



BENEFITS

Preventive Care Management Program

EMPLOYEE

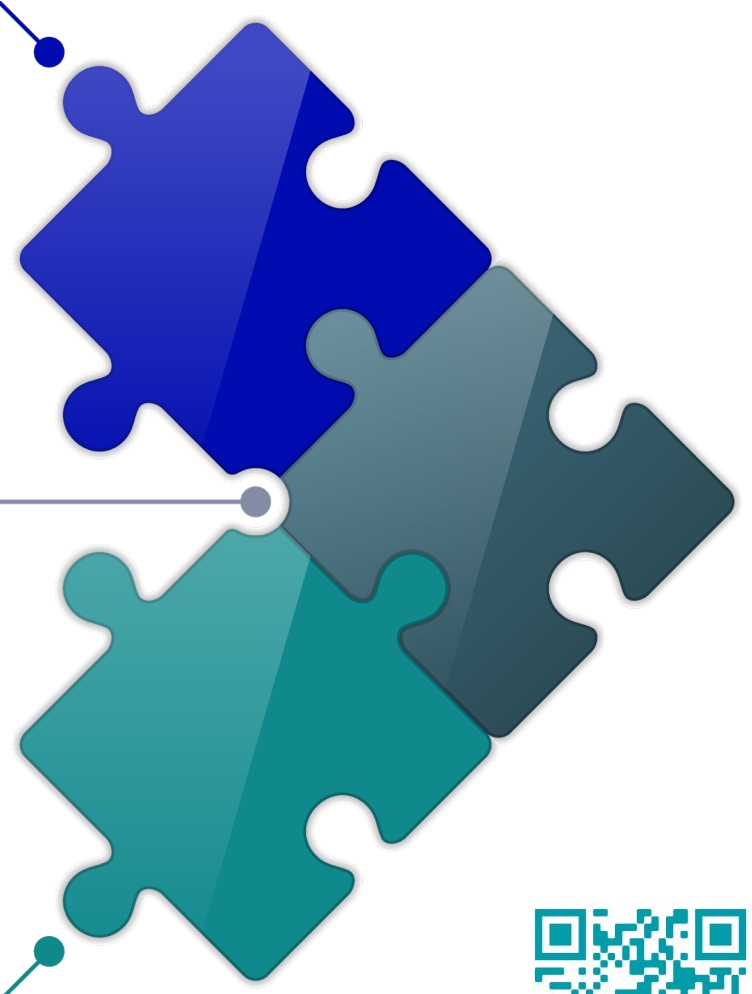
- Wellness benefits
- Supplemental benefits
- Better mental health
- Better physical health
- No net out-of-pocket expense

GOVERNMENT

- Healthier workers and citizens
- A more stable and possibly higher tax wage base

EMPLOYER

- Lower payroll taxes
- Healthier, more productive employees
- Improved hiring and retention of employees
- No net out-of-pocket expense





EMPLOYERS

The Preventive Care Management Program lowers payroll taxes, thereby increasing working capital while improving employee health, productivity, hiring, and retention.

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. "When you create an environment of psychological safety and well-being, you create well-being capital, which boosts performance in healthy ways and enhances your bottom line. We are beginning to see data collected to validate the well-being capital model".¹ "Most adults spend at least a third of their employable years at work. The mental health challenges create a cost for employers. Our global survey finds that employees experiencing at least one mental health and well-being challenge (nearly three in five) report worse employee experience metrics. They are three times more likely to experience toxic behaviors and four times more likely to want to leave their organization."²

1. Jaman, Poppy, and Martin Dewhurst. "Leading with Compassion: Prioritizing Workplace Mental Health." McKinsey Health Institute. McKinsey & Company, October 6, 2022. <https://www.mckinsey.com/mhi/our-insights/leading-with-compassion-prioritizing-workplace-mental-health>.

2. Brassey, Jacqueline, et al. "Present Company Included: Prioritizing Mental Health and Well-Being for All." Edited by Elizabeth Newman. McKinsey Health Institute. McKinsey & Company, October 10, 2022. <https://www.mckinsey.com/mhi/our-insights/present-company-included-prioritizing-mental-health-and-well-being-for-all>.



EMPLOYEES

The Preventive Care Management Program provides employees with better health benefits with no out-of-pocket cost, creating healthier, more productive lives.

