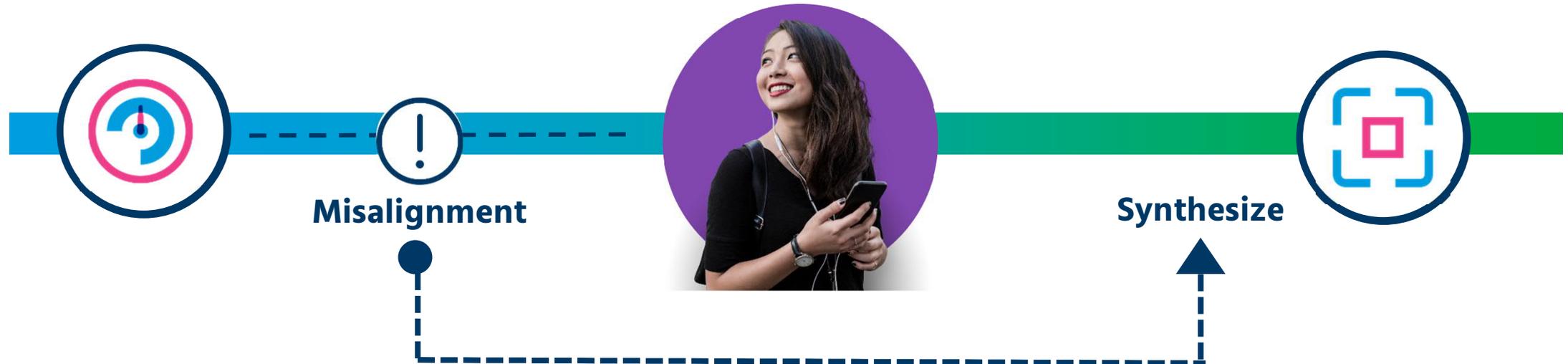
Explore what's getting
in the way of the
outcomes you need?

Empathize through listening

What do employees value?
What do they need?
What's getting in their way?

Define & Focus

What problems do we need to
tackle for what employee groups
to drive the outcomes we need?



Utilizing the right research at the right time

use market research to inspire and validate, rather than define the solution

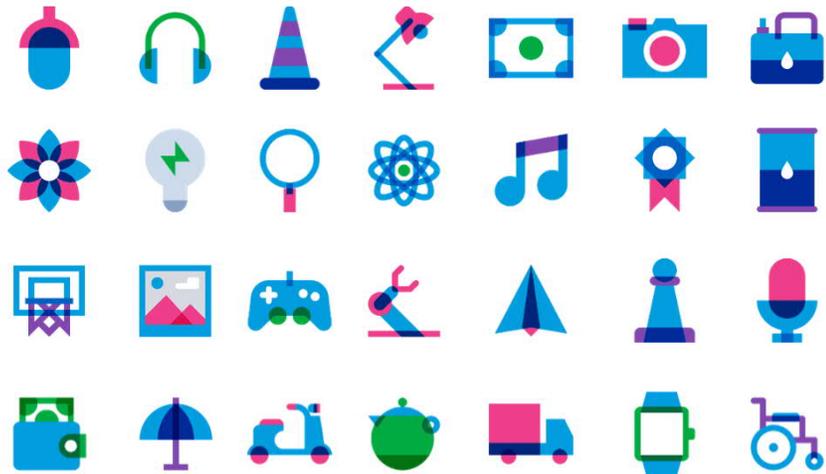
Design Research: Innovative Practices

Useful for Inspiration & Innovation

A few companies...



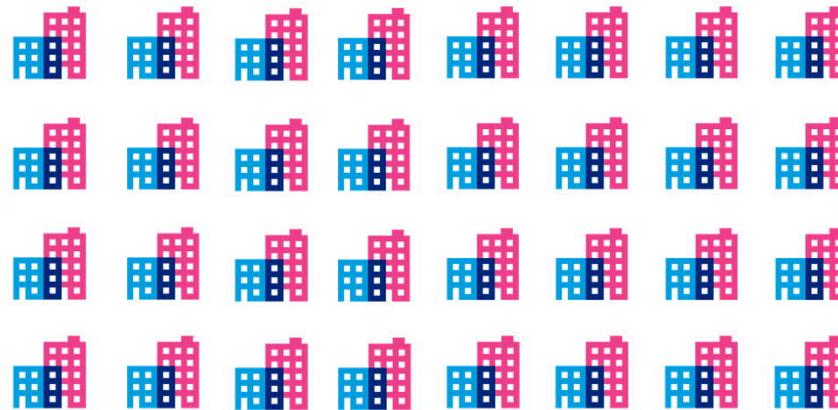
...Doing a lot!



Market Benchmarking: Prevalent Practice

Useful for Validation & Direction

Lots of companies...



