



Call Potomac Basin Group
1.800.311.1031

Spring 2016 Compliance Seminar

The ACA Unraveled

Please join us!
Tuesday April 12th
Martin's Crosswinds Greenbelt, Maryland

Large Group Employers
(50+ total employees)
9:00am - 12:00pm

Small Group Employers
(1-50 total employees)
1:30pm - 4:30pm

To register for this event or request more information, please [click here](#)

talk to new business:

Employee Benefits
John Deem
Senior Vice President
John.Deem@potomacbasin.com

Business Insurance
Scott Marker
VP of Business Development
Scott.Marker@nfp.com

Property, Auto, Homeowners
Jackie Kociszewski
Personal Lines Manager
Jackie.Kociszewski@nfp.com

Medical, Dental, Disability, Life
Gregg Avedon
Consumer Products Manager
Gregg.Avedon@potomacbasin.com

talk to client services:

Employee Benefits
Jenn Swistak
Vice President of Client Services
Jennifer.Swistak@potomacbasin.com

Business Insurance
Mary Jane Donaldson
Director of Client Services
Maryjane.Donaldson@nfp.com

visit us at:

www.potomacbasin.com

follow us on:



NEWS

February Newsletter



Employee Benefits

5 Quick Facts About COBRA

Understanding your responsibilities when it comes to **COBRA** compliance is the best way to prevent expensive mistakes. The Consolidated Omnibus Budget Reconciliation Act (COBRA) is a federal law that requires certain-sized employers with group health plans to offer employees, their spouses, and their dependents a temporary continuation of health coverage if they lose coverage due to certain specified events.

If you need a refresher, the following are five key points:

- 1. COBRA generally applies to group health plans maintained by employers with at least 20 employees on more than 50% of typical business days in the prior year.** Each part-time employee counts as a fraction of a full-time employee, equal to the number of hours the part-time employee worked divided by the hours an employee must work to be considered full-time.
- 2. Only qualified beneficiaries are entitled to COBRA continuation coverage.** Generally, qualified beneficiaries include employees, their spouses, and their dependent children who are covered under a group health plan on the day before a qualifying event. In addition, any child born to or placed for adoption with a covered employee during a period of COBRA coverage is automatically considered a qualified beneficiary.
- 3. Qualifying events are events that cause an individual to lose group health coverage.** Voluntary or involuntary termination of a covered employee (other than for gross misconduct) or a reduction in hours of work are qualifying events for the employee and his or her spouse and dependent child. Additional qualifying events for a spouse and dependent child include the covered employee's death, divorce, or entitlement to Medicare.
- 4. The type of qualifying event determines the amount of time the plan must offer qualified beneficiaries COBRA continuation coverage.** When the qualifying event is the covered employee's termination of employment (other than for gross misconduct) or reduction in hours of work, qualified beneficiaries must be provided 18 months of continuation coverage. (In certain circumstances, this period may be extended due to disability or the occurrence of a second qualifying event.) For other qualifying events, qualified beneficiaries must be provided 36 months of continuation coverage.
- 5. Group health plans must provide qualified beneficiaries with specific notices explaining their COBRA rights.** One way to avoid mistakes is to use the **Model General Notice** and the **Model Election Notice** provided by the U.S. Department of Labor, filling in the blanks with your plan information. Other notices, such as the Notice of Unavailability of Continuation Coverage and the Notice of Early Termination of COBRA Coverage, should be sent to qualified beneficiaries as necessary. COBRA rights must also be described in the plan's summary plan description (SPD).

Keep in mind that many states have enacted what are commonly referred to as "mini-COBRA" laws, which typically require continuation of group health plan coverage provided by employers with **fewer than 20 employees**. Employers of all sizes should check to see if a state mini-COBRA law applies to their plans and if so, how the law differs from federal COBRA. Be sure to consult with a trusted employment law attorney or benefits advisor if you have any questions as to how COBRA and/or mini-COBRA apply to a particular plan or your obligations under the law.

