



Fines, Fees, Full-Time and Deadlines:
Avoid a Compliance Nightmare



Jay Kempton, Administrator
Maria Robles Meyers, Esq.

The Kempton Company
Administrator of Advantage Health Plans Trust
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INTRODUCTION

- Looking Towards 2014
- "Pay or Play" Tax
- What is a Full-Time Employee and Why Does it Matter?
- Who is the Employer?
- ACA Fees (not to be confused with taxes...)
- Changes in Benefits
- Exchanges and How They Might Affect You and Your Employees
- What You Should be Doing Now

LOOKING TOWARDS 2014

- Many changes on the horizon
- Make sure you understand what your responsibilities are
 - Understand what AHP is doing FOR you
- Communicate changes that will take place on AHP with your employees
- Call us if you need assistance or have questions

“PAY OR PLAY” TAXES

- Who do the taxes apply to?
 - Employers with 50 or more full-time employees and full-time equivalents
- How does it work?
- “Sledgehammer” penalty or “Tackhammer” penalty



WHO IS THE EMPLOYER?

- Control group rules from the IRS apply
 - Multiple legal entities treated as if they were one employer
 - The 50 count determined for the entire group
- Analysis should be done NOW
 - The analysis is the same as for retirement plan rules
 - Does not help to shift employees among members of control group



FULL-TIME EMPLOYEE - Are you a large employer?

- Are you subject to the tax?
 - Do you have more than 50 FTE's and FT equivalents?
 - If yes, you will be subject to the taxes
 - If no, you will not be subject to this tax
- Who is a Full Time Employee?
 - 30 hours per week average
- What is a Full Time Equivalent?
 - Non Full Time Employees converted to equivalents are counted to get to the 50
 - Variable/seasonal employees may be included in count



“PAY OR PLAY” TAX – “Sledgehammer”

If you ...

- 1. Offer **no coverage** or **coverage does not meet the “minimum”**

and

- 2. If **ONE** full-time employee (FTE) qualifies for a subsidy on the exchange

then

- Tax applies based on all full-time employees
 - \$2,000 for each FTE excluding the first 30
- Tax is **NOT** deductible



“PAY OR PLAY” TAX – “Tackhammer”

If you ...

- Offer coverage that meets the minimums

BUT

- 1. It is not ‘affordable’ for the FTE

and

- 2. That FTE gets a subsidy on the exchange

then

- \$3,000 per each employee who receives a subsidy
- Limited to the maximum that applies under Part 1
- Tax is **NOT** deductible



DETERMINE WHO IS OFFERED COVERAGE

- **All Full-Time** – ALWAYS
- **Part-Time** – NOT