



# advantage

## Table of Contents

TEN HEALTHCARE POSSIBLE CHANGES .....	2
WILL TAX REFORM IMPACT EMPLOYEE BENEFITS? .....	3
TERMINATION: PREPARATION AND PITFALLS .....	4
MAY 2017 CLIENT ACCOLADES .....	5
HR BY THE NUMBERS .....	5
I-9 OOOOPS! .....	5
NEW LABOR SECRETARY CONFIRMED .....	6
FOR YOUR CALENDAR .....	7
ON MY SOAPBOX .....	8

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## We are pleased to introduce: Co-Presidents

After thirty two years in business, HR Answers is excited to announce the promotion of two experienced employees.

Congratulations! Effective April 1, 2017, the leadership and management of the firm will be the responsibility of Deborah Jeffries, SHRM-CP, PHR, and Laurie Grenya, SPHR. They will now serve as Co-Presidents of the organization. Judy Clark, SPHR will remain the owner of HR Answers.



Laurie Grenya



Deborah Jeffries



[hranswers.com](http://hranswers.com)  
503.885.9815

## TEN HEALTHCARE POSSIBLE CHANGES

As citizens, we hope and expect that our Congressmen and women read the bills they are voting on so they understand the changes and the implications of any new law. We are often disappointed to discover that this is not an accurate statement of what happens. While it isn't the whole bill that the House passed (and who knows what will happen when it gets to the Senate), here is a list of 10 things that the Bill did include that employers should know about, at least for now:

1. The Bill eliminates the ACA's employer shared responsibility tax penalty—commonly referred to as the employer mandate or “pay or play”—effective for tax years after December 31, 2015.
2. Instead of the individual mandate, the bill promotes continuous coverage for individuals by adding a new “continuous coverage” requirement that allows insurers to impose a 30% surcharge on otherwise-applicable premium rates for 12 months for individuals who have lapses in health coverage of at least 63 days.
3. Delays the Cadillac tax until 2026 by eliminating its tax penalty for years 2020 through 2025.
4. Does not eliminate the ACA information reporting requirements, but with respect to employer reporting requirements, adds an additional Form W-2 field to account for each month with respect to which an employee is eligible for a group health plan. Employers are still required to report the cost of coverage amount on the Form W-2.

Portland Office  
7650 SW Beveland Street  
Suite 130  
Tigard, OR 97223  
(503) 885-9815

Willamette Valley Office  
7287 Park Terrace Dr. NE Ste. 101  
Keizer, OR 97303  
(503) 463-7269

5. Unlike an earlier draft of the bill, the final house bill does not cap the tax benefit for employer-sponsored health insurance coverage.
6. Raises the tax-free contributing limit to health savings accounts to match the out-of-pocket cost maximum on high-deductible health plans and adds other provisions to make HSAs more flexible. Unlike earlier drafts of the bill, the final House bill does not allow excess tax credits to be paid into designated HSAs.
7. Replaces the ACA's exchange subsidies with a refundable tax credit tiered by age as follows:
  - 2k per year for anyone under age 30
  - 2.5k per year for ages 30-39
  - 3k per year for ages 40-49
  - 3.5k for ages 50-59
  - 4k for age 60 and over
  - The tax credit amounts are phased out for individuals with income over \$75k (or \$150k for joint filers).
  - The tax credit is available for coverage in both the individual market and exchanges and for unsubsidized COBRA coverage (purchased on or off the exchanges).
  - The tax credits are not available to individuals who are eligible for a group health plan (including employer-sponsored coverage), Medicare, Medicaid or other government coverage.
8. Beginning in 2017, the bill repeals the following taxes and fees (among others):
  - The annual insurance provider fee
  - The net investment income tax
  - The medical device tax
9. For plan years beginning on or after January 1, 2018, allows states to apply to waive the AHCA's age rating ratio of 5:1 (it was 3:1 under the ACA). Specifically, states will be able to apply a higher ratio for age-based premium rating (higher than 5:1) in the individual and small group markets.
10. For plan years beginning on or after January 1, 2020, allows states to apply to waive the ACA's essential health benefit (EHB) requirements for the individual and small group market. Specifically, states will be able to establish and apply their own EHB requirements (rather than those under the ACA) for coverage in these markets.

And now that you have learned all of this, be prepared for it to all change when the Senate takes up this Bill.

## WILL TAX REFORM IMPACT EMPLOYEE BENEFITS?

One of the questions that HR professionals have been thinking about was whether or not the impact of any tax reform measures would be felt on employee benefits. One of the great provisions of our current law is that most employee benefits are received by employees on a pre-tax or no tax basis. There has been substantial speculation that any action by the Trump administration may change that.

