

# Healthcare Insurance Guide

## Overview

Providing healthcare insurance and benefits is one of the best ways to retain a healthy and happy team of Delivery Associates (DAs). It's a benefit that can set you apart from other employers in your community.

## Healthcare offering requirements and timing

Per the DSP Program Policies: Regardless of your company's status as an applicable large employer under the Affordable Care Act ("ACA"), your company is required to offer healthcare coverage that meets or exceeds the federal standards for affordability and minimum value as defined by the ACA to all of your employees who, with respect to any month, are employed on average at least 30 hours of service per week (i.e. a full time employee as defined by the ACA) and coverage must be offered no longer than 30 days from date-of-hire.

This means that all DSPs are required to offer a plan which meets at a minimum 60% actuarial value and employee share of the premiums for employee only coverage cannot exceed 9.83% of their gross salary. These are minimums, not recommendations.

## Key details for a compliant healthcare offering:

- **Minimum Value:** Must be equivalent to a 'Bronze' level plan on the ACA marketplace with a minimum of 60% actuarial value. This means employee healthcare expenses, including premiums, co-pays, or deductibles, is not expected to be more than 40% of total cost for healthcare coverage.
- **Affordability:** ACA guidelines for 2021 are that premiums cannot exceed 9.83% of an employee's gross salary for self-only coverage. Keep in mind, employee hours may vary throughout the year. If you hire an employee for 40 hours/week but they end up working 30 hours/week for a few months, they are still considered full time and the 9.83% still applies even though they are temporarily short 10 hours. A good guideline to ensure you're always in compliance is to target 60% + Employer Contributions towards Employer only coverage, but your broker or Amazon VAS will help you determine both affordability and contribution to match compliance and insurance carrier requirements.
- **Timing:** Healthcare plans are effective the 1st of the month following the eligibility period and/or open enrollment. To meet the program requirements, you need to ensure that all eligible employees (30+ hours per week) go through new hire enrollment within their first 30 days of eligibility. To ensure compliance with your Amazon contract you are required to track who you offer health insurance to and when health insurance is offered, including waivers by non-participants.
- **Renewals:** All full time/eligible employees must be offered the opportunity to re-enroll during open enrollment. Same tracking rules apply.

*Finding the right health plan options that meet the needs of a new business can take some time. This is why we provide newly launched DSPs up to 60 days after their operational start date to bind medical coverage.*

### IMPORTANT TO KNOW

It is **critical** that you ensure all employees complete the open enrollment process, even if they do not want coverage. Those who do not want healthcare insurance need to sign a waiver of coverage as proof that they were offered the plan and declined it or you may be at risk of financial penalties under the ACA in addition to being out of compliance with your DSP Program Policies. Generally, these "waivers" are collected by your benefits provider and should be maintained for Amazon and federal audits of applicable large employers done by the IRS checking for ACA compliance.

## Options to obtain coverage



Visit: [www.dspbenefits.com](http://www.dspbenefits.com)  
Or Call: 833-240-7167

You can obtain options and quotes from the Value Added Service (VAS) provider by contacting the DSP Benefits Center (DSPBC) at [www.dspbenefits.com](http://www.dspbenefits.com) or by telephone at 833-240-7167. DSPBC offers multiple benefit plan options for all new and existing DSPs, including the required medical coverage, as well as other optional benefits like dental, vision, life and disability, and retirement. The DSPBC has specialized Compliance reporting and tracking to help you confirm you are in compliance with your contract with Amazon

### 1. DSP Preferred (Preferred/Exclusive Products)-

The DSPBC brings the collective buying power of individual DSPs together to deliver options that would otherwise not be available to small businesses; these products are exclusive to the DSPBC. Examples of these products include a national Trust (Prime Benefits Exchange, from UHC) and exclusive Cigna products. One of more of these preferred/exclusive options are available to DSPs in over 95% of the DSP network.

These plan options are available for both new DSPs and existing DSPs with 5 or more enrolled employees looking to optimize their cost and coverage options.

Please note: plan availability varies state by state. DSP Preferred products are not available in the following states due to local requirements/regulations – New York, Washington, and Wisconsin. However, in these three states DSPBC offers DSP Group and DSP Individual options.

