

COURSE OUTLINE

HealthCare Benefits and Federal Contracting

The objective of this course is to help insurance professionals understand the unique premium structure in the Government Contractor marketplace. The course will instruct insurance professionals on identifying potential business prospects and offer up solutions to the problems contractors face on government jobs. The course will instruct on the basics of the Prevailing wage (PW) market and the unique challenges faced by contractors performing government funded work. Insurance professionals will learn how to leverage mandatory PW fringe benefit dollars to design and build employer paid benefits.

10 minutes 1:15 - 1:25

- I. Expanding Your Benefit Practice in the Government Contractor Market
 - a. History of Legislation
 - i. Prevailing Wage
 - ii. Davis Bacon Act (DBA) of 1931
 - iii. Service Contract Act (SCA) of 1965
 1. DBA along with SCA and State Prevailing Wage mandates base wages and fringe benefits be paid on Governmental projects
 - iv. Government Markets
 1. Contractors working on federal, state or local jobs (i.e. road excavators, bridge builders, plumbers, carpenters, electricians, masonry companies, etc.)
 2. Construction contractors bidding work subject to prevailing wage laws
 3. Government contractors look to DBA and SCA Specialists to help navigate benefit administration and compliance
 - v. Business development opportunities in the Government Contractor marketplace
 1. Market potential
 - How an agent can identify potential business prospects while offering solutions to the programs contractors face on governmental jobs
 2. Compensation
 - Base wages and fringe benefits
 - Understanding the basics of the prevailing wage market and the unique challenges faced by contractors performing government funded work
 3. Fringe Benefits
 - How an agent may leverage mandatory prevailing wage benefit dollars to design and build employer paid benefits

15minutes 1:25 - 1:40

- II. Business Development Opportunities in the Government Contractor Marketplace
 - a. Identifying Employers
 - i. How an agent can identify business prospects while offering solutions to programs contractors face on governmental jobs
 1. Specific qualifying questions
 2. Who is a prospect?
 - b. Identifying employer challenges
 - i. Many contractors pay some of all of the mandatory fringe benefit package as wages because it is the easiest way to satisfy DOL compliance

- ii. Sample Wage Determination
 - 1. Average payroll burden is between 20%-40%, which increases labor costs
- c. Wage and Benefit Calculations
 - i. Prevailing wage
 - ii. Paid as income options
 - iii. Sample calculations

10minutes 1:40 – 1:50

III. Employer Provided Benefits, Bona Fide Plans, and How an Agent Can Best Advise on Practice

- a. Defining Bona Fide Plan
 - i. What Makes a Fringe Benefit Plan Bona Fide
 - 1. Specified in writing and communicated to covered employees
 - 2. Irrevocable contributions
 - 3. Group benefit plan
 - 4. Contributions made to a third party or trust
 - 5. Convey a benefit to the person actually performing the work
 - 6. Accounted for on an hourly basis (weekly payroll reporting form WH347)
- b. Taxation of Employer Premiums
 - i. Agents can bring value to an Employer by illustrating the contractor's savings by removing the fringe from payroll then assisting in creating Bona Fide benefit programs
 - 1. Benefit programs including Health and Welfare, Training, Retirement Savings, even Vacation/PTO
- c. Fringe Benefit Allocation
 - i. Hour Banking
 - 1. Prevailing wage fringe benefit allocation must follow the principal of annualization
 - 2. This applies to medical/health, vacation/PTO, and apprenticeship training but not fully vested defined contribution plans
 - ii. Sample calculations for discharged costs from the prevailing wage fringe

10 minutes 1:50 - 2:00

IV. Administering Health Benefits for Prevailing Wage/DBA and Hour Banking

- a. Health plans for hourly employees
 - i. What issues to look for an how to best consult on issues
 - 1. Tracking issues
 - 2. Seasonal employee issues
 - 3. Actively at Work provision and COBRA
 - 4. Salaried and hourly employees on the same plan
 - 5. Hour banking as a way to track hourly population
 - ii. How to carve-out field worker for a particular job
 - iii. How hour bank accounting helps employees and employers
 - iv. Small group and how to work with age banded rates
 - v. Self-funded health plans
 - 1. There is no specific hourly rate other than reinsurance premium
 - 2. How to get approval from DOL
- b. Prevailing Wage Retirement Plans
 - i. Takeover Plans
 - ii. Fringes Only Plans
 - iii. Safe Harbor Rules

- c. Employer Rules
- d. General Rules

5 minutes 2:00 - 2:05

V. Questions