



**NEW YEAR MEANS  
NEW ACA REPORTING  
REQUIREMENTS**

**MEGAN RUBLE**  
*Wellmark Blue Cross  
and Blue Shield*

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FEBRUARY 2016  
VOLUME 5 | NUMBER 2



Iowa Association of  
Business and Industry

Iowa Association of Business and Industry. "The Voice of Iowa Business since 1903" is the largest business network in the state (serving as Iowa's state chamber) with a long legacy of advocating for a competitive business climate in Iowa. ABI offers its nearly 1,500 member companies and their employees opportunities to network, learn best practices in lean processes, workforce, workers' compensation, controlling health care costs, employee drug testing, environmental issues and leadership. ABI works "to foster a favorable business, economic, governmental and social climate within the State of Iowa so that our citizens have the opportunity to enjoy the highest possible quality of life."

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Business Record® (USPS 154-740, ISSN 1068-6681) is published by Business Publications Corporation Inc., The Depot at Fourth, 100-4th Street, Des Moines, Iowa 50309, (515) 288-3336. Contents © 2016 Business Record. Published weekly. Annual subscriptions \$69.95. Single copy price is \$1.75. Copies of past issues, as available, may be purchased for \$4.50 each. Periodicals Postage Paid at Des Moines, Iowa. POSTMASTER: Send address changes to Business Publications, The Depot at Fourth, 100-4th Street, Des Moines, Iowa 50309.

## A VIEW FROM THE TOP

### FY16 remains strong for ABI



**Paul Gregoire**

*ABI Chairman*

*Emerson/Fisher  
Marshalltown*

[paul.gregoire@emerson.com](mailto:paul.gregoire@emerson.com)

February is the seventh month in the ABI fiscal year. With the year more than half over, it is clear that the association is enjoying one of its best years ever.

One example of that success was seen in last month's ABI Legislative Reception. The 2016 version of this popular annual event was the biggest and best yet. More legislators of both parties and both chambers participated than ever before. They attended because you, ABI members, attended. On behalf of the board of directors, thank you for your participation.

More evidence of success can be seen in ABI's other programs. Public policy, ABI Foundation programs and member meetings and events are all surpassing metrics of past years.

One key measure of success is found in delivering a terrific annual convention. I assure you that the 2016 conference will be the best one ever. Make plans now to join your

ABI colleagues in Sioux City June 14-16 for the 2016 Taking Care of Business Conference. ABI's 113th annual meeting will be something special, and you do not want to miss it! Register now at [www.abitakingcareofbusiness.com](http://www.abitakingcareofbusiness.com).

While you are finalizing your plans for the annual conference, you will also enjoy this edition of Business Record Iowa, ABI's monthly newsmagazine. Look for a feature story about the Affordable Care Act in this month's edition. This is a business, not a political, story. The ACA is the law, and ABI members are complying with it. Learn more inside.

When it comes to implementing the ACA or with any question of what organization can best lead the way, as I ask each month, "Why Not ABI?" Thank you once more for your support.

## EXPERT ADVICE

### Understanding and Reacting to Health Care Reform in an Unsure Future

After payroll, the next biggest expense to businesses is either inventory or health insurance premiums. The train of health care reform driven by the Affordable Care Act (ACA) is blowing through Iowa, greatly affecting those health insurance premiums. Like it or not, expect premiums to increase well above any increase in the Consumer Price Index.

Some want the train to take the tracks to the left and keep the Affordable Care Act in place, expand Medicaid and Medicare, and go even further to create a single universal health care plan for all Americans. Some want the train to take the tracks to the right and repeal the Affordable Care Act and replace it with another system. Going back to the old system is not possible.

The main point is, no matter what way the train of health care reform goes, it is already here and moving forward with the inertia of, well, a loaded freight train. Those who are waiting to see what the next election does or what set of tracks health care reform goes down will be too late in making the best decisions on health care for both their families and their businesses.

All political views aside, business owners need to understand what their options are now for their employees, and they need to understand ALL of their options. Agree or disagree with the way things are, but don't let ignorance blind business owners and prevent them from making the best decisions. The rising cost of health insurance demands that all business owners understand the new options, both positive and negative, that the ACA offers.