There is reason to be concerned due to the President's announcement that he wanted to roll-back the corporate tax to 15% from its current high of 35%. Some of the cost of that change could be reduced somewhat if benefits were now taxed. Just think how much more money the feds would take in if they changed the rules regarding the tax-free retirement contributions or healthcare insurance.

The statement made by Gary Cohn, President Trump's economic advisor, that mortgage interest, charitable giving and retirement savings would be protected, but other items are up for consideration only heightened the concerns about the status of other benefits.

Employers need to be watchful as these changes are proposed, amended, and finally passed. This will be particularly important since it seems that some changes to our laws are being proposed before we really know what they include.

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Editor: Deborah Jeffries, PHR, CPC. Advantage is published monthly and is designed to provide information on regulations, HR practices and management ideas and concerns. The intended audience is managers, supervisors, business owners, human resource and employee relations professionals. If you have questions about the content, an opinion about the information, questions about your subscription, or if you need additional Advantage binders, please give us a call at (503) 885-9815 or e-mail [djeffries@hranswers.com](mailto:djeffries@hranswers.com).

## TERMINATION: PREPARATION AND PITFALLS

Termination is probably one of the most difficult things an HR Professional or Manager must face. However, it becomes a necessity when an employee is not meeting defined expectations. Once the facts are gathered and the decision is made, what do you do next? We have all asked this question. Here are some things worthy of consideration:

### Before termination

**File review:** What is in the file that spells out what the employee's obligations are after their separation. These may be non-competes or confidentiality agreements. If these don't already exist, it may be too late to implement them. You will want to make sure of a copy of these signed agreements are enclosed with the separation letter and discussed at the separation meeting.

**Information Technology:** When will IT access be ended. Depending on the nature of the job this may need to happen during the separation meeting. If that is the case, then the employee will need to be told and arrangements made for cutting off their access.

**Where will separation occur:** Consider choosing a conference room or the separating employee's office. You will want to be able to exit and allow them time to regain composure or quickly gather their personal belongings. We suggest that the conversation be held at the middle of the day, preferably on Thursday. This allows the employee time to file for unemployment and it gives him/her time to get over the initial reaction and figure out what is going to be said when arriving at home. We strongly suggest this be an in-person meeting and not done over the phone, email, text or by mail.

**Communication:** How will the remaining staff be made aware of the departure and when. This does not need to be a "show," a simple message or standup meeting is sufficient. Convey the separation, not the terms or the specifics. People will ask "why?" A simple response indicating it would be inappropriate for you to discuss the details is usually a quick way to end that discussion. Consider saying, "No one would appreciate an employer talking about a separation if it was them, so we don't do that."

### During the termination meeting

**Be specific:** There should be no surprises about the decision, previous discussion(s) and investigation(s) should have already occurred. Provide the written documentation, attachments (if any) and final pay obligation. It is best to explain the final pay and what is included and be prepared to share the policies that back up the "why" of the final pay. If offering a severance package, make sure it is in writing and be very clear about the timelines and specific dates associated with the timelines.

**Organization property:** Request that any organizational property be returned, technology hardware, keys or key cards, tools and the like. If the property is at the residence or not on site, make arrangements for picking it up.

**If, during discussion the employee reports discrimination or retaliation:** Don't dismiss it. As with any complaint, thank the employee for the information and assure them you will follow up on it (and do that). You will need to use your professional judgement to determine if you should proceed with the termination.

**Benefit Information:** It is likely that there will be some benefit information to be given to the employee, COBRA, 401 (k), etc. Let the employee know that information will be sent to them at home. Employees are not focusing on things that are being said, they are only aware that they are losing their job. It is best not to try and provide complex information at this time. Send a follow-up letter with all the additional information they will need.

### Common pitfalls

**Not providing a clear written explanation of "why":** Don't sugarcoat and don't use ambiguous adjectives or adverbs. Clear, concise, and factual information is the best defense should a former employee choose bring a legal action. And, as mentioned above, the separation really shouldn't be a surprise.

**Lack of consistency:** If you don't know what has been done in the past when incidents or poor performance like this has occurred; then it will be critical to find out. Do the research and find the documentation. If you don't, an attorney might.

**Disrespect:** A departing employee should be treated with respect. Remember you want them to learn from this experience and it will be harder for them to see the opportunity if they are focused on poor treatment. This is also a mixed message if unprofessionalism is the cause of the separation.

**Not taking the action:** No one likes to remove an employee. We all understand the importance of income and the emotion of life-changing events. This does not mean that it is okay to drag your feet or never remove an employee. Remember the workforce as a whole should be able to count on their peers, as well as management, to do their part to make the organization successful.