### 2. DSP Group –

The DSPBC is licensed in all 50 states and works with national and local insurance carriers in addition to preferred products offered in 95% of the country, so between DSP Preferred and DSP Group, the DSPBC has options in all 50 states and 100% of DSP network. A DSPBC consultant will thoroughly assess traditional group plan options to ensure the DSP has the most competitive rates to choose from.

Group coverage is available to DSPs with at least 5 benefit eligible employees and requires at least 50% of eligible employees to elect coverage.

### 3. DSP Individual –

The DSPBC offers an individual coverage healthcare reimbursement arrangement (ICHR) which allows DSPs to financially support their employees in purchasing their own medical policies. There are no minimum participation requirements in DSP Individual.

In most cases the DSP Preferred and Group options have more value from pricing, plan design, and network, but in some cases DSP individual is the better option due DSP location and no participation requirements

There are also some regions and states where Individual Health Insurance may cost less than Group Insurance. The DSPBC evaluates DSP Individual options for you, in addition to DSP Group and DSP Preferred to give you optimized choice.

DSP Individual is administered through the DSPBC through its partner, Take Command Health, which specializes in providing both ICHRA administration and online individual health insurance marketplace. TCH charges a minimum monthly per employee per month ICHRA -administration fee of \$15 per participating employee, with a 30% “minimum” of full-time eligible subject to this administration fee.

Some DSPs start out with DSP Individual, then migrate to Group or DSP Preferred as they grow. If you are unable to meet participation requirements consider offering an individual health plan.

*Disclaimer: Amazon Delivery Service Partners and Prime HR Service Corp have worked to make available an independent source of benefits, retirement, insurance, and HR services for the benefit of its independent delivery service partners. All benefits, HR, retirement and insurance decisions, and sourcing are the responsibility of the individual Amazon DSP independent company. Amazon Delivery Service Partner owner's decisions as employers whether or not to participate in the benefits and services provided is solely their decision. Neither Amazon, Prime HR Service Corp, their subsidiaries, nor any outside vendors are fiduciaries with respect to such decisions.*

## Why the DSP Benefits Center?

The DSPBC is an independent full-service brokerage and technology service whose sole purpose is to design and deliver the maximum value for the DSP Community.

The DSPBC is overseen by Prime HR Service Corp, an independent association comprised of DSP Owners and an Independent Director – it is a “by members for members” Value Added Service Provider. The DSPBC has created unique and cost-effective solutions for all DSP regardless of size, location, or phase of their business. In addition to the core medical benefits required under DSP Contract, DSPBC offers an integrated suite of Employer and Employee paid benefits including dental, vision, life, retirement savings solutions, as well as additional solutions to support your part time and seasonal employment recruiting needs. In addition to the insurance products the DSPBC deploys its Decisely technology platform which drastically lowers the administrative efforts of managing the employees onboarding, benefits, and offboarding – it is built for recruit to retire, and includes the following services:

### DSPBC is a one stop shop for new and existing DSP benefits and administration needs

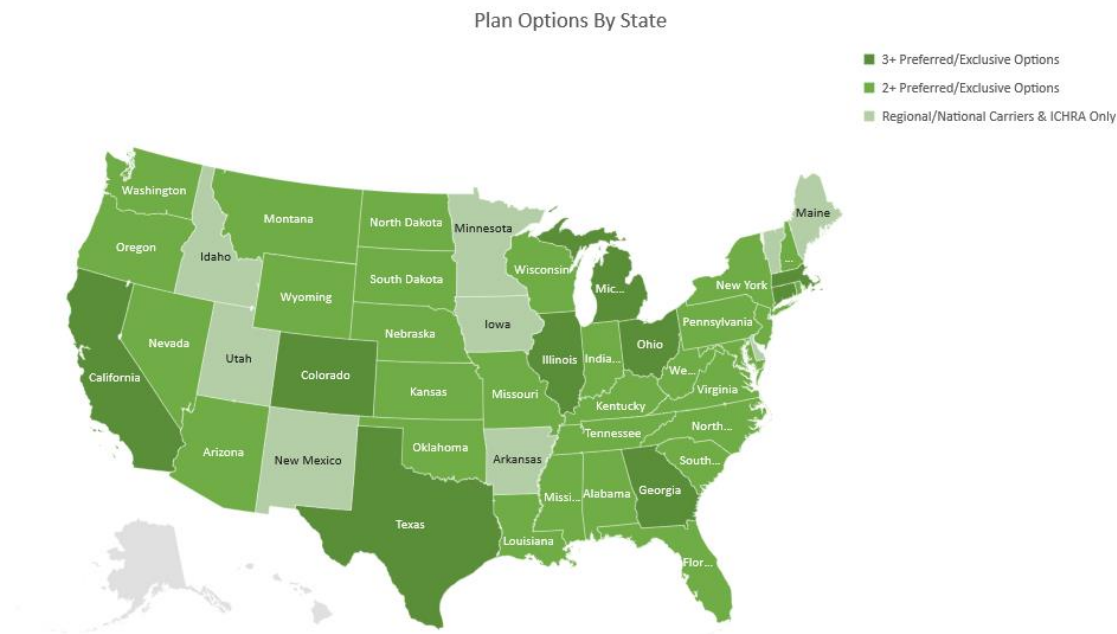
- ✓ Reduces day to day administrative burden
- ✓ Recruiting and Applicant Tracking
- ✓ E-verify and I-9 processing
- ✓ Online and telephonic HR resources
- ✓ Worker Opportunity Tax Credit (WOTC)
- ✓ Full integration with ADP
- ✓ 401k and IRAs programs for you and your employees

