



Hello clients and friends. We have several very important updates for you plus new information regarding changes to news we published in previous issues. Things are moving incredibly fast and we're doing our best to try to keep you updated on all the latest and greatest. If you missed any of our previous newsletters, click here: <http://nextlevelstrategies.net/news/>

We also have some good news about benefits to share. A lot of clients are thoughtfully quite concerned about maintaining their employee's health insurance and willing to do some things which might jeopardize their cash flow.

This is a longer update than usual, because we are trying to get caught up before the onslaught of information this week regarding the new stimulus package. The benefits section will be last so if you don't offer benefits and this topic isn't of interest, you can skip it. Topics are in CAPS before each bullet so you can skim if needed.

**1. FFCRA POSTER LINK:** The new poster for the Families First Covid Relief Act (FFCRA) can be found here: [FFCRA Poster](#) Each covered employer must post the poster in a conspicuous place on its premises. An employer may satisfy this requirement by emailing, USPS mailing this notice to employees, or posting the notice on an internal or external website. A Spanish version isn't available yet.

**2. FFCRA EFFECTIVE DATE CHANGE:** The effective date of the Families First Coronavirus Response Act is now **APRIL 1**, not APRIL 2. One thing to note, as you contemplate making reductions to your workforce and focusing on April 1 as the deadline to make cuts in order to avoid the FFCRA obligations, is anyone you hire or rehire in 2020 will get these same benefits. Keeping that in mind might take the pressure off of having to make a quick decision.

**3. FFCRA TAX CREDIT REIMBURSEMENT:** We've talked with clients who are concerned about fronting money for FFCRA benefits. The IRS has promised speedy reimbursement. See more here: [IRS FFCRA Tax Credit Info Page](#)

*Excerpted: ..."eligible employers who pay qualifying sick or child care leave will be able to retain an amount of the payroll taxes equal to the amount of qualifying sick and child care leave that they paid, rather than deposit them with the IRS.*

*The payroll taxes that are available for retention include withheld federal income taxes, the employee share of Social Security and Medicare taxes, and the employer share of Social Security and Medicare taxes.*

*If there are not sufficient payroll taxes to cover the cost of qualified sick and childcare leave paid, employers will be able file a request for an accelerated payment from the IRS. The IRS expects to process these requests in two weeks or less. The details of this new, expedited procedure will be announced*

next week."

If I had to guess by the way the IRS is promoting the speed of reimbursement, it will be more difficult than previously expected to get exempted from the new benefits. I might be wrong, but plan for it.

**4. FINAL CHECK PAYMENT:** One of our attorneys says that the DLSE has recently clarified final check timing during layoffs. **Unless there is a date to return to work within the pay period, you have to pay final wages plus vacation time out immediately upon separation like normal.** Using the word, "furlough" won't change this requirement. Either they return within the pay period, or process final checks like always - same day for layoffs - and include accrued PTO and vacation but not sick.

**5. SF SICK LEAVE:** San Francisco employers no longer have to pay out sick time upon termination. That tweak to the ordinance was (thankfully) short-lived - from March 9 to March 24. If you paid out sick, the OLSE representative said you'll probably never get your money back. On the plus side, you won't have anything to reinstate when you rehire your employees.

**6. FFCRA GUIDANCE:** The DOL has provided some answers to how we will implement the new EFMLA program or extended sick leave and continues to add to its FAQ sheet.

[Questions and Answers](#)

[Fact Sheet for Employees](#)

[Fact Sheet for Employers](#)

**7. INCREASE IN UNEMPLOYMENT:** 13-week extension with a four-month enhancement of benefits, adding \$600 to the weekly maximum. New expansion includes freelancers, furloughed employees and gig workers.

**8. WARNING ABOUT THE WARN ACT!** If you had more than 75 employees prior to layoffs, call us about your WARN Act obligations. Gov. Newsom waived some but not all of your obligations.

## **And Now for Some Good News: BENEFITS INFORMATION**

Because of health insurance continuation concerns, many of you are trying to continue employees on payroll by allowing the use of sick and vacation time or just paying them for not working. There may be a better way which is to cut final checks, including accrued vacation time or PTO, and allowing employees to collect unemployment insurance. You'll conserve much needed cash and employees will be able to take advantage of the newly increased UI benefits while likely continuing health insurance too.