Should you ever want to talk through a situation that may result in a termination, do not hesitate to give us a call.

## MAY 2017 CLIENT ACCOLADES

Once a year, the *Portland Business Journal* publishes its list of the biggest not-for-profit organizations. We await that list each Spring. The publication identifying the top 10 NFPs came out Friday March 24th. We are so proud that four of our clients that were listed. **Albertina Kerr, Oregon Child Development Corporation, Cascade Behavioral Health, and Mercy Corp** all occupied one of the top ten spots. Our congratulations to each of them and our best wishes for being continually identified as being an important contributor to Oregon's community services.

One of the things that makes an organization great is when they give back to the community which uses their services or products. We have an example this month of just that. **Kaiser Permanente** is sponsoring BikeTown that will fund Portland's bike-share program for 5 years! This is a great fit for both organizations. Portland is indeed "bike-town USA" and Kaiser is making a tremendous effort to focus on how people can stay healthy as opposed to be treated when ill. Our thanks and compliments to Kaiser for this 5-year financial commitment!

**Lewis and Clark College** was featured in recent news because they received more Fulbright awards than any other Northwest institution this year. A grand total of 10 awards were made to L&C students so that they could continue their specialized studies. The Fulbright Awards started in 1946 to enhance mutual understanding and friendly relations, has awarded over 250,000 scholarships since then. This continues the long history of L&C generating students of excellence worthy of this high honor. Congrats, L&C, we are all better for your education of students and the work they will do in the future!

We have been privileged to work with **GBD Architects** and so we were delighted when we saw that one of their Directors was among the Women of Distinction selected by the Portland Business Journal. Katherine Schultz, AIA, LEED AP, is a stellar example of the honorees in this annual program which seeks to recognize outstanding women in our business community. Way to go, Katherine, we are delighted for you!!

**Clackamas Community College** is breaking ground on a new \$28 million Industrial Technical Center which will house manufacturing, renewable energy, machining, and other in-demand career technical education programs. Given the requirement for more skilled workers in these fields, this is a great development for the region and for the individuals who will study for critical jobs in this new facility. Hip! Hip! Hooray!!

## HR BY THE NUMBERS

According to a recent CareerBuilder survey 30% of workers at the age of 60 years old or greater say they will not retire until they are 70 or more years old. An additional 20% say they will never be financially able to retire. When thinking about the amount of money necessary to retire, 42% of workers over 60 say they would need \$500,000 or more to be able to live comfortably. About 26% said they aren't contributing to a retirement account. CareerBuilder commented, "This increased workforce participation for older adults has implications for retirement policy, health care financing, Social Security, and the behavior of employers and employees alike." These results came from an online survey conducted by Harris Poll during the months of February and March this year.

## I-9 OOOOPS!

Employers who used the new Form I-9, Employment Eligibility Verification between November 14 -17, 2016 need to do a quick review to make sure their employee's Social Security Numbers (SSNs) appear correctly. According to the U.S. Citizenship and Immigration Services (USCIS) there was a glitch in the form that transposed the SSNs when the forms were filled out on a computer and then printed out. If employers find that some of their employees have been affected, they are asked to have them cross out the mistake, enter the correct number, then initial and date the change. The employer should also include a written explanation for correction in case they ever face an audit. USCIS fixed the problem as soon as they were made aware of it, so forms after November 17, 2016 are not affected.

## NEW LABOR SECRETARY CONFIRMED

Finally!! President Trump's nominee, Alexander Acosta, for Labor Secretary has been confirmed. There will be a large stack of projects for him to tackle on his desk. He needs to fill the OFCCP Director position and make a decision on the pending FLSA changes. One item that will require his immediate attention is the new rule that requires financial advisors to look first to their customer's interests before making decisions based on what is good for them. The implementation date was pushed back to next month so look for a ruling shortly. Looking to the future of the Department of Labor headed by him, expect to see an inclination to support issues from an employee or union perspective. These were key questions that surfaced during his nomination hearings.