My advice: Invest in the health of your employees now, support healthy initiatives within the workplace and out of the office, look at the future and expect the unexpected. Prepare for what you can now to make the best possible outcome for your employees once we arrive at the station. "Even if you are on the right track, you'll get run over if you just sit there." – Will Rogers.



**Mike Teachout**

*Co-founder/owner,  
Focus OneSource*

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◀ EVENT REWIND

# ABI Legislative Briefing and Reception

JANUARY 13 | DES MOINES



Clockwise from top left: Attendees enjoyed animated discussion during the legislative reception; Iowa House Majority Leader Chris Hagenow (R-Windsor Heights), second from right, pauses for a photo with ABI members; Gov. Terry Branstad talks with attendees during the reception; Nicole Crain, ABI Senior Vice President, Public Policy, discusses expectations for the upcoming legislative session during the members-only briefing; Gov. Branstad outlines his priorities for the session during the members-only briefing.



Clockwise from bottom right: Speaker of the House Linda Upmeyer, (R-Clear Lake), second from right, pauses for a photo with constituents during the legislative reception; Senate President Pam Jochum (D-Dubuque), center, talks with ABI President Mike Ralston and Nicole Crain, ABI Senior Vice President, Public Policy; ABI Chairman Paul Gregoire addresses attendees at the briefing; Legislators Sen. Kevin Kinney (D-Oxford), Sen. Tim Kraayenbrink (R-Fort Dodge), Senate Majority Leader Mike Gronstal (D-Council Bluffs), Sen. Ken Rozenboom (R-Oskaloosa) and Rep. David Sieck (R-Glenwood) talk during the briefing.

# Leadership Iowa Session IV

JANUARY 13-15 | DES MOINES



Top row, left to right: The Leadership Iowa class poses for a group photo during their visit to the Iowa Judicial Branch building; the class participates in a legislative simulation to kick off their January session focused on government in Iowa. Bottom row, left to right: Gene Meyer, president of the Greater Des Moines Partnership, welcomes the group to Des Moines; the LI class learns what it takes to be a lobbyist in the state of Iowa from Georgia Van Gundy of Principal Financial Group; participants receive a unique, behind-the-scenes tour of the Iowa Capitol.



Clockwise starting from left: The LI class visits Camp Dodge for the day to take part in multiple military-related simulations; Andy Sokolovich (Clinton Regional Development Corporation) and Jennifer Crimmins (Citizens Community Credit Union) team up during a military convoy simulation; class members step into the uniforms of our military to become "Soldiers for a Day" with the Iowa ESGR; Emily Toribio (Fareway Stores, Inc.) plays a fictional presidential candidate for the classes' mock caucus activity.



## CALENDAR OF EVENTS



### FEBRUARY 19

**Legislative Update Teleconference**  
(Members Only)

### FEBRUARY 19-20

**Leadership Iowa University**  
Cedar Falls

### MARCH 1

**2016 Critical Business Updates**  
Stoney Creek Hotel & Conference Center | 300 Third St. | Sioux City  
8:30 AM – 3:00 PM

### MARCH 3

**Connecting Statewide Leaders**  
Grinnell Mutual Reinsurance Co. | Grinnell  
10:30 AM – 1:00 PM

### MARCH 3-4

**Leadership Iowa Session V: Business & Industry**  
Grinnell

### MARCH 8

**2016 Critical Business Updates**  
Dubuque  
8:30 AM – 3:00 PM

### MARCH 15

**Iowa Business Day on the Hill**  
ABI Office | 400 E. Court Ave., Suite 100 | Des Moines  
9:00 AM – 11:45 AM

### MARCH 14-15

**March Board Meeting (Invite Only)**  
ABI Office | 400 E. Court Ave., Suite 100 | Des Moines

### MARCH 18

**Legislative Update Teleconference**  
(Members Only)

### APRIL 7

**Connecting Statewide Leaders**  
Council Bluffs



Visit [www.iowaabi.org](http://www.iowaabi.org) and click the "Events" tab for details on upcoming events.

## CAPITOL BUSINESS



### Promote business issues at **Day on the Hill**

If you were one of the more than 400 Iowa Association of Business and Industry (ABI) members who attended the ABI Legislative Briefing and Reception last month, you understand the importance of communicating with your legislators.

