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# Employee Health Management Plan (EHMP)



**Advantage Group**

OPTIMIZING BUSINESS OPPORTUNITIES





Self-Insured Medical Expense Reimbursement Program is a participatory preventative care management program that is IRS, HIPAA, and ERISA compliant, and available at no net cost.

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## Why **SIMERP**

An employer sponsored workplace program that provides employees the opportunity to upgrade their benefit package with a certified wellness program while reducing both the employer's and employee's health care costs and expenditures.



# Our Preventative Care Management Program is a Participatory Program



**The “Participatory” model was developed under the Affordable Care Act (ACA)**

Federal Register, Vol. 78, June 3, 2013, pg. 33,161

**This model is an integrated 105 plan which requires a minimum of one activity per year.**

42 U.S. Code 300gg-4 (j)(3)(c)



## EMPLOYER FEATURES

- Achieve a reduction of up to 30% in Workers' Compensation costs while retaining your current broker and policy.
- Address Monday morning Workers' Compensation claims, as 70% of these claims occur at the start of the week.
- Decrease payroll taxes, resulting in an average savings of \$630 per employee each year.

## EMPLOYEE FEATURES

- Every employee can access a participatory preventative care management dashboard.
- They enjoy coverage, resources, and access without any impact on their take-home pay.
- Employees gain extra benefits at no out-of-pocket expense.

## HR FEATURES

- Integrates effortlessly with nearly all payroll providers.
- The technology enhances efficiency while requiring minimal effort from HR, payroll, and the team.
- Offers a premium concierge service with a dedicated client service manager.



**MEDICAL SERVICES ARE A KEY COMPONENT** The wellness plan is always paired with an ACA approved medical plan to make an integrated 105 plan.

#### **DEDUCTION OF THE PLAN IS PRE-TAX ELIGIBLE**

The deduction of plan cost from an employee's gross wages is addressed by IRC Codes 106 (a). The Office of Chief Counsel Internal Revenue Service Memorandum (Number: 201703013, Dated: 1/20/2017) states: "The value of coverage by an employer provided wellness program that provides medical care (as defined under §213(d)) is generally excluded from an employee's gross income under §106(a). The pre-taxing of this deduction made possible under a Self-Insured Medical Reimbursement Plan and a Cafeteria Plan (§ 125) creates the reduction of taxable income, generating a savings for the employee and the employer.

#### **WELLNESS PLAN DESIGNED FOR COMPLIANCE**

The wellness plan powered by Lyric is a Self-Insured Medical Reimbursement Plan (SIMERP) and was purposely created, fully researched, and found compliant with IRC 213(d), 106(a), 105(b), 1.105-11(i) and 104(a) (3) codes, and all applicable IRS memos, ERISA regulations, HIPAA, and the ADA.

#### **POST-TAX PROGRAM REIMBURSEMENTS**

Any reimbursements or payments for medical care (as defined under §213(d)) provided by the program is excluded from the employee's gross income under §105(b)." Also, Code 1.105-11(i) and 104(a)(3). Reimbursement guidelines are spelled out in the SIMERP plan documents provided to the client.

#### **REIMBURSEMENT ALLOWANCES**

Allowable pre-taxing and reimbursement amount based on Dept. of Health and Human Services report (July, 2016) and national average cost total for monthly value of benefits. Amounts allowed are also based upon fair market value of benefits provided through the Wellness Program for preventative services that are 213(d) compliant. All regulations and guidelines of Wellness Self- Insured Medical Expense Reimbursement Plan (SIMERP) are used for benefits and are paired with a Section 125 Cafeteria Plan. SIMERP must be paired with medical insurance for an integrated 105 plan.

#### WELLNESS

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**IRC §106(a) - ERISA**

**IRC §213(d) - ADA**

**IRC §105(b)**

**HIPAA**

**IRC §125**

**IRC§105.11**

**IRC§104(a)(3)**

#### MEDICAL

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**IRC § 213(d) ACA**

#### PRE-TAX

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**IRC § 213(d)**

**IRC § 106(a)**

**IRC § 125**

#### POST-TAX

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**IRC § 213(d)**

**IRC § 105(b)**

**1.105.11(i)**

**104(a)(3)**

**1.105.11(k)(1)**

**1.105.11(k)(2)**

## 100 EMPLOYEES EXAMPLE

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- 100 employees X average \$14,500 reduced gross pay = \$1,450,000 in gross payroll reduction. The work comp is based on that number so that would go away (it would be safe to assume that based on a few states that this wouldn't apply to that 75% of this number is a conservative estimate).
- 100 employees X \$630 per employee in potential payroll tax relief = \$63,000 per year potential payroll tax relief.
- 100 employees X \$1,200 on average a year in benefits = \$120,000 in extra benefits with no health questions at no net cost to the employer.