DSPs with 50+ full time employees are required to provide Affordable Care Act “1094/1095” reporting to the IRS. Failure to comply can result in IRS audits, and fines and penalties of several thousand dollars per employee.

The DSPBC provides these additional services and support to DSPs that qualify at a substantial discount to the traditional marketplace

Go to [www.dspbenefits.com](http://www.dspbenefits.com) to get started, or call 833-240-7167 to speak with your DSPBC consultant to learn more about which options is best for you.

## Where are DSP-specific VAS plans available? (as of 6/2021)



While the DSPBC is a preferred partner you can reach out to any qualified insurer or insurance broker offering plans which meet the requirements outlined in the Program Policies. If you pursue quotes from other providers, make sure you are clear about the Program Policies for minimum value, affordability and timing. Your company must achieve them to stay in compliance with the Program Policies. You should also ensure your non-VAS provider supports your compliance and reporting needs as an independent business / employer.

## IMPORTANT TO KNOW

Some external brokers or insurers may offer smaller DSPs (those with less than 50 employees) a product called a Minimum Essential Coverage (MEC) plan, because under the ACA this product is allowed for smaller employers. This offering does not meet your requirements under the Program Policies as it does not meet the minimum value definition under the ACA (60% or greater actuarial value).

## How much do I need to contribute to the plan?

This is ultimately your decision as a business owner, so long as the amount which remains to be paid by your employees do not exceed the federal limits of 9.83% of their salary. However, there is a difference in what is legal and what is effective in attracting and retaining employees.

In practice, the DSP Benefits Center has noticed that what is genuinely affordable for the DA population is significantly lower than their out of pocket premiums after an employer's minimum contribution towards cost. The DSPBC will advise you to set your contribution to keep employee costs at \$50-100 per month per month for self-only coverage resulting in the DSP contributing roughly 70% of the premium for employee only coverage

Note: there is a direct correlation between employee affordability of benefits with both employee retention and performance. The most successful DSPs recognize this connection. When you compare the higher Employer Contributions to turnover and retention, as well as participation, a clear positive impact on these key performance metrics is apparent.

DSP Contribution		} 49% of DSPBC Clients provide 50%+ towards Employee Medical Coverage
70-100%	6%	
60-70%	21%	
50-60%	22%	
40-50%	30%	
0-40%	6%	

## Proof of compliance

If you elect to use DSP Benefits Center, no additional action will need to be taken by the DSP as our VAS partner's offerings are all compliant with program requirements. The DSPBC will provide reporting for the enrollment and waivers completed by your employees as they go through open enrollment. In other words, if you use the VAS provider for health insurance, Amazon TRC will still audit you to ensure you are compliant with Program Policies. They will work directly with the DSP Benefits Center to do so. TRC will only reach out to you if there is a discrepancy in the data collected from our VAS partners.