Visit our section on **COBRA** for additional information regarding compliance, including step-by-step guidance, FAQs, and model notices and forms.

Additional Guidance on Retroactive Increase for 2015 Monthly Transit Benefits

IRS **guidance** on how to apply the retroactive increase for monthly transit benefits in 2015 is now available for employers. As announced in December, the monthly exclusion for combined commuter highway vehicle transportation and transit passes was increased from \$130 to \$250 (equal to the exclusion for qualified parking), retroactive to January 1, 2015.

The guidance provides a special administrative procedure for certain employers that treated "excess transit benefits"--i.e., in excess of \$130 and up to \$250--as wages and **did not yet file** their fourth quarter **Form 941** for 2015. Employers that **already filed** the fourth quarter Form 941, or that **have not repaid or reimbursed** employees prior to filing the fourth quarter Form 941, must use **Form 941-X, Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund**, and normal procedures (described in the guidance) to make an adjustment or claim a refund for any quarter in 2015.

The **guidance** explains both the special administrative and normal procedures in more detail, and provides employer instructions for Form W-2.

For more on employer-provided transportation benefits, please visit our section on **Fringe Benefits**.

How to Handle Employee Attendance During Bad Weather

Snow and slippery conditions during the winter months may make it difficult for your employees to travel to work. Consider the following guidelines that can help your company be prepared when bad weather strikes.

1. When an employee misses work due to bad weather conditions, whether the employee is entitled to be paid for the absence may depend on the employee's exempt or non-exempt status.

Under the federal Fair Labor Standards Act (FLSA), employers are not required to pay non-exempt employees for hours they did not work, including when the office is closed due to bad weather.

Exempt employees generally must be paid their full salary amount if they perform any work during a workweek. However, an employer that remains open for business during a period of bad weather may generally make deductions, for **full-day absences only**, from the salary of an exempt employee who chooses not to report to work because of the weather. Deductions from salary for less than a full-day's absence are not permitted.

If the business is closed for the day as a result of inclement weather, the employer **may not deduct the day's pay** from the salary of an exempt employee. The general rule is that an employer who closes operations due to a weather-related emergency or other disaster for **less than a full workweek** must pay an exempt employee the full salary for that week, if the employee performs any work during the week. This is because deductions may not be made for time when work is not available.

2. Some states require employers to pay employees for showing up even if no work is available or there is an interruption of work and the employee is sent home.

Although payment for time not worked may not be required for non-exempt employees under federal law, **some states do require that employees be paid for a minimum number of hours for reporting to work**, even if there is no work that can be performed (such as when the office is closed) or the employee is sent home early, for instance, due to an impending storm.

Often called "reporting time pay," these laws may apply to specific industries (e.g., manufacturing) or certain employees only, so it is important to check with your **state labor department** for requirements that may apply to your company before implementing any policy.

3. Plan ahead to let your employees know what is expected of them and to help minimize disruption to your business.

Make it a priority to notify all of your employees, both exempt and non-exempt, of your company's policy regarding employee attendance and pay during periods of inclement weather. Your policy should include information on how your employees can find out whether the office is open or closed, such as by email, radio broadcast, calling in to hear a recorded message, or other methods that all employees can access. Be sure to apply your policy consistently and fairly to all employees.

It's also prudent to remind employees to use their best judgment and not to put their safety at risk when it comes to traveling to work during or after a storm. If possible, see if you can arrange for employees to work remotely from home on days when the weather makes travel dangerous.

For more issues related to employee compensation, including guidelines for determining the exempt or non-exempt status of your employees, visit our section on **Employee Pay**.

New Guidance on Joint Employment Under the Fair Labor Standards Act

The U.S. Department of Labor has issued **new guidance** concerning joint employment under the federal Fair Labor Standards Act (FLSA). Under the FLSA, it is possible for a worker to be employed by two (or more) joint employers who are both responsible for compliance. This is because joint employment is included in the law's definition of "employment," which was written to have as broad an application as possible.