Now, with the 2016 legislative session well underway, it's important to continue those conversations with lawmakers and keep business issues front of mind. Iowa Business Day on the Hill is an opportunity to do just that.

For the second straight year, ABI is partnering with the National Federation of Independent Business (NFIB) of Iowa to host this event to provide both business people and lawmakers with even greater awareness of the issues affecting Iowa businesses.

This is also an opportunity to celebrate and promote the important role Iowa businesses play in their communities and the state.

This year, Iowa Business Day on the Hill will begin on Monday, March 14, with a networking reception and an opportunity to hear from a member of the legislative leadership.

On Tuesday, March 15, participants will receive an update on activity at the Statehouse from ABI and NFIB lobbyists before heading to the Capitol to meet with lawmakers.

Legislators need to hear firsthand from the employers and employees in their districts about how decisions being made at the Statehouse are affecting everyday Iowans. Join us March 14 and 15 to help educate Iowa's elected officials on the issues important to Iowa businesses.

**WHAT:** Iowa Business Day on the Hill

**WHEN:** March 14 and 15, 2016

**WHERE:** ABI Office, 400 E. Court Ave., Des Moines

**TO REGISTER:** Visit [www.iowaabi.org/events](http://www.iowaabi.org/events)





PHOTO BY DUANE TINKEY

## NEW YEAR MEANS NEW ACA REPORTING REQUIREMENTS

Wellmark Blue Cross and Blue Shield's Megan Ruble leads a team of health management consultants to implement wellness programs for some of Iowa's largest companies.



“Employers have to spend a great deal of time and effort to make sure they comply with what the ACA is requiring of them. This is a great form of frustration for the employer community. Ultimately, they want to concentrate on their core of business.”

David P. Lind

The start of a new year means businesses must meet benefit requirements and tax reporting obligations tied to the Affordable Care Act.

Some of the biggest changes that affect businesses depend on the number of employees that the businesses have. The ACA has requirements for employers regarding health care coverage. However, requirements are tied to those classified as small employers – those with fewer than 50 employees – and applicable large employers – those with more than 50 employees unless they meet a different requirement as dictated by their state insurance department.

In Iowa, the majority of employers fit the “small employer” category. The same is true across the United States.

One of the biggest changes business owners need to pay heed to in 2016 is mandatory reporting of information to the Internal Revenue Service for both small and large businesses. This was previously optional in 2014 but is now mandatory for the 2015 tax year. Large employers that are required to offer insurance to their workers must also cover dependents in 2016.

“Employers have to spend a great deal of time and effort to make sure they comply with what the ACA is requiring of them,” said David Lind, owner of Clive-based David P. Lind Benchmark, an independent, nonpartisan organization that provides companies with research-based knowledge about employee benefits. “This is a great form of frustration for the employer community. Ultimately, they want to concentrate on their core business.”

Employers have felt the effects across the board from the

ACA, from increased fees, taxes and penalties to who is eligible for employer-sponsored benefits. They have also, in some cases, had to reduce the waiting period for employer benefits, increase the coverage for preventive care and women’s and children’s health services, and face regulation of wellness program offerings.

“The ACA has affected most every employer in the U.S. in some way, and all companies have likely needed to make adjustments to their health insurance coverage for employees,” said Megan Ruble, Iowa group sales team leader at Wellmark Blue Cross and Blue Shield.

Since the ACA was enacted in 2010, employers have received delays or transitional periods, and even questioned if some of the law’s provisions would ultimately be dissolved. Lind said it’s become apparent they will not, so employers are preparing to do what they are required to do to meet the various mandates.

“Now, it’s rolling up their sleeves and getting into compliance issues,” Lind said.

### IRS reporting requirements are new for employers, can result in noncompliance penalties

One of the biggest questions employers have about the ACA concerns the 2016 requirements for reporting health insurance offerings to the Internal Revenue Service. Small and large employers have different reporting mandates, which are detailed on the IRS website, [irs.gov](http://irs.gov).

Under the ACA, employers with 50 or more full-time em-





ployees, including full-time equivalent employees, must file returns with the IRS that prove that full-time employees were offered health coverage or that the company didn't offer coverage.