If you elect to offer a healthcare plan through another qualified insurer or insurance broker, you will need to be able to provide the following during any applicable compliance audit, including the 90-day audit for new DSPs:

1. Proof of Plan: A plan document outlining policy coverage provided by the insurer that evidences the effective date of your healthcare policy, as well as confirmation that the plans offered meet the minimum value definition under the ACA.
2. Proof of Offer: Each employee must either accept or decline (waive) the healthcare offer. If the employee declines (waives) the healthcare coverage then you will provide a waiver of coverage form that the DA will complete. During your initial company enrollment, all eligible employees (even those who have not yet been employed a total of 30 days) must complete this process.

As a reminder, proof of offer is not just critical for compliance with the DSP Program Policies, but also with federal law and can result in financial penalties for failure to comply with the ACA. Proof of offer, also known as "waivers" are collected by you and should be maintained for Amazon compliance and federal audits done by the IRS checking for ACA compliance.

## Implementing and managing your healthcare plan participation



- Get all eligible employees to complete open enrollment
- Gather payroll deduction information for each employee
- Submit those deductions for each employee with your payroll provider

**Helpful tip:** Leverage your vendors to provide Open Enrollment services. Get your health insurance provider partner access so they can identify and submit new employees for open enrollment and remove terminated employees from your plan. Note: partner access does not have authority to input the deductions for you (an administrator task).

**Did you know?** If you are using the DSP Benefits Center for benefits and ADP for payroll you don't have to do input deductions either. Another example of our VAS providers working together to serve the DSP community!

What is a DSP to do for New Employees? Per the Program Policies, new employees need to be offered Open Enrollment within the first 30 days of their hire date; coverage always starts on the first of the month following Open Enrollment. Include the benefits offering and enrollment information and process in your new hire checklist and onboarding process. If you set up Payroll partner access for your health insurance provider, all you need to do is confirm the process is working by checking with the first few new employees. If you do not give your insurance provider partner access, you will need to manually request an Open Enrollment invitation for each new employee. No matter which way you choose to go, it is your responsibility to ensure this process is working correctly and benefits are offered to each new employees – trust, but verify!

What about former employees? You will need to manually remove all employees that no longer work for you from your health plan, unless you are using the VAS, who is integrated and receives termination reports from your Payroll partner. If termination is not processed timely, the employee may appear on your next monthly invoice from your health insurance provider and you may have to pay for the extra period until that employee can be removed and a credit for the extra month issued back to you in a subsequent billing cycle .



Check with your health insurance provider for specific regulations regarding coverage for terminated employees under the law in your state. In most states, and under Federal law, you will be required to offer COBRA (continuation of medical coverage option), normally paid by the Employee. However, special rules apply in many states).



Some insurers have special rules and requirements that may limit your ability to reclaim overpaid premiums due to untimely notice and tracking. For example, most carrier limits adjustments to premiums if notified more than 30 days after termination.

## Helpful Contacts and Escalations

Who to Contact	When to Contact
<p>For questions about our VAS provider offering through the DSP Benefits Center, please contact them using the website (for a new engagement, see 'Start Here') or call center below</p> <p><a href="http://www.dspbenefits.com">www.dspbenefits.com</a>  <a href="mailto:dspbenefits@decisely.com">dspbenefits@decisely.com</a>  <b>833-240-7167</b></p>	<ul style="list-style-type: none"> <li>• Request quotes for setting up a new plan</li> <li>• Evaluating options / cost savings to existing plans</li> <li>• Interest in expanding benefits and services, such as retirement options, recruiting/applicant tracking, worker opportunity tax credits, others</li> <li>• Questions about your monthly bill or other insurer service issues</li> <li>• Setting up renewals and open enrollment</li> <li>• Compliance questions / audit assistance</li> <li>• Issues with employees not receiving their open enrollment notification</li> </ul>
<p>Compliance questions should be directed to:</p> <p><a href="mailto:Trc-insurance@amazon.com">Trc-insurance@amazon.com</a></p> <p><i>Typical SLA is 2 business days for a review / response</i></p>	<ul style="list-style-type: none"> <li>• Questions about plan design compliance for offerings outside of our VAS provider</li> <li>• To provide documentation required under a Corrective Action Plan (CAP) notice</li> </ul>
<p>Escalations to Amazon can be sent to your business coach as the first point of contact</p>	<ul style="list-style-type: none"> <li>• You are not getting adequate support from the VAS vendor and have not been able to resolve with follow ups</li> <li>• Amazon Compliance has not responded within SLA</li> </ul>