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. "A majority of employees report challenges accessing mental healthcare. The most commonly reported barriers are lack of insurance coverage, difficulty determining covered services, not knowing which resources are available, difficulty finding providers, and long wait times to get appointments."³

3. Brassey, Jacqueline, et al. "Present Company Included: Prioritizing Mental Health and Well-Being for All."



GOVERNMENT

The Preventive Care Management Program creates a healthy workforce and increases the collection of tax dollars.

"A long-term comprehensive approach (to mental health) is likely correlated to organizations gaining the full potential benefits from improved employee health. If individuals, businesses, and countries widen their understanding of health, they may reap the benefits of gains in life expectancy and quality of life."⁴ "Potential measurable effects of enhanced mental health supports include fewer missed workdays and increased return to work rates. Among employees surveyed, those with anxiety or depression report missing, on average, roughly six times more workdays per year than individuals without a mental health condition".⁵ Wellness and Supplemental employee benefits should aid the government in achieving more productive employees and citizens and more stable and possibly a higher tax base from both employees and their employer on a state and federal level.

4. Brassey, Jacqueline, et al. "Present Company Included: Prioritizing Mental Health and Well-Being for All."

5. Coe, Erica, et al. "National Surveys Reveal Disconnect between Employees and Employers around Mental Health Need." Edited by Elizabeth Newman. McKinsey Health Institute. McKinsey & Company, April 21, 2021. <https://www.mckinsey.com/industries/healthcare/our-insights/national-surveys-reveal-disconnect-between-employees-and-employers-around-mental-health-need>.

Preventative Care Management Program (PCMP)

The TE Group is offering a Wellness and Supplemental Benefits Program focused on preventative healthcare management that complements your major medical plan.

With no out-of-pocket cost, we prioritize and incentivize preventative healthcare for employees and at the same time benefit employers through tax savings along the way.

SOLUTIONS THAT SAVE MONEY

Employer Distribution

	WITHOUT PCMP	WITH PCMP	DIFFERENCE
GROSS MONTHLY INCOME	\$2,916.67	\$2,916.67	\$0.00
PRE-TAX WELLNESS BENEFIT FEE	\$0.00	\$1,200.00	\$1,200.00
EMPLOYEE'S MONTHLY GROSS TAXABLE INCOME	\$2,916.67	\$1,716.67	\$1,200.00
EMPLOYER'S MONTHLY FICA CONTRIBUTIONS	\$198.90	\$107.09	\$91.80
EMPLOYER'S SAVINGS AFTER \$35 WELLNESS BENEFIT FEE	\$0.00	\$56.80	\$56.80
NET ANNUAL EMPLOYER'S SAVINGS PER EMPLOYEE	\$0.00	\$681.60	\$681.60

Employee Example Paycheck

	WITHOUT PCMP	WITH PCMP
Gross Monthly Income	\$2,916.67	\$2,916.67
PCMP: Pre-tax Premium	\$0.00	\$1,200.00
Taxable Income	\$2,916.67	\$1,716.67
All standard tax withholdings	\$528.82	\$233.88
Post-tax Income (Paycheck received from employer)	\$2,387.85	\$1,482.79
PCMP: Post-tax Reimbursement	\$0.00	\$1,200.00
Difference prior to additional benefits	\$2,387.85	\$2,682.79
Employee Wellness Benefit Fee	\$0.00	\$200.00
Dollars available for employees to use for Supplemental Benefits	\$0.00	\$94.94
Final direct deposit or paycheck	\$2,387.85	\$2,387.85

Benefits

Employer Savings: Employers on average will save \$650/employee per year in payroll taxes with no out-of-pocket cost.

Health Benefits: Health coaching, telemedicine, behavioral change programs, personal wellness portal, EAP, and more.

Savings to Spend on Supplemental Benefits: Most Employees participating in the program will receive on average \$100 on a monthly basis to spend on Supplemental Benefits with no out-of-pocket cost.

Supplemental Benefits: Employees are offered Short Term Disability, Accident Coverage, Life Insurance and Critical Illness Coverage.

The above is an example of an employee making \$35,000 annually.