...Doing a few things



Benchmarking is useful, but it won't drive **differentiation** in a crowded labor market.

Start with design research and use benchmarking to validate and gain stakeholder alignment.

Co-create to drive speed agility and innovation and engage the business and employees in the process

Design workshops bring together HR, leaders and employees to **co-create solutions** by ideating on potential ways to solve specific issues identified

Benefits of a Design Workshop

- ✓ Gives employees/leaders a seat at the table
- ✓ Fosters more innovative solutions that better meet employee/business needs
- ✓ Allows for the rapid development of ideas and plans
- ✓ Reduces complexity of change management



Typical Session Structure



Recap problems we are solving based on prior research (e.g., “how might we...”)



Explore innovation research for inspiration



Brainstorming sessions to generate ideas in group settings



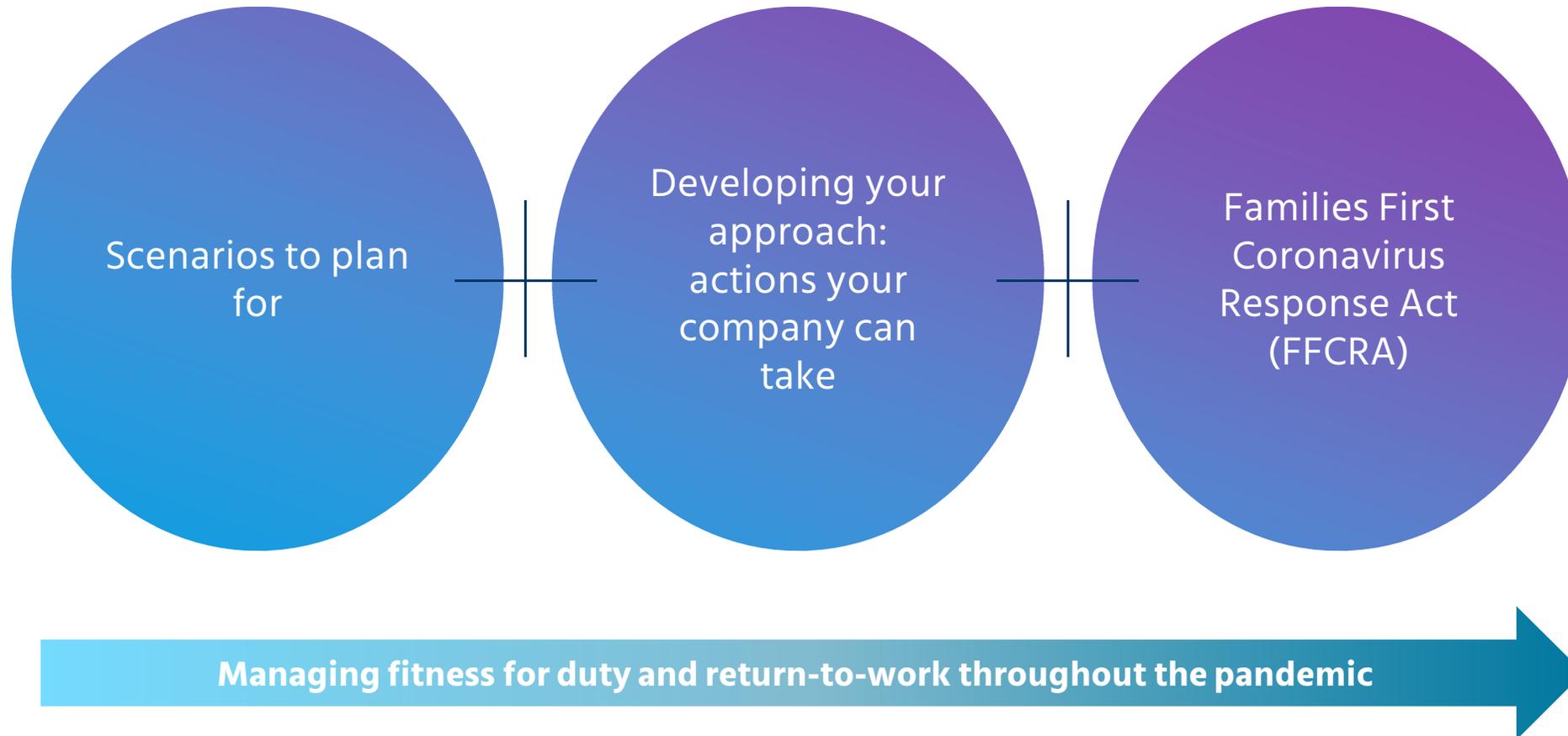
Build the future state approach by journey mapping the ideal experience

Focus on Leave and Disability

5

Today's topics

What employers need to know



COVID-19 and paid leave

Three scenarios to plan for

Employees diagnosed with COVID-19

- Would qualify for your Short-Term Disability (STD) or Extended Illness Benefits
- Event should be treated similar to any other illness
- For instance, the leave would consist of Paid Time-off (PTO) for first 1-2 weeks followed by STD
- Potential consideration could be employee who contracts COVID-19 during business travel which qualify as Workers' Compensation

Not diagnosed : Self-Quarantining or Unable to work Remotely

- Some employees can work remotely, others cannot due to office, plant, store and/or public transit closures
- For short durations, PTO or Vacation/Sick may be sufficient
- Organizations may choose to consider building an emergency leave to extend paid leave (similar to hurricanes, blizzards, etc.)

