

The Preventative Care Management Program is an ERISA qualified Self-Insured Medical Expense Reimbursement Program (SIMERP™) that emphasizes a Participatory wellness program. The Plan is voluntary and is a health-plan related program. The wellness program offers a personalized health dashboard with access to numerous preventative and medical benefits that improve the life and health of employees.

Participation in the SIMERP™ wellness program requires the employee to have an active sponsored medical plan. By pre-taxing these plans under a Section “125” Cafeteria Plan, tax savings for each participating employer and employee are created. The SIMERP™ allows for premium reimbursement for the wellness medical expenses that qualify under a 213(d).

The following FAQ’s will provide answers associated with how the Preventative Care Management Program works:

Where did this program come from:

The program derives from the affordable care act initially put in place back in 2010, which combined aspects of the section 125 pre-tax employee plan (put in place under ERISA act of 1974), improved efficiency in the healthcare industry (put in place under the HIPAA act of 1996), and the hyper focus of the U.S. government to provide employees proper benefits, post Covid-19.

*ERISA - Employee Retirement Income Security Act of 1974, *HIPAA - Health Insurance Portability and Accountability Act of 1996

*ACA - Affordable Care Act of 2010

Why am I only hearing about his program now:

Over the course of the last few years, the small business market has flooded with programs such as PPP, ERC, EIDL, etc. As a result, the program was shelved to make way for these new high value business support programs. Now, as we fast forward to today, many of those programs are coming to an end, businesses are now focusing on ways to save money while also increasing employee health and productivity.

Why would the government implement this program:

By helping provide these supplemental benefits and wellness programs to employees, the government can help ensure employees stay working (payroll taxes are collected), employers continue to hire (payroll and corporate taxes are collected), and insurance coverage for all working U.S. citizens continues (less utilization of Medicare and Medicaid government subsidized insurance platforms), the government can continue to generate taxpayer income.

What are the benefits of the program:

Employer - Employers save on average \$650 in payroll taxes per W-2 full-time employee annually with no out-of-pocket costs. These net savings increase working capital that can be used to sustain and grow an employer’s business.

Employee - Benefits are expensive. Employees gain additional Wellness Benefits, enabling them to utilize telehealth, marriage counseling, weight loss/diabetes counseling, and dependency counseling. Employees can also receive Supplemental Benefits such as Universal Life, Short Term Disability, Accident Coverage, and Critical Illness Coverage. All the Wellness and Supplemental Benefits are provided to the employee with no out-of-pocket costs.

Government - Continues to collect taxes as employees and employers alike continue to work and generate tax dollars.



[Who is eligible to participate in the program:](#)

Employees must be a full-time employee (average 30 hours worked per week based on Affordable Care Act criteria) and have current major medical coverage.

[As an employer do I need to provide Health Insurance:](#)

Employers do not need to provide insurance coverage to their employees to be eligible for the program. Insurance coverage is a requirement; however, the employee can be self-insured, participate under their spouse's insurance, or participate in their employer's insurance to qualify for the benefits.

[I don't know if my employees have insurance:](#)

We do a blanket enrollment with all your employees. Once they receive their employee packets, each employee will be asked to attest that they have health insurance that meets the program's criteria. If they do not have current health insurance, our team will then remove the employee from the program, while keeping all eligible employees in place under the program.

[What effect will this have on my take-home pay:](#)

The participant will see an additional line-item deduction on his/her paycheck. To accurately see the effect on take-home pay, compare two identical paychecks (i.e., hours worked, same pay rate, etc.) and the participant will see either a very slight increase in pay or no difference in take-home pay.

[Who pays for the benefits:](#)

As the program includes the utilization of the section 125 pre-tax allocation plan, the gross tax savings derived from the program generate a gross tax savings value for each employee, this gross tax savings is then reallocated into the SIMERP program, creating the PCM program. The gross tax savings are required to be utilized in purchasing and administering the benefits included in the program. As a result, there is not out of pocket cost to the employer nor the employee as all costs are covered through the gross tax savings.

[What If I already offer a section 125 plan:](#)

The PCM program for companies that already have a section 125 plan in place does not create any issue as the PCM program runs alongside the section 125 as a complimentary employee benefit. All PCM benefits will be offered in addition to the section 125 plan already in place.

[How does this effect my current Insurance in place:](#)

The PCM program has no effect on any insurance currently in place. In fact, it is preferred that the company and/or employee continue to keep their current insurance and not change vendors.

[How will this affect my relationship with my insurance broker, and do I need to make a change:](#)

No change is needed as the PCM program bolts directing on to all qualifying ACA compliant health insurances that fit the criteria mentioned earlier. You still have the exact same health insurance as you did before. Remember this isn't health insurance coverage, this is supplemental benefits that are added on.



Can benefits be obtained for my spouse and dependents:

Yes. All benefits can be modified to cover spouse and/or dependents.

Does this program affect my Social Security:

The effect would be minimal as the value of the social security reduction will not exceed the minimum requirement for full social security collection upon retirement. Additionally, social security is typically calculated on a 35-year average scale to determine post-retirement collection values.

Do Employees have to opt in:

No. The program operates under the auto enroll premise, as the benefits are included in a no out of pocket fashion. As a result, each eligible employee will receive the benefits under blanket enrollment. The process alleviates the need for company management to take on the responsibility of managing each employee's enrollment process.

How is the savings realized:

The savings are realized during each payroll run (Weekly, bi-weekly, etc.), with the result being a lesser value in FICA tax paid to the IRS during your quarterly 941 payroll filings, or your yearly 944 payroll tax filings.

How long does this process take:

The program can be fully operational in 30-45 days, depending on the complexity of the organization and the number of various associated entities included within the organization.

What are the steps in implementing the program:

- Step 1 – Questionnaire is to be completed for an understanding of the organization.
- Step 2 – Census data is requested and provided to the team for review.
- Step 3 – Proposal is created noting the tax savings per employee, along with the total yearly estimated tax savings.
- Step 4 – Contract is prepared and completed.
- Step 5 – Program is implemented with your payroll staff or your payroll provider.
- Step 6 – TE Group provides ongoing management to ensure accurate monthly data is captured.

What are the codes associated with the program:

Simerp, Section 125 Cafeteria Plan, IRS codes 105, 106, and 213(d)", ACA implementation requirements.

Associated Program Publications:

<https://www.irs.gov/newsroom/new-law-provides-additional-flexibility-for-health-fsas-and-dependent-care-assistance-programs>

<https://www.cpajournal.com/2021/01/27/20-questions-about-the-establishing-a-health-wellness-program-in-the-workplace/>

<https://www.irs.gov/individuals/frequently-asked-questions-about-medical-expenses-related-to-nutrition-wellness-and-general-health>