

Testimonials, References, & Carriers











Four Points, Inc. **Greater Allegany County Chamber of Commerce**























eliminating racism







Program Summary

- Introducing a program that is self-insured & voluntary
 - Offered within the confines of your organization, no self-insured risk
 - 77% average employee participation, opposed to 15-20%.
- ightharpoonup Structured as a <u>Wellness Integrated Medical Plan Expense Reimbursement (plan)</u>
- Employers experience an average savings of \$500 per employee, per year
- Employees realize an avg \$150/mo for participating, which can be used for supplemental products, with no reduction in take-home pay.





Participatory wellness plan

- Employees must engage:
 - Healthier people today, lower costs tomorrow
 - Better health outcomes, better organizations
- Four eligible wellness activities are required.
 - Unlimited access and usage for entire household
- Access care via: Mobile, Tablet, Phone



Health Assessments Virtual Weight Loss & Stress Management

Wellness & Lifestyle Benefits

Unlimited Tele-Medicine Support

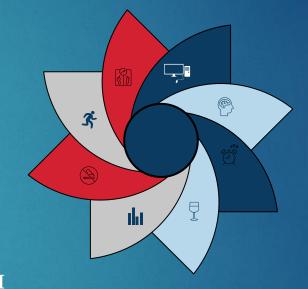
Access to
Certified
Lifestyle Experts

Focused Methodology

The Research

Our research has shown that 8 key risks and behaviors drive 15 of the most costly chronic illnesses worldwide.

- **POOR DIET**
- PHYSICAL INACTIVITY
- **SMOKING**
- LACK OF HEALTH SCREENING



- POOR STANDARD OF CARE
 - POOR STRESS MANAGEMENT
 - INSUFFICIENT SLEEP
 - EXCESSIVE ALCOHOL

Diabetes, Coronary Artery Disease, Hypertension
Back Pain, Obesity, Cancer, Asthma, Arthritis, Allergies, Sinusitis, Depression, Congestive Heart Failure,
Lung Disease (COPD), Kidney Disease, High Cholesterol



Focused Methodology

The Cost

Per 100 employees, the financial impact of these behaviors can be significant

<u>Health Risk</u>	% of US Population	Potential Cost/100
STRESS	40%	\$28,560
SMOKING/TOBACCO	14%	\$53,298
PHYSICAL INACTIVITY	28%	\$53,508
DEPRESSION	7%	\$19,831
HYPERTENSION	45%	\$107,640
OBESITY	42%	\$553,896
POOR SLEEP	35%	\$142,660
BINGE DRINKING	17%	\$11,390
	TOTAL	\$970,813

Providing access to wellness resources can help reduce the financial burden



Participation benefits

- Employee wealth benefits are realized via plan compliance/participation
- The participant obtains financial benefits (approx. \$150/mo) to prevent gaps within personal, business, family, or financial **insecurities**.
- Our trusted carriers provide: Post-Enrollment Guaranteed Issue & Roll-over

Life Insurance (Term & WL) Accident & Hospital Indemnity

Short & Long-Term Income Protection Critical Illness
& Cancer
Protection

Dental & Vision PPO



The flow of funds & How it works

- The entire cashflow process is done via payroll, ledger-based deductions & reimbursements
- The program unveils a gross tax savings that will be re-appropriated for direct employee benefit
- Both employer and employee experience immediate increases in cashflow
- Relationships with all payroll companies, local and national carriers.



Before: After:

WEEKLY GROSS:	\$600.00		WEEKLY GROSS:	\$600.00
PRE-TAX	-		PRE-TAX	-
N/A:	(\$0.00)		SIMERP:	(\$184.62)
Total Weekly:	(\$0.00)		Total Weekly:	(\$184.62)
Taxable Income:	\$ 600.00		Taxable Income:	\$ 415.38
TAXES:	-		TAXES:	-
Federal Income	(\$39.21)		Federal Income	(\$17.40)
State Income	(\$22.79)		State Income	(\$11.88)
Social Security	(\$37.20)		Social Security	(\$25.75)
Medicare	(\$8.70)		Medicare	(\$6.02)
Total Weekly:	(\$107.90)		Total Weekly:	(\$61.05)
POST-TAX:	+/-		POST-TAX:	+/-
N/A	\$0.00	No.	WEL 125	\$184.62
N/A	\$0.00		WELSVC	(\$18.46)
N/A	\$0.00	PIE	SUPINS	(\$28.39)
TAKE HOME PAY:	\$492.10		TAKE HOME PAY:	\$492.10

Weekly Paycheck Example

TAX Savings		
Federal Income	\$21.81	
State Income	\$10.91	
Social Security	\$11.45	
Medicare	\$2.68	
Total Weekly:	\$46.85	



Before:

After:

\$5,429.06

(\$24.70)

(\$51.00)

(\$174.08)

(\$800.00)

(\$1,049.78)

\$4,379.28

(\$557.23)

(\$204.37)

(\$271.52)

(\$63.50)

(\$1,096.62)

+/-

\$800.00

(\$80.00)

(\$201.99)