Not diagnosed but not willing to work

- Most challenging to manage
- May result due to school closures and other social support systems
- Can direct employees to existing PTO and attendance policies – valid reasons for not coming to work can be difficult to evaluate
- May choose to offer Emergency Leave

Impact on disability and leave plans and policies:

- **More HR questions and FMLA claims**
- **Deteriorating disability experience**
- **Increase in unrelated STD claims (e.g., depression, stress, back pain)**
- **Employers must monitor experience and vendors vigilantly**

Building an approach for leave related to the pandemic

Taking into consideration your organization's culture and industry

CULTURE

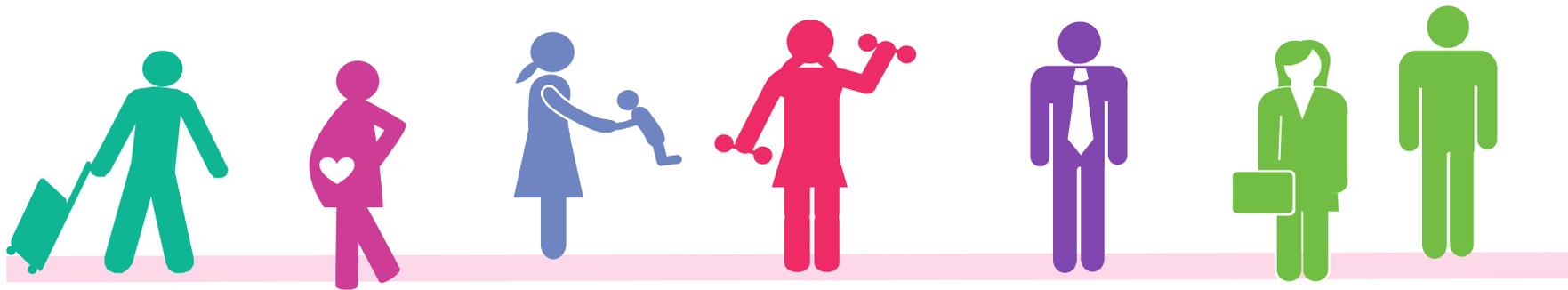
Build an program that matches your organization's needs i.e., healthcare, manufacturing, high-tech

UTILIZE LEAVE PROGRAMS IN PLACE TODAY

Leverage your PTO or Vacation/Sick Leave, STD, Extended Illness Banks (EIB), Family Medical Leave Act (FMLA), and other Company leaves

EMERGENCY (PANDEMIC) LEAVE

Some employers are creating paid and/or unpaid leave programs to help employees maintain income and benefits for a specified duration of time



PARTNERING WITH YOUR VENDORS

Partner with your Leave, Disability and Life vendors to ensure contract language is well understood and the impacts to benefits, i.e., furloughs/layoffs, claims costs, etc.

ANCILLARY PROGRAMS

Ensure you have support from you EAP, Grief Counseling, Estate Planning, Financial Wellness, and other ancillary services to help support your employees

RETURN TO WORK (RTW)

Invest early in understanding how employees will be determined fit for duty, the process and duration for RTW, i.e., giving extra time for test results to clear

Designing an emergency leave policy

Four key considerations

<p>What will the emergency leave provide?</p>	<ul style="list-style-type: none"> • Full, partial or no pay • Leave for employees who cannot work remotely that are self-quarantining or sheltering in place • Leave may also be for employees who do not have enough PTO or Vacation/Sick to cover the extended illness related to COVID-19 • Continuation of health & welfare benefits
<p>How long will the policy last?</p>	<ul style="list-style-type: none"> • Families First Coronavirus Response Act (FFCRA) mirror plan • Extend, modify or end based on facts available at that time • Integration with other PTO or Vacation/Sick Policies
<p>How does the policy vary by type of employee?</p>	<ul style="list-style-type: none"> • Target design of policy to segments of population where need is the greatest • Definition of compensation • Category of employee (including essential vs. non-essential)
<p>How will emergency leave be administered?</p>	<ul style="list-style-type: none"> • Will largely be handled internally, with manual workarounds likely • May be simpler if extending pay and benefits for all employees for a specified time period • More complicated if eligibility varies – what policy applies, what pay applies, how policy coordinates with other PTO or Vacation/Sick • Some carriers are administering these leaves. If they do reach out to talk about the easiest way for them to quickly implement and administer

The most complex of those scenarios – employees who are healthy but are unable to work – is now a reality for many employers.