## FAQ

### About the Health Insurance VAS provider

<b>Who is the Health Insurance VAS provider?</b>	Woodruff Sawyer is an insurance broker and consulting firm. Decisely is a benefits broker and HR service firm. Together, they have created the DSP Benefits Center to meet the unique needs of our DSPs. Go to <a href="http://www.dspbenefits.com">www.dspbenefits.com</a> or call 833-240-7167 to learn more.
<b>Do I have to use the Health Insurance VAS provider?</b>	No, you are not required to use the Health Insurance VAS provider. You can use any qualified health insurance provider or broker offering plans which meet the requirements outlined in the Program Policies. If you pursue quotes from other providers, make sure you are clear about the Program Policies for minimum value, affordability and timing. Your company must achieve them to stay in compliance with the Program Policies. You should also ensure your non-VAS provider supports your compliance and reporting needs as an independent business / employer.
<b>Is there a cost to using the DSP Benefits Center?</b>	The DSPBC charges a flat monthly fee per DSP in support of its integrated technology platform, specialized integrations with other VAS providers (like ADP), custom reporting to Amazon on compliance, and included services such as Recruiting and Applicant tracking, e-verify, online/telephonic HR support and others, irrespective of DSP Preferred, Group or Individual Insurance solutions. In many cases, the monthly platform fee of \$200 (for 20 or more full time employees) or \$100 (19 or less) is paid for via Preferred/Exclusive medical insurer partners, but in case of DSP Group and DSP Individual, DSP is charged monthly via Credit Card. There are additional fees for additional optional services such as 401k/IRA, Worker Opportunity Tax Credit processing, and ACA 1094/1095 reporting.
<b>Does the DSPBC offer the same plans in all 50 states?</b>	No, the DSP Benefits Center is available in all 50 states but different states have different requirements for the kinds of health plans offered and who can offer them. DSPBC does have similar plan options (you chose from pre-set choices) from multiple exclusive carriers in most states.  Go to <a href="http://www.dspbenefits.com">www.dspbenefits.com</a> or call 833-240-7167 to learn more.
<b>Who is Take Command Health?</b>	Take Command Health is an expert in ICHRA administration and has partnered with Woodruff Sawyer/Decisely in an effort to streamline the process for DSPs.

## FAQs

### About Program Policy Requirements

<b>Does company size impact what I have to offer?</b>	No, it does not. As the Program Policies note that the same obligations apply to all DSPs regardless of size. Additional federal guidelines apply once you have grown to 50 or more FT employees, but within the DSP Program Policy itself the obligations remain the same. This is important to understand as external insurers / brokers less familiar with our program requirements may try and sell you lower levels of coverage which are cheaper but non-compliant with Amazon requirements.
<b>Am I required to offer family coverage?</b>	No, you are not required by the Program Policies to offer family coverage, but it is highly recommended as an attraction and retention tool. Per the VAS, it is common to offer Employee plus Family/Dependent coverage, with the coverage for these dependents paid for by the Employee through payroll deduction, not the DSP. If you are subject to the ACA you are required to offer coverage to dependent children, but do not have to contribute towards their premium.
<b>What kind of employees am I required to offer health insurance to?</b>	Full time employees (generally working 30 or more hours per week)
<b>If I hire seasonal employees, am I required to offer them health insurance?</b>	No, but the DSPBC does offer very low cost medical service solutions (different from ACA qualified medical insurance for Full Time Employees) that can be a cost effective recruiting and reward solution for Seasonal and Part Time Employees, at DSP option.
<b>Do I have to offer a choice of plans?</b>	You are required to offer at least one health plan option that meets ACA and Program Policies. Offering multiple plan options to give employees a choice is a recommended practice by the VAS provider, but not required. Generally, most DSPs offer a choice of 2 medical plans.
<b>Am I required to offer dental or vision plans?</b>	<p>No, you are not required to offer these additional coverages, but are strongly encouraged to, as dental care is linked to overall health and vision coverage promotes safety in the workplace.</p> <p>Plan costs for dental and vision can be subsidized to whatever degree you choose or made available to employees at no cost to you so that at a minimum they have the option of obtaining the coverage.</p>
<b>Am I required to offer any other benefits, such as disability or life?</b>	<p>No, you are not required under the Program Policies to offer any benefit other than medical coverage.</p> <p>If you decide to offer these coverages, you can choose to subsidize to some degree or simply make them available employees to opt into at their own cost.</p>