## 1,000 EMPLOYEES EXAMPLE

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- 1,000 employees X average \$14,500 reduced gross pay = \$14,500,000 in gross payroll reduction. The work comp is based on that number so that would go away (it would be safe to assume that based on a few states that this wouldn't apply to that 75% of this number is a conservative estimate).
- 1,000 employees X \$630 per employee in potential payroll tax relief = \$630,000 per year potential payroll tax relief.
- 1,000 employees X \$1,200 on average a year in benefits = \$1,200,000 in extra benefits with no health questions at no net cost to the employer.



# Program **Eligibility**

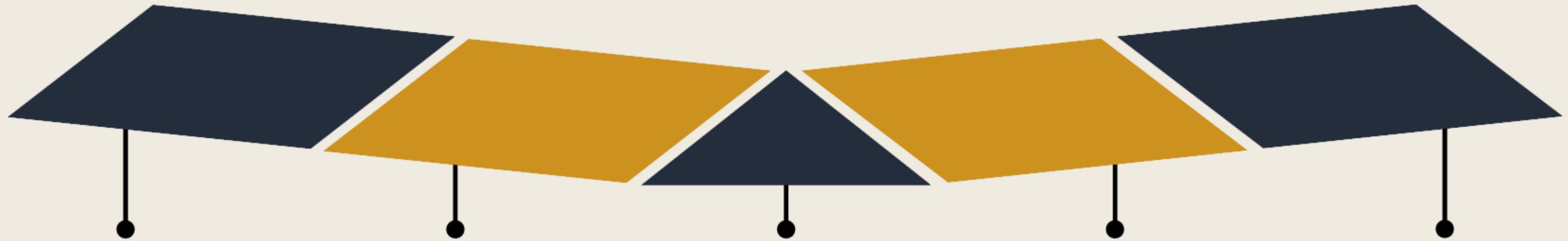
Must be W2

Must have qualified health insurance

Should be full time (30 hours/week) or Financial qualify



# Funded with Tax Savings



## Employer Tax Savings

Example:  
Employer saves average  
\$630 /ee/annually  
x 100 ee's = \$63,000  
payroll tax savings  
annually

## Additional Benefits

Example:  
100 ee's x \$1,200 (PTA) =  
\$120,000.00  
In additional benefits  
annually

## Immediate Impact

Each Payroll

## High Opt-In

80% - 100% compared  
to 10-30% from  
traditional Cafeteria 125  
plans

## Refined Healthcare Strategy

Average Employer  
savings of **8-15% on  
Total Healthcare Spend**

Example:  
100 ee's with  
\$1,200,000 Annual  
Healthcare Spend x 8%  
Reduction in  
Healthcare Cost =  
**\$96,000.00**

# lyric

*Virtual Primary  
CARE*

Healthcare the way your employees want it...

360-degree CARE designed with you in mind  
Award-winning preventive care designed with your employees in mind. From urgent care to behavioral health and everything in between.



**Urgent Care:** 24 / 7 / 365 on-demand access to licensed physicians for diagnosis and medication as needed



**Primary Care:** Select a Primary Care Physician to manage routine and on-going health conditions



**Integrated Labs / Annual Wellness Test / Health Risk Assessments:** Preventive CARE programs to determine potential risk factors



**Behavioral Health:** Access to behavioral Health professionals for short & long term care when needed most



**Dermatology:** A licensed dermatologist will review your profile, make a diagnosis and provide a treatment plan **Care Navigation &**



**Coordination:** 24 / 7 / 365  
Dedicated CARE team is ready to assist you with all things healthcare related

## Benefits to Employees

- No consultation fees
- Caregiver support: Include family or specialists into scheduled video appointments
- Build a relationship with a provider of your choice who takes the time to get to know you
- Schedule routine checkups, order labs, refill medications and monitor key vitals virtually
- 24/7 Direct access to collaborative care team for unlimited ongoing health care needs

# Sample Proposal

Based on the data provided, a proposal is generated showing each qualified employee allotment and employer tax savings by using SIMERP.