Even if a company isn't required to offer its employees insurance and the employees are enrolled in their own plans, the company still needs to track this information because they could still be required to file returns with the IRS, according to the IRS website.

"Those (requirements) are now effective, and also it's a bit confusing," said Alice Helle, an attorney with BrownWinick Law Firm.

Employers can obtain more information through the IRS website, where they can also find Publication 5196, which gives an overview of the requirements and explains which employer groups are subject to reporting.

Some of the reporting requirements can be confusing when large employer status is considered. Employers need to be aware that related companies may be treated as a single employer, Helle said. That means that if they are owned by the same group or company, they're considered part of that same employer. The same can apply for nonprofit groups.

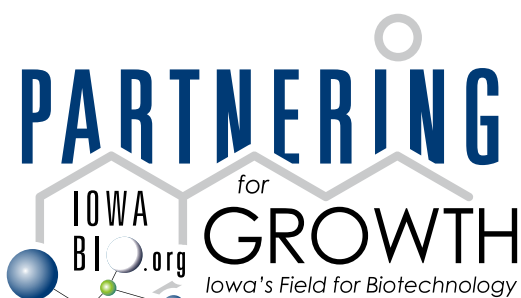
"The tricky area I've seen lately is related to nonprofits," Helle said "It applies to them also, and there's no ownership with a nonprofit."

If companies fail to meet their reporting requirements, they can receive financial penalties from the IRS, though both Helle and Cindy Lande, another BrownWinick attorney, said there are some good-faith transitional periods for companies that make honest mistakes in their reporting.

Lande said another issue for employers is reimbursements for health care payments. Some employers had reimbursed employees for their own health insurance, which is no longer allowed. In certain circumstances, employers can address this law change by increasing the employee's wages without tying the increase to health insurance.

### Transition for health care plan offerings ends in 2016; employers must make changes

Employers initially received a transitional period once the ACA went into effect to keep the health care plans they offered to their employees as long as no changes were made to the plans, such as changes in deductible or co-insurance. That time will expire at some point in 2016, and employers and employees will now be required to have one of the "metal plans" (bronze, silver, gold and platinum) now offered through the ACA. Some companies may try to extend this by changing their renewal policy dates to a date in 2017.



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##### Deborah Mielewski

Senior Technical Leader of Materials Sustainability, Ford Motor Co.

##### Kevin Depperman

Chief Engineer and Senior Fellow, Monsanto

##### Angus Grant

Vice President of Business Development and Global Alliances, Celgene

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## A CUSTOM PUBLICATION FOR ABI

“That transitional relief is set to end, which means that at some point in time, the plan the employers currently enjoy cannot be extended,” said Mike Teachout with Focus OneSource, a company that assists employers in benefits and human resources compliance.

Teachout said the biggest change for employers with the end of this transitional period is that they will now receive insurance program options for their employees based on a community rating model. This means that the demographics of the entire area and the ZIP code of where the employer is located will play into which insurance plans and premium rates it is offered. Employers previously received a rate based on the health of their workers – the sicker or more at risk their employees, the higher their rates; the healthier the employee, the lower the rate.

Employers have several options once their transitional period ends, Teachout said:

- They can keep what their carrier offered.
- They can shop the ACA marketplace for a cheaper plan.
- They can self-fund their business, meaning they could select an independent insurance carrier and accept the rate that is offered based on the group health of their employees. Employers would assume part of the risk with this option.
- They could join a preferred provider organization, or PPO, which works with a group of doctors, hospitals and other health care providers to offer medical services at a reduced rate to the insurer or the insurer’s clients. Teachout works in this business.

If the company meets the smaller employer guidelines with fewer than 50 employees, Teachout said it could also choose to no longer offer insurance because there are no penalties for smaller companies. If this were the case, the company’s employees could shop for their own plan through the marketplace and utilize credits given based on income.

“If you’re on the marketplace, there are a plethora of plans you can buy,” he said, adding that each family member could have a different plan based on their health conditions.

### The Iowa Association of Business and Industry will host two informational sessions for businesses.

**WHAT:** Learn more about the implementation of the Affordable Care Act and U.S. Department of Labor’s proposed rule changes.

**SIOUX CITY:** March 1, 8:30 AM

**DUBUQUE:** March 8, 8:30 AM

**LEARN MORE:** Contact Holly Mueggenberg at 515-235-0572 or [hmueggenberg@iowaabi.org](mailto:hmueggenberg@iowaabi.org).