Preventative Care Management Program Financial Illustration

Affordable Care Act compliant actuarial value of the
Wellness Benefit per employee: \$ 14,400.00

EMPLOYER ILLUSTRATION

- Employer expense for Wellness Benefits:
- Monthly fee per employee \$35.00
 - Annual fee per employee \$420.00

Example of employer FICA savings for offering the Wellness Benefit

Current FICA tax rate: 7.65%

Single employee making	\$35,000.00
Deduct actuarial benefit from salary	\$20,600.00
FICA tax savings (FICA rate* \$14,400)	\$1,101.60
Net annual employer savings per employee	\$681.60
Net monthly savings per employee	\$56.80

EMPLOYEE ILLUSTRATION

- Employee Expense for Wellness Benefit & Program Administration:
- Monthly fee per employee \$200.00
 - Annual fee per employee \$2,400.00

Without PCMP

Assumed aggregate rate 18.13%	
Gross Income	\$35,000.00
Taxes at 18.13%	\$6,345.84
Net Income	\$28,654.16

With PCMP

Employee savings for an employer offering the Wellness Benefit	
Employee making	\$35,000.00
Deduct actuarial benefit from salary	\$20,600.00
Taxes at lower rate of 13.62%	\$2,806.56
Post tax income	\$17,793.44
PCMP after tax credit	\$14,400.00
Total income before Wellness fee	\$32,193.44
Employee fee for Wellness program	\$2,400.00
Net income after Wellness benefit	\$29,793.44
Net dollars available for Supplemental Benefits	\$1,139.28
Net income after Supplemental Benefits	\$28,654.16
Net monthly dollar available for Supplemental Benefits	\$94.94

Preventative Care Management Program Sample Paycheck

	Without PCMP	With PCMP
Monthly gross pay	\$2,916.67	\$2,916.67
Major medical premium	\$0.00	\$0.00
Additional pre-tax deductions	\$0.00	\$0.00
PCMP: Pre-Tax Deduction	\$0.00	-\$1,200.00
New Taxable Income	\$2,916.67	\$1,716.67
Federal Withholding	-\$193.17	-\$56.25
Social Security	-\$180.83	-\$106.43
Medicare	-\$42.29	-\$24.89
State Withholding	-\$112.53	-\$46.31
Post Tax Deductions	-\$0.00	-\$0.00
Total Tax Deductions	\$528.82	\$233.88
PCMP: Post-Tax Reimbursement	\$0.00	\$1,200.00
Gross Tax Savings	\$0.00	\$294.94
Employee Wellness Benefit Fee	\$0.00	-\$200.00
Total dollars available for employees to use for their supplemental benefits	\$0.00	\$94.94
Short Term Disability (up to 60% of gross wages)	N/A	-\$32.56
Accident Coverage	N/A	-\$20.80
Term Life (up to \$100,000)	N/A	-\$23.40
Critical Illness (\$20,000 benefit)	N/A	-\$18.18
Final Net Pay	\$2,387.85	\$2,387.85

The above shows the before and after paycheck example of an employee earning \$35,000.00 per year. Please note the additional supplemental employee benefits are subject to change per employee. This is for illustration purposes only to illustrate how the PCMP will not negatively affect an employee's net take home pay.

PROCESS

Preventive Care Management Program

01



Census

Utilizing the excel template, a client will first provide us with data that will allow us to produce a post tax allotment number for each employee to be used on benefits such as short term disability, accident, life insurance and critical illness policies.

[View sample template](#)

02



Proposal

Once our algorithm produces a post tax allotment number for each employee, it will generate a proposal that shows all employees tax savings as well as the total net annual FICA tax savings for the company.

[View sample proposal](#)

03



Detailed Census

Once the proposal has been approved and agreements have been signed, a detailed census will be completed that will allow our team to enroll all employees into their specific insurance benefits as well as their personalized wellness portal.

[View sample template](#)

04



Set up Payroll

Upon completion of step three, our payroll specialists will have a call to set up additional line items within the client's payroll system and will also run a mock payroll for all participating employees to ensure accuracy. Running a mock payroll will ensure that everyone's net pay remains the same and does not decrease from potential inaccurate data gathered in step one.

[View sample Payroll](#)

05



Invoicing

Utilizing a third party administrator you will receive a monthly consolidated invoice at the beginning of each month. Upon receiving, simply review the list of employees and let our team know if anyone was terminated or any new hires were added.

[View sample Invoice](#)

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>