## Sample Savings Analysis



**Advantage Group**

Employee Last Name	Employee First Name	Monthly Gross Tax Savings	Monthly Fee	Monthly Net Post-Tax Allotment	Annual Gross Tax Savings	Monthly Fee	Monthly Total Fees	Annual Net FICA Tax Savings	
A	A	\$360.26	\$85.00	\$275.26	\$1,119.96	\$40.00	\$125.00	\$639.96	Total Annual Employee Savings
B	B	\$211.91	\$85.00	\$126.91	\$1,119.96	\$40.00	\$125.00	\$639.96	
C	C	\$321.51	\$85.00	\$236.51	\$1,119.96	\$40.00	\$125.00	\$639.96	Total Annual Employer Savings
D	D	\$308.51	\$85.00	\$223.51	\$1,119.96	\$40.00	\$125.00	\$639.96	
E	E	\$293.41	\$85.00	\$208.41	\$1,119.96	\$40.00	\$125.00	\$639.96	Annual Payroll Reduction
F	F	\$315.73	\$85.00	\$230.73	\$1,119.96	\$40.00	\$125.00	\$639.96	
G	G	\$242.39	\$85.00	\$157.39	\$1,119.96	\$40.00	\$125.00	\$639.96	
H	H	\$323.11	\$85.00	\$238.11	\$1,119.96	\$40.00	\$125.00	\$639.96	
I	I	\$299.58	\$85.00	\$214.58	\$1,119.96	\$40.00	\$125.00	\$639.96	
J	J	\$271.65	\$85.00	\$186.65	\$1,119.96	\$40.00	\$125.00	\$639.96	
K	K	\$320.25	\$85.00	\$235.25	\$1,119.96	\$40.00	\$125.00	\$639.96	
L	L	\$270.01	\$85.00	\$185.01	\$1,119.96	\$40.00	\$125.00	\$639.96	
M	M	\$114.55	\$85.00	\$29.55	\$1,119.96	\$40.00	\$125.00	\$639.96	
N	N	\$197.51	\$85.00	\$112.51	\$1,119.96	\$40.00	\$125.00	\$639.96	
O	O	\$213.28	\$85.00	\$128.28	\$1,119.96	\$40.00	\$125.00	\$639.96	
P	P	\$225.31	\$85.00	\$140.31	\$1,119.96	\$40.00	\$125.00	\$639.96	
Q	Q	\$131.74	\$85.00	\$46.74	\$1,119.96	\$40.00	\$125.00	\$639.96	
R	R	\$277.29	\$85.00	\$192.29	\$1,119.96	\$40.00	\$125.00	\$639.96	

## PAYROLL of the Employee Health Management Plan (EHMP) with NO NET Cost

Client Company: **The Smart Company**

Employee: **Jim Smart**

Marital Status: M

Work State: CA

Pay Frequency: Monthly

Fed. w/h: M 0

State w/h: M 0

Total steps 3 &4b on 2020 W-4 0

Annual Wages (calculated @ 95%): **\$45,696.00**

Monthly Wages : **\$3,808.00**

Group Health Coverage Deduction: **\$4,200.00**

Pre-Taxing?: **\$0.00**

Box in Step 2-C Checked: **\$0.00**

Other: **\$0.00**

Current Monthly Pre-Tax Deduction: **\$350.00**

Post Tax Deduction: **\$0.00**

401K Monthly Deduction: **\$0.00**

### Sample Employee Monthly Paycheck - Before & After the "Employee Health Management Plan" (EHMP)

	Current w/o EHMP	With EHMP
Gross Monthly Pay (from above)	\$3,808.00	\$3,808.00
Group Health Deductions	\$350.00	\$350.00
Current Pre-tax Deductions	\$0.00	\$0.00
<b>Self Insured Premium</b>	<b>\$0.00</b>	<b>\$1,220.00</b>
401-K Deduction	\$0.00	\$0.00
<b>Taxable Income</b>	<b>\$3,458.00</b>	<b>\$2,238.00</b>
Federal Withholding	\$259.78	\$168.13
State Withholding	\$51.29	\$33.19
Social Security	\$214.39	\$138.75
Meidcare	\$50.14	\$32.45
<b>Total Taxes</b>	<b>\$575.60</b>	<b>\$372.52</b>
EHMP Reward	\$0.00	\$203.08
<b>Total Withholding</b>	<b>\$575.60</b>	<b>\$575.60</b>
<i>Withholding is same</i>		
<b>Non-Taxable Reimbursement - (Reimbursed Under IRC 1.105-11)</b>		<b>\$1,220.00</b>
Other	\$0.00	\$18.08
		<i>UnusedEHMP Reward</i>
<b>Net Take Home Pay</b>	<b>\$2,882.40</b>	<b>\$2,900.48</b>

### Breakdown of Cost, Fees & Savings

EHMP Program	
Employee	\$0.00
W/Family	\$1,220.00
<b>Total</b>	<b>\$1,220.00</b>

EHMP Additional Benefits	
EHMP Reward	\$203.08
EHMP Monthly Plan	\$85.00
<b>EHMP Reward Balance</b>	<b>\$118.08</b>
MEC Plan	\$0.00
VSP Vision Plan	\$0.00
Delta DentalPlan 1000 PPO	\$0.00
Hosp Indem -Washington Nat'l	\$49.00
Accident Plan -Washington Nat'l	\$0.00
Critical Illness-Washington Nat'l	\$51.00
Disability	\$0.00
Remaining Reward Dollars	\$18.08

- 1... **Employee (EE) agrees to Self Insured Premium**
- 2... **IRC 1.105-11 reimburses premium to the EE's net pay**
- 3... **Gross EHMP Reward to the Employee**

- 4... **EE pays EHMP monthly plan with their reward**
- 5... **EE pays for benefits with the reward after cost of EHMP**
- 6... **Net increase in EE's take home pay**



Advantage Group

Let CR Advantage Group  
optimize your business opportunities

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