



## THOUGHT LEADERS

BY TRACEY DRURY  
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**I**ncreased demand for mental health benefits, as well as queries about how best to share information about options have kept employers and brokers busy during the pandemic.

But early worries about increased costs tied to hospitalizations or claims turned out to be unfounded in most cases, according to advisers and brokers who participated in a virtual Business First Thought Leaders conversation April 15 sponsored by Hodgson Russ LLP.

Lawrence Kavanaugh, managing partner and founder at Northeast Benefits Services Inc., said he spent a lot of time assessing and managing changes related to 401(k) withdrawals tied to modifications permitted through the federal CARES Act.

“Remarkably, we can look back on that now and the results are in: We can see it was much ado about nothing,” he said. “We saw very few adopters, we saw very few transactions and we saw no one take a large amount of money out of their plans.”

What they did see was an increasing desire by employers to offer and tweak benefits as a recruitment and retention tool especially with the labor crunch that’s emerged through the crisis.

A good salary plus health insurance and a good 401(k) used to be all it took, but now the biggest component is trying to understand how to put together a competitive plan that will attract people, said AJ Baynes, president & CEO of the Amherst Chamber of Commerce, which runs an in-house insurance brokerage.

“I think the biggest challenge that we’re hearing is just how aggressive they have to get in their offerings,” he said. “Now, we’re looking at EAP plans and just overall mental wellness with employees.”

Brokers said they have used digital platforms to help both employers and individual workers better understand options. That’s a big shift from the days when a client would ask a broker to come into the office to present to the group.

Now to complement online enrollment of products, clients are asking brokers to do one-on-one virtual meetings to better engage employees and help them find the exact products they want.

Mike Conroy, vice president and director of group benefits at Walsh Duffield Cos. Inc., said that’s especially true at self-funded companies as a tool for helping to control costs.

And more companies are asking



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# Employee benefits demand change during pandemic

*Communication and participation with employees ensures that what’s needed is offered by the company*

▶ HODGSON’S TAKE

*“Right now, we’re taking the complex legal landscape and trying to make that into a set of action steps of what you should do to prioritize, and how to work it through. Certainly, all of it requires navigation.”*

**MICHAEL FLANAGAN**, partner, Hodgson Russ LLP



WITH A.J. BAYNES, MIKE CONROY, CHRISTOPHER FIORELLO, LAWRENCE KAVANAUGH, JONELLE MARCHESE AND JOSEPH PRISELAC JR.

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*“We have companies doing more with a lot less, but they have to provide more to their employees. We have a new generation of workers coming into the workplace that are more socially conscious than ever. They want to know maybe not so much about the company culture of the last 20 years, but what’s the company’s mission, where do you take a stand on those issues?”*

**A.J. BAYNES**, president & CEO, Amherst Chamber of Commerce



*“This year’s been a roller coaster. As soon as Covid hit, everyone thought rates were going to go sky high with hospital stays for Covid, but then we understood where claims were going to go and the opposite occurred. The health care industry shut down for a period of time and there was a dip in claims, and that helped a lot of renewals.”*

**CHRISTOPHER FIORELLO**, employee benefits practice leader, USI Insurance Services



*“The flex time area is huge, allowing people to take off a Friday or have unlimited PTO. (It) literally blows my mind at my age, but I think that’s a huge, huge benefit. Here’s the challenge: There’s all of this great stuff happening and then the employer looks at you and says, now what do I do?”*

**JONELLE MARCHESE**, NYS licensed broker, regional director, Bene-Care Inc.



*“Now we’re looked at in insurance as HR consultants, so I think there’s been a lot more responsibility put on the brokers to deliver more than just insurance expertise. When we talk about the changes in legislation and regulations, our clients come to us first.”*

**MIKE CONROY**, vice president and director of group benefits, Walsh Duffield Cos. Inc.



*“It’s a race to the bottom on fees. Any plan sponsor with a 401k plan that hasn’t asked their service provider for a reduction – all you have to do to get one is ask.”*

**LAWRENCE KAVANAUGH**, managing partner and founder, Northeast Benefits Services Inc.



*“With all the changes that have come down on the flexible spending area... that’s been a blessing in disguise for my business. With over-the-counter items, not needing prescriptions and temporarily making rollover unlimited – it’s just a lot of good things happening in my place.”*

**JOSEPH PRISELAC JR.**, CEO, P&A Group

for information about shifting to a self-funded health plan, or at least an analysis.

“Employers don’t want to pass along these costs to employees,” he said. “They’re looking for every way to control costs with risk management.”

The one-to-one outreach with employees has become more common as brokers shift to a bigger role as advisers.

Employers, they said, are eager for more contactless ways to reach employees and make sure they know what’s available especially during onboarding and as more changes come down from the state and federal levels. That includes changes for COBRA for people displaced from jobs who need to stay connected to benefits.

That’s what attorneys are seeing as well when making sure clients are following the law on everything from COBRA to flexible spending accounts, said Michael Flanagan partner at Hodgson Russ LLP.

“It’s about communication and understanding,” he said. “Our charge is really to help them navigate, and understand what is required, what is optional or if it is required, when it’s required and what they need to do right now.”

Demand for mental health benefits definitely has increased for workers stressed out about financial, child care and matrimonial issues as families spent more time working remotely on top of each other in a household.

Jonelle Marchese, regional director at Bene-Care Inc., said the other factor is the ability to hire employees remotely all over the country, leading to more demand for solutions such as EAP so employees can find the help they need whenever they need it.

“Folks don’t know each other and they don’t have that interaction, so that adds to all of the stresses,” she said. “We’ve become the left hand to HR or the left hand to the CEOs or managers and owners of companies.”



*“It’s not just what’s available or what would be most beneficial, but who’s the decider that’s really been brought out of the woodwork. (Clients) have all these choices, but who in our organization makes this decision? It’s really sleuthing out internally how are these decisions going to be made.”*

**AMY WALTERS**, partner, Hodgson Russ LLP

## ► CLOSER LOOK AT THOUGHT LEADERS

Thought Leaders is an ongoing series of discussions with Western New York business leaders and attorneys at Hodgson Russ LLP.

Ten times a year, leaders in diverse industries meet for a roundtable discussion moderated by Business First journalists.

The conversations are usually held in the law firm’s Pearl Street offices in Buffalo, but have shifted to a virtual format during the Covid-19 crisis.