Determining When Joint Employment Exists

The most likely scenarios for joint employment are:

- Where the employee has two (or more) technically separate but related or associated employers.** Joint employment exists where two or more employers benefit from the employee's work and they are sufficiently related to or associated with each other. The focus of this type of joint employment--sometimes called horizontal joint employment--is the degree of association between the two (or more) employers.
- Where one employer provides labor to another employer and the workers are economically dependent on both employers.** Joint employment also exists where a worker is, as a matter of economic reality, economically dependent on two employers: an intermediary employer (e.g., a staffing agency) and another employer who engages the intermediary to provide workers. The focus of this type of joint employment--sometimes called vertical joint employment--is the employee's relationship with the other employer (as opposed to the intermediary employer).

Responsibilities of Joint Employers

- Joint employers (whether vertical or horizontal) are responsible, both individually and jointly, for compliance with the FLSA.
- Each of the joint employers must ensure that the employee receives all employment-related rights under the FLSA (including payment of at least the federal minimum wage for all hours worked and overtime pay at not less than one and one-half the regular rate of pay for hours worked over 40 in a workweek, unless an exception or exemption applies).
- Joint employers must combine all of the hours worked by the employee in a workweek to determine if the employee worked more than 40 hours and is due overtime pay.

Additional resources, including Fact Sheets and Q&As, are available on the DOL's **website**.

More information on employers' responsibilities under the FLSA is featured in our section on the **Fair Labor Standards Act**.

BREAKING NEWS

NFP Potomac Basin Group Named #3 Top Employee Benefits Broker in the Metro-Area!

Potomac Basin Group is consistently rated in the Washington Business Journal's top 5 Insurance Agents and Brokers and Employee Benefits Broker!

Visit our [website](#) to learn more about who we are and how we can help you!

Health & Wellness Watch

At Potomac Basin Group, we understand the importance of Wellness Programs and educating our employees on ways to live the healthiest lives they can. In this section you will find articles and updates on what's trending in the world of health & wellness.

Diet & Nutrition
**Health Magazine

[50 Best Weight Loss Foods](#)

[9 Easy Fat Burning Recipes](#)

[How Everything 'In Moderation' Is Wrecking Your Diet](#)

Fitness
**Health Magazine

[12 Reasons Why Dehydration Is Bad For Your Body](#)

[Get Fit Without A Gym](#)

[The 9 Best Fitness Trackers](#)

Family Wellness
**Health Magazine

[Rules For Raising A Healthy Dog](#)

[Raise A Kid Who's Healthy For Life](#)

[Keep Your Marriage Healthy At Any Age](#)

Mental Wellness & Happiness
**Health Magazine

[Sleep Better Now](#)



is possible for a worker to be employed by two (or more) joint employers who are both responsible for compliance. This is because joint employment is included in the law's definition of "employment," which was written to have as broad an application as possible.

Business Insurance

Do I Need Professional Liability Insurance?

Professionals that operate their own businesses need professional liability insurance in addition to an in-home business or business owners policy. This protects them against financial losses from lawsuits filed against them by their clients.

Professionals are expected to have extensive technical knowledge or training in their particular area of expertise. They are also expected to perform the services for which they were hired, according to the standards of conduct in their profession. If they fail to use the degree of skill expected of them, they can be held responsible in a court of law for any harm they cause to another person or business. When liability is limited to acts of negligence, professional liability insurance may be called "errors and omissions" liability.

Professional liability insurance is a specialty coverage. Professional liability coverage is not provided under homeowners endorsements, in-home business policies or business owners policies (BOPs).

Personal Insurance

Scheduled or Blanket Coverage for Jewelry?

Jewelry items may be covered under a blanket or scheduled policy. A blanket policy offers an overall limit for all jewelry items without a specific limit or description for individual pieces. In the event of a loss you must provide proof of ownership and value. A deductible applies to losses under a blanket policy.

A scheduled policy itemizes each piece of jewelry and an appraisal or receipt is required. In the event of a loss the insurance company can refer directly to the appraisal for settling the claim. No deductible applies to a scheduled policy.