### Employers look for ways to reduce health care costs in response to insurance requirements

Employers, both big and small, are trying to understand what type of health insurance they are required to offer their employees under the ACA.

Regardless of the requirements, employers want to keep their costs as affordable as possible to their employees and to themselves so they can continue to offer the best coverage, said Lind, who previously worked in the employee benefits consulting field, where he helped employers navigate through the requirements of the ACA. Now, his focus is on researching employee benefits and finding ways health care could be delivered more efficiently.

He said more can be done by the ACA to keep insurance plans affordable. Until then, it's up to businesses.

Lind said: "Employers really do need to take the initiative and now ask more questions of the health care provider community and the insurance industry: 'How can we get the best value with our premium and what our employees are paying out of their pockets?'"

Lind said employers need to discuss with health care providers the true costs of medical services and what employers can do to reduce those through employee wellness programs and other ways to keep their workers healthy and productive on the job.

Even though employers with fewer than 50 workers are not required to offer insurance to their employees, most do, Lind said, according to a recent survey his company conducted.

"They still look at offering health coverage as a key distinction in drawing employees," he said.

Employers continue to look at ways to keep premiums as low as possible for their workers. Most times, this means that deductibles increase, and employees pay more out of pocket at the time of service as a result. Lind said he anticipates that these trends will continue.

Employee wellness programs are one way employers look to reduce costs.

"Since employees spend most of their day at work, it's one of the best places to reinforce the path to wellness," Ruble with Wellmark said. "Numerous studies have shown that wellness programs that promote healthy changes can decrease absenteeism and can help with managing rising health care costs."

Even though many companies have workout facilities for employees, wellness programs need to extend beyond that, she said. Screenings and assessments can identify employees' health risks, and health coaching can help workers receive the resources and support they need to make lifestyle changes toward better health.

Health care costs are driven by the cost of care, the type of care received and the number of services received, Ruble said. Companies can work to reduce these costs through education programs, creating benefit plans that incent employees for changing their behaviors, incenting employees for using alternative treatment options and setting employer premium contributions in a way that steers members to choose cost-saving plans.



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## ONE TO WATCH

### For Kristina Carson, marketing insurance is a welcomed challenge

*This monthly highlight features young talent behind the scenes at Iowa companies and organizations.*

Kristina Carson joined Focus ACA, a subsidiary of Focus OneSource, in 2013 tasked with a major responsibility: develop and implement a marketing campaign for UnityPoint Health's Affordable Care Act open enrollment program.

Carson was responsible for creating the complete marketing campaign, from billboards, TV spots and newspaper ads to website, brochures and appointment reminder cards.



**Name:** Kristina Carson

**Title:** Director of Marketing and Communications, Focus OneSource

**Age:** 34

**Education:** Bachelor of Science in international business, Oklahoma City University

"It was four months before open enrollment started, and the insurance industry was completely new to me," she said. "I not only had to develop the plan; I had to learn the ins and outs of the program."

Three years later, Carson works as the director of marketing and communications for Focus OneSource, a human resources administrator located in West Des Moines. She's even a licensed health insurance producer in Iowa.

"I never in a million years thought I'd be capable of selling insurance to someone, and now I help educate advise on options and even sometimes enroll people in their benefits," Carson said.

Focus OneSource was founded in 2008, and working for the young company has allowed Carson to take on a variety of roles and draw from the diverse experiences she has acquired over the past decade.

"I'm able to incorporate a lot of the skills I've learned in other roles, and all of that coming together is so much fun," she said. "They completely trust me on so many different fronts and let me define my role within the company."

At the same time, Focus OneSource founders John Hovey and Mike Teachout have taken an active role in their employees' development, Carson said.

"When I sat down with Mike, I knew immediately this man had a lot to teach me," she said. "Both of them are amazing mentors."

Wearing many hats has allowed Carson to develop skills she hopes will be beneficial as she works toward opening her own company, a goal she hopes to accomplish in the next five years.

"To run a business successfully, I think you have to understand every single part of a business and have a respect for every position or have enough respect for it to know you don't know enough about it and hire someone who knows more than you and allow them to do their job," she said.