Coronavirus insights

How are carriers & administrators handling things?

Leave and Claims Process



Benefit Continuation



- ❑ Outsourced Leave and Disability providers will manage STD and FMLA cases according to the plan designs and the Department of Labor Guidelines (See Link in Resources)
- ❑ To be covered, an employee must test positive for COVID-19 and provide the appropriate medical documentation for STD and/or FMLA. Quarantines are not typically covered
- ❑ For employees filing for FMLA for a family member, the family member must meet the definition of serious health condition to be approved for the leave
 - ❑ In the event your organization does not have an STD plan or manages the STD and/or FMLA in house, the following criteria still apply
- ❑ Insured STD language does not typically provide coverage for employees on furloughs or layoffs. Check with your carrier for grace period extensions and to make sure employees understand what will happen with open STD claims and/or new STD claims
- ❑ Self-insured STD language is more flexible and the administrator can manage the cases as specified by the employer. Check with your carrier
- ❑ Healthcare and other benefits should continue as in accordance with your leave policies prior
 - ❑ If you are building an Emergency Leave Plan, your organization will need to evaluate the continuation of benefits based on organizational need
- ❑ Premiums must continue to be paid to receive benefits. Some employers are paying the employee paid portions during this time
- ❑ In the event employees are terminated, verify any open FMLA time and ensure your port and convert notifications include this Qualifying Life Event

Coronavirus insights

How are carriers & administrators handling things?

Contractual Considerations



Leave and Claims Experience



- ❑ Definition of pay is typically defined as the Pay while the Employee was Actively At Work in January/February. Check with your carrier
- ❑ Actively at Work/Not Actively at Work provisions – carriers may approve or deny coverage based on these definitions. Share the status of your employee's on or will be on leave to ensure coverage questions are addressed ahead of time
- ❑ Ensure waiting periods, pay and duration are integrated with Statutory Programs. i.e., California, Washington, New Jersey, Rhode Island, Hawaii
- ❑ If an employee changes a class, ensure benefits are updated. For instance, a nurse who moves from a clinical to non-clinical role may have a new class of Life Insurance
- ❑ Carriers are extended grace periods to receive medical. Check with your carrier to see what the timeframe is and if telemedicine determinations are accepted
- ❑ Mercer expects there to be an increase for leave, STD, potentially LTD, and Life due to the pandemic. With the increase of COVID-19 claims, we also expect to see Behavioral Health claims to increase
 - ❑ Closely monitor your leave, STD and Life experience to prepare for increased claims costs and/or renewals
- ❑ If employees are terminated, prepare for changes in the enrollment and ask the carriers to hold your rates for a period of time
- ❑ If you have your carrier administer your Emergency Leave or modify your current leave policies, there may be a price increase associated with this service

FFCRA leave components

The Families First Coronavirus Response Act (FFCRA) requires employers with less than 500 employees to provide paid sick leave and expanded FMLA for specified reasons related to Covid-19.

	Paid Sick Leave	Paid FMLA
BENEFIT 	<ul style="list-style-type: none"> • 2 weeks (80 hours) • 100% for qualifying reasons, \$511 daily max & \$5110 total max for reasons of own illness • 2/3% for reasons to care for an individual or child up to \$200/day & \$2,000 total 	<ul style="list-style-type: none"> • First 2 weeks, unpaid. Up to 10 weeks with partial pay • 2/3 of pay for qualifying reasons up to \$200/day & \$2,000 total • EEs with 30 days of service
LEAVE REASONS 	<ul style="list-style-type: none"> • Quarantine/isolation order, • Self-quarantine recommended by HCP, • Symptoms+ need for diagnosis, • Care for an individual subject to the above, • Care for child due to school/daycare closure • Any other “substantially similar conditions” 	<ul style="list-style-type: none"> • Unable to work due to child’s school or child care is closed due to COVID-19 related public health emergency.

Wrap-up and Q+A

4

Key Takeaways

4 points to remember



The coronavirus pandemic is a **defining moment** for your employees – and how you respond will have lasting impact



Connect and engage with employees to understand their needs



Understand your current time off programs, contracts and available options



Maintain focus on enhancing the employee experience and on optimizing total rewards



We're here to help



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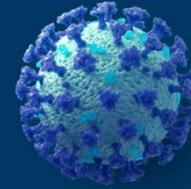
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Additional information

- Visit the “Managing the Novel Coronavirus” Resource page on our website:
<https://www.mercer.us/our-thinking/managing-novel-coronavirus.html>
- Contribute to and access results to the live survey of US Employer Actions
- Contact your local Mercer consultant
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