\$3,800.67

Monthly Gross: \$5,429.06 Monthly G	Gross:
PRE-TAX - PRE-TAX	<u>AX</u>
Health: (\$24.70) Health	n:
Voluntary: (\$51.00) Volunta	ary:
401k: (\$174.08) 401k	:
OPEN: (\$0.00) SIMER	RP:
Total Monthly: (\$249.78) Total Mor	nthly:
Taxable Income: \$5,179.28 Taxable In	come:
TAXES: - TAXES	<u>S:</u>
Federal Income (\$733.23) Federal In	come
State Income (\$249.16) State Inc	ome
Social Security (\$321.12) Social Se	curity
Medicare (\$75.10) Medica	are
Total Monthly: (\$1,378.61) Total Monthly:	nthly:
<u>POST-TAX:</u> + / - <u>POST-T</u>	<u>AX:</u>
OPEN (\$0.00) WEL 1	25
OPEN (\$0.00) WELSY	VC
OPEN (\$0.00) SUPIN	IS
TAKE HOME PAY: \$3,800.67 TAKE HOM	IE PAY:

Monthly Paycheck Example

H	TAX Savings		
ł	Federal : \$176.00		
4	State: \$44.79		
	SS: \$49.60		
	Medicare : \$11.60		
	TOTAL MONTHLY: \$281.99		



FICA Impact: Employer

- For most dollars in pre-tax deduction: 7.65% in reduced employer responsibility.
- How to reduce FICA contribution?
- Single Plan: \$800/mo
 - Single/HOH with children
- Family Plan: \$1,125/mo
 - Married/Jointly & Dependents
 - Single/HOH, multiple dependents (3)

	MONTHLY GROSS:	\$5,429.06
	PRE-TAX	
1	Health:	(\$24.70)
	Voluntary:	(\$51.00)
	401k:	(\$174.08)
	SIMERP:	(\$800.00)
	Total Monthly:	(\$1,049.78)



Employer monthly cashflow per employee

Monthly Deduction

Single: \$800

Family: \$1,125

FICA Savings 7.65%

S:\$61.20

F:\$86.06

Employer Admin Fee

S: \$35.00

F: \$35.00

Net Cashflow Per FF

S:\$26.20

F: \$51.06

Annual Cashflow Increase

S:\$314.40

F:\$612.72

50/50 Mixed Net Savings: \$463.56



Payroll Details Report Sign
Agreements
& Provide
Census

Select
Benefits &
Review
Eligibility

Communicate to Employees

Enrollment

Implementation Call (Payroll, Benefits) Ongoing Check-in

(Compliance, Benefits)

To get started, we simply need a Payroll report - - we will take care of the rest

Questions?

- *WIMPER Program IRS (IRS codes 105b, sec. k, 106a, 213d, IRS memo 201703013)
 - https://www.cpajournal.com/2021/01/27/20-questions-about-the-establishing-a-health-wellness-program-in-the-workplace/



19. What guidance did the IRS provide regarding self-funded health plans?

Memorandums from the IRS Office of the Chief Council offer guidance regarding the tax treatment of benefits within self-funded health plans, including wellness programs and the subsequent employer reimbursements of insurance premiums.

In Memorandum 201703013, (December 12, 2016), the IRS Chief Counsel stated that payments received by employees under an employer-provided fixed indemnity health plan were considered gross income under IRC section 106(a) if the value of the coverage was excluded from an employee's gross income and wages. But the value of an employer provided wellness program that reimburses employees for medical care as defined under IRC section 213(d) is generally excluded from an employee's gross income under IRC section 106(a), as are any amounts reimbursed for medical care (e.g., rewards, incentives or other benefits) under IRC section 105(b).

This memorandum clarifies the tax treatment of payments received from a fixed indemnity health plan is considered gross income if the contributions were made pretax as the exclusions under IRC sections 105(b) and 104(a)(3) do not apply. However, if the contributions to the fixed indemnity health plan premiums were made with after-tax payments received from the plan, these are considered tax free reimbursements.

In Memorandum 201622031 (April 14, 2016), the IRS addressed the question as to whether or not cash rewards paid to an employee for participating in a wellness program may be excluded from an employee's income under IRC sections 105 or 106 if the premium contributions to the wellness program were paid pretax by salary reduction through an IRC section 125 cafeteria plan. The Chief Counsel stated that cash rewards paid to employees for participating in a wellness program are not excludable from an employee's gross income under IRC sections 105 or 106; therefore, they are taxable unless the reimbursements of premiums are used for medical care under IRC section 213(d). In addition, noncash rewards that are occasional or infrequent such as tickets for a sporting event would be considered a de minimis fringe benefits and therefore not taxable.

In Memorandum 201719025 (April 24, 2017), the Chief Counsel concluded that benefits paid under an employer provided self-funded health plan were considered to be income and therefore taxable if either: the average amount an employee receives for participating in a health-related activity markedly exceeds their after-tax contributions or, if it is self-funded, the health plan does not involve any insurance risk (i.e., is neither insurance nor has the effect of insurance). It concluded that wellness plans independently qualify as accident and health plans under IRC section 106 and contributions to an IRC section 125 cafeteria plan are considered pretax. Furthermore, the Chief Counsel expressed that flex credits awarded under a wellness plan are nontaxable if used to purchase qualified benefits such as group term insurance, but are taxable if used to purchase nonqualified benefits such as whole life insurance coverage or a gym membership.

The memorandums referred to wellness plans that reimburse employees for qualified medical expenses, such as LTC insurance through a SIMRP. As discussed above, a properly structured wellness plans can be funded with pretax contributions allowing employees taking part in a wellness program to receive money through a SIMRP on a tax-free basis. This is provided such amounts are paid directly or indirectly to employees as reimbursements for medical care.



Medical care reimbursements. Generally, medical care reimbursements paid for an employee under an employer's self-insured medical reimbursement plan aren't wages and aren't subject to social security, Medicare, and FUTA taxes, or income tax withholding. See Pub. 15-B for a rule regarding inclusion of certain reimbursements in the gross income of highly compensated individuals.

IRS Publication 15 (For use in 2022)