Our broker and friend, Brad Vaccaro, the proprietor of Allpointe Insurance Services, has told us that most of the major insurance carriers plan to "look the other way" if hours drop (even to nothing) until May 31, as long as the employer continues to pay the premiums. Carriers include Kaiser (usually the most permissive anyway), Anthem, Blue Cross, Cigna, Sutter, Western Health and Principal. Plus, ancillary benefit providers such as Guardian, Hartford, and Lincoln have agreed through April 30, 2020. UHC has given out conflicting information so contact your broker for confirmation.

This section is taken from Anthem's FAQs for fully insured plans...

6.1 Are customers able to continue employee health benefits if part of the workforce is laid-off in response to the COVID-19 crisis?

*Yes. Anthem's requirement for employees to be actively working in order to be eligible for coverage will be relaxed through May 31, 2020 as long as the monthly premium payment is received.*

6.2 Are customers able to continue employee health benefits if the entire workforce is laid off in response to the COVID-19 crisis?

*Yes. If one person remains actively employed and continues health benefit coverage, all employees laid-off will be eligible for coverage as long as the monthly premium payment is received.*

6.3 Will continuation coverage (COBRA) be available for a customer's employees who have been laid off and are employers able to offer continuation coverage to their employees at their own expense?

*If an employer offers COBRA and if one person remains actively employed, employees may elect to continue coverage under COBRA by following the normal notice and election procedures.*

*If there are no active employees, the plan is terminated, and COBRA will not be an option.*

Another strategy is to reduce hours eligibility. Several of our clients have done this. How this works is that almost all of you have a 30-hour eligibility agreement in your health insurance contract. You can lower that number to 20 hours. That way, if you have staff you want to retain but don't think you can keep them fully employed just yet, they will have secured health insurance eligibility beyond the May 31, "look the other way" period. Kaiser doesn't even need anything signed by the employer but Anthem, for instance, does. You will have to live with the lowered eligibility rate until open enrollment but if you don't typically hire part time workers, it shouldn't be a big issue. Again, talk with your broker.

**LOSS OF COVERAGE OPTIONS:** The other part of the benefits puzzle we wanted to address in this blast regards the opportunity for laid off/furloughed employees to move to the Affordable Care Act, which is called Covered California (CoveredCA), and obtain a government subsidy toward health insurance. This is important: **if the employee goes from the employer's group health coverage to COBRA/Cal-COBRA, they cannot go to CoveredCA until October when open enrollment for CoveredCA begins.** However, if they lose coverage through their employer, it's a triggering event and they can apply for a subsidy through CoveredCA. Going to CoveredCA makes sense if a subsidy is offered; otherwise, COBRA may be the best option - or jumping on to a spouse's coverage, if that's an option.

For more information, click [Covered California Home Page](#).

**COBRA/Cal-COBRA:** Allows the employee to keep employer's coverage at their own expense. They have 60 days from the cancellation date to elect coverage. Coverage will be effective retroactively to the date coverage cancelled. Cost: total cost of current coverage + 2% for COBRA (Employer w/20+ employees) or 10% for Cal-COBRA (Employer w/<20 employees). This is not an option if the medical policy is cancelled by the employer.

**Individual Coverage:** The loss of coverage opens a 30-day window to enroll in

an individual plan either through CoveredCA or directly with a carrier that offers individual plans. Apply through CoveredCA only if a subsidy or Medi-Cal is available.

**Spouse Coverage:** The loss of coverage is a Qualifying Event to be added to coverage. This needs to be done within 30 days of coverage cancelling.

A health insurance broker can give quotes and flesh out which options make sense. Few brokers work directly with individuals. Here is the contact information for the broker we use to support individuals. He has 20+ years of experience and is a heck of a nice guy. Octavio Jara, 415.531.8313, Octavio@PotlatcheBenefits.com, [Potlatche Benefits](#).

Please know that we are thinking of you all during this trying time and wishing the best for your business, your health, your family and you!

Julie, Taune, Joy, Katie, Alexis and Cecilia

[Forward this email](#)

STAY CONNECTED