## FOR YOUR CALENDAR

Open up your Daytimers, Outlook, Palm Pilots, and all those Smart Phones. The following is a look at upcoming events, special days and other diverse and fun activities you will want to be aware of and get scheduled. **To register for our workshops, please call any of our offices, or send an e-mail to Petrina Bigford at [pbigford@hranswers.com](mailto:pbigford@hranswers.com), or fax it to (503) 352-5582.**

### MAY

National Bike Month, Hamburger Month, Salsa Month

May 13	Apple Pie Day
May 14	Mother's Day
May 20	Armed Forces Day
May 21	American Red Cross Founder's Day
<b>May 23</b>	<b>Creating a Positive Workplace Workshop</b>
May 25	National Wine Day
May 29	Memorial Day – Office Closed
<b>May 31</b>	<b>True Colors Workshop– The power of communicating more effectively!</b>
<b>May 31</b>	<b>Salem HR Lunch Bunch - What Does HR Need From Our Managers?</b>

### JULY

Cell Phone Courtesy Month, Ice Cream Month, Picnic Month, Horseradish Month

July 4	Independence Day – Office Closed
<b>July 5</b>	<b>Tigard HR Lunch Bunch</b>
July 6	Fried Chicken Day
July 10	Pina Colada Day
<b>July 13</b>	<b>HR 401 Series: Succession/Workforce Planning</b>
July 15	Give Something Away Day
July 20	Moon Day
July 24	Cousins Day
<b>July 27</b>	<b>HR 401 Series: Compensation &amp; Classification</b>
<b>July 26</b>	<b>Salem HR Lunch Bunch</b>

### Coming Up:

### JUNE

Aquarium Month, Gay Pride Month, National Camping Month

June 2	National Doughnut Day
June 4	Cancer Survivor's Day
<b>June 7</b>	<b>Tigard HR Lunch Bunch</b>
June 12	Peanut Butter Cookie Day
June 14	Flag Day
<b>June 15</b>	<b>HR 401: A Program for Human Resource Professionals (4 part series)</b> <b>Session 1 HR Metrics –The Business Case for HR</b>
June 18	Father's Day
June 20	Ice Cream Soda Day
<b>June 22</b>	<b>HR 401 Series: Conducting Investigations</b>
June 24	Take Your Dog to Work Day
<b>June 28</b>	<b>Salem HR Lunch Bunch</b>

## ON MY SOAPBOX

I had a conversation this morning that centered on the relationship between HR and Finance; more specifically, the relationship between the highest position in HR and the highest position in Finance. As anyone who has spent time in either of these positions or who has observed the interactions of these two, to say that there can be tension, disagreement, and strife accurately describes the challenges that can exist. I wonder why this is true; is it because of the likely differences in perspective, the differences in typical personality, or does it exist because of myth or expectation?

The conventional wisdom (however I don't think there is anything wise about it) suggests that the Finance person watches expenditures like a hawk and argues with anything that is soft, warm, and fuzzy. The top HR person is supposedly seen as someone who advocates for soft, warm, and fuzzy. Hence the perception that, of course, they would wrangle and disagree.

But what if we were to apply a different paradigm? What if we believe that the top HR and Finance persons were a positive team of two looking at the asset management of the organization? What if we saw dollars as an asset and saw people as an asset, and thought that Finance and HR ought to work together to maximize the benefits of these two assets.

This thinking reinforces the Business Partner concept that has been floating around for the past few years. Interestingly, that terminology has only been applied to HR. It hasn't been used for Finance. But if it could be thought of as appropriate for both elements of the organization, it would link the two functions on behalf of planning and initiatives.

It would be harder for a CEO to say "no" to a proposal from both Finance and HR to invest in a new program or consider a change in operations. And that isn't the only advantage for the organization. It would also increase the financial understanding of the HR person and increase the understanding of the employee implications for the finance person. This broader understanding would likely result in business case information that was more solid and better thought-out. It would also result in fewer disputes between key executive advisors and minimize the time spent in trying to achieve resolution.

For this type of arrangement to exist, there must be affirmation action taken by the executives. It may suggest that HR and Finance lunch with one another every week or two. It may mean that the CEO or President needs to announce that new initiatives or major changes will not be considered until both Finance and HR have weighed in on the suggestion. It might require a new process of raising items or concerns to the executive level for action. A Business Case form that required both HR and Finance to complete sections so that both parties had to consider the consequences of what they were proposing before it was elevated for decision might be a formal way of ensuring that they would work together. (A version of that form could include input from other critical departments as well depending on the nature of the idea.)

Regardless of the process that is implemented, having the HR and Finance individuals work together ensures fewer disputes and greater collaboration which would be very beneficial. I once said to an HR professional that his most important relationship might be with the CFO. He said he was surprised at that comment. I said, "If something passes the tests of both 'assets managers', it is likely that it would be good for the organization. And the more that an effective relationship exists between you and the CFO, the better for both of you to succeed." I believed that then, and still do today! If HR isn't seen as working effectively in the organization, then how does it have the credibility to offer advice to others about working cooperatively?

- Judy Clark, President



ANSWERS, Inc.

"Whatever the Question"

PLEASE FEEL FREE TO VISIT OUR WEBSITE:

[WWW.HRANSWERS.COM](http://WWW.HRANSWERS.COM)