## GET TO KNOW

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 Joyce Consulting, Inc.

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## TOP TIPS

### Beware of Web Accessibility Cases

Rush Nigut, Attorney, Brick Gentry, [rush.nigut@brickgentrylaw.com](mailto:rush.nigut@brickgentrylaw.com)

If you own a business and a website, you need to be aware of a substantial increase in claims by disabled plaintiffs and their attorneys regarding website accessibility. The plaintiffs argue that businesses that offer goods and services to the public through websites are public accommodations that must comply with the general accessibility mandate of the Americans with Disabilities Act (ADA).

So what do you do if you receive a demand letter or lawsuit claiming that your website is not accessible to those with disabilities? First, do not delay in contacting your legal counsel. Make sure your lawyer is familiar with the claims and understands the issues. Many lawyers may be completely unfamiliar with the issues. You also may want to contact your insurer to determine if you have any insurance coverage. You will need to decide whether to fight the claims or to settle. In a very complex (and uncertain) area of the law, a settlement may be favored because it is less expensive and brings greater certainty to the situation.

There is another cost to consider: the potential black eye your business could receive if it is identified as a business that does not support access to disabled persons. Businesses such as Target Corp. have been hit by these lawsuits. Target set up a \$6 million settlement fund after initially litigating the case. The case, filed by the National Federation of the Blind, was a public relations nightmare for the company.

But even if you are going to settle a case, there will be a price to pay to bring your website into compliance. You'll need to work with experts who understand website accessibility for disabled persons. In our experience, many (even reputable) website developers do not understand these issues. These are not issues you want to leave to your ordinary website developer.

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Rowena Crosbie, President





## BY THE NUMBERS

### 73 percent

The percentage of participants in CliftonLarsonAllen's Manufacturing and Distribution Outlook survey who said their business is "very prepared" or "somewhat prepared" for a pending leadership or ownership transition.

Of those, only **19 percent** said they were somewhat prepared.

An estimated 9 million of America's 15 million business owners were born in or before 1964. As a result, there is an estimated \$11 trillion in wealth that will soon be transferred from one generation to the next.

**Forty-five percent** of respondents in the CLA survey said they expect a leadership transition within the next one to five years, an increase from the **35 percent** who voiced this same expectation last year.

The survey found an across-the-board shift from long-term expectations for a leadership transition to the one- to five-year window.

Source: CliftonLarsonAllen Manufacturing and Distribution Outlook survey



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# EMBARRASSED EXECUTIVE

**Q:** What Affordable Care Act changes does my company need to be prepared to implement in 2016?

**A:** Most employers are facing three main changes under the ACA for 2016.

**First**, the employer mandate takes effect for all employers with 50 or more full-time employees (including part-time equivalents). Under the employer mandate, these applicable large employers, or ALEs, must offer all full-time employees coverage that is affordable and provides minimum value. Coverage is affordable if the employee's cost of employee-only coverage does not exceed 9.5 percent of the employee's household income. Coverage provides minimum value if the policy pays at least 60 percent of covered costs. Failure to offer coverage, or offering coverage that is not affordable or does not provide minimum value, could subject employers to penalties. Prior to 2016, the employer mandate applied only to ALEs with at least 100 full-time employees (including part-time equivalents).

**Second**, all ALEs (including those with between 50 and 100 full-time employees) must begin reporting their offers of coverage to the Internal Revenue Service and their employees this year. Initially, the deadline for these reporting requirements was set to coincide with W-2 reporting deadlines. However, in December of last year, the IRS delayed the ACA reporting requirements for 2016. ALEs must now provide Form 1095-C to employees by March 31, 2016. ALEs must file Form 1094-C with the IRS by May 31, 2016, if filing on paper, or June 30, 2016, if filing electronically. Employers filing 250 or more Form 1094-Cs must file electronically.

**Third**, employers that are reimbursing employees for individual policies are now subject to penalties of \$100 per employee, per day. This practice violates two of the market reforms under the ACA: (1) the prohibition on annual limits and (2) the requirement to provide preventive services without cost sharing. The IRS previously issued transition relief from these penalties for certain small employers. The transition relief has now expired, and any employers offering this type of an arrangement could be subject to significant penalties.



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