## FAQ About Audits

<b>Who can audit me?</b>	Amazon TRC team, the Department of Labor, or the IRS
<b>What will TRC be looking for in their audit(s)?</b>	<p>TRC strives to ensure DSP's offer their DA's a valid health insurance plan that complies with Program Policy. The plan must be bound with a valid effective date.</p> <ol style="list-style-type: none"> <li>1. <u>Proof of Plan</u>: A plan document outlining policy coverage provided by the insurer that evidences the effective date of your healthcare policy, as well as confirmation that the plans offered meet the <u>minimum value</u> definition under the ACA.</li> <li>2. <u>Proof of Offer</u>: Proof that each employee must either accept or decline (waive) the healthcare offer.</li> </ol> <p><u>Evidence from the VAS provider</u>: if you are working with the VAS (Decisely) we will be automatically notified and you will not be requested to provide documents.</p>
<b>What qualifies as proof of offer?</b>	A formal letter on official letter-head from broker or insurance company stating the names of employees who have enrolled/ waived.
<b>What qualifies as proof of plan?</b>	A formal letter on official letter-head with a documented effective date of policy and group number.

## FAQs Miscellaneous

<b>Are there any exceptions to the 30-day window for offering health insurance to new employees?</b>	Yes. Finding the right health plan options that meet the needs of a new business and Program Policy requirements can take some time. Because of this, we give launching DSPs up to 60 days to bind coverage. Often times this means your first few employees may go longer than 30 days before being offered coverage. Once you have bound coverage, the 30-day window becomes a rigid requirement.
<b>Why do I have to pay for benefits for the full month in which I fire someone or they quit?</b>	Benefits are effective in monthly increments only and become effective the 1st of the month. As a result, any employee still active in your payroll system on the 1st of a month and actively enrolled in benefits will be billed to you by your provider and you are required to cover the full cost, including any employee portion you cannot recover through employee deductions after they leave service for that month.
<b>Can I deduct any amount an employee leaving service will owe for their last month from their final paycheck?</b>	This answer may vary based on local laws, so you are encouraged to reach out to your legal counsel or the DSP Navigator hotline if you're enrolled in the Navigator program to confirm before taking any such action.
<b>Can I obtain better coverage than I provide to my employees?</b>	This is a question you will want to address with your healthcare broker, but in general the answer is yes so long as employees (including you) within the same class are offered the same level of benefits.

## FAQ What ifs

<p><b>What if none of my employees want the health plan I offered?</b></p>	<p>Our VAS partner conducted a survey of over 1,700 drivers, and 88% of those enrolled, and those NOT enrolled in benefits, said employer-provided benefits were either extremely or very important to them.</p> <p>If none or few of your employees participate in Healthcare insurance (which is reported to Amazon), you may be at a higher probability of Amazon audit or review.</p> <p>You may need to review your contribution level relative to the employee cost, as well as explore other group and individual options. If you fail to meet minimum participation requirements, your carrier may allow you a second chance open enrollment window, but that is not always available. The key is making out of paycheck premiums “affordable” to drivers. The VAS provider recommends about 60-70% employer contribution and &lt;\$100 per month for best employee results for self-only coverage.</p>
<p><b>What if I can't afford health insurance?</b></p>	<p>Your rate card is built on the assumption that you are offering our VAS provider's group health plan and subsidizing it appropriately to keep employee costs within the recommended range. If you have concerns about your P&amp;L, you should reach out to your business coach to ask for a P&amp;L review with the business health team.</p>
<p><b>What if an employee starts out full time and at a later date transitions to part time resulting in medical benefits costing more than 9.83% of their income, does the DSP have to terminate their benefits or risk being non-compliant in terms of affordability?</b></p>	<p>The scope of compliance is full-time employees i.e. those working 30+ hours per week. If the employee falls below the ACA defined full-time status of 30 hours per week the employee is no longer within scope of Program Policy requirements.</p>
<p><b>What if a part-time employee transitions to full-time? When do I need to offer them health insurance by?</b></p>	<p>If a part-time employee becomes full-time, you are required to offer them health insurance within 30 days of the date they became full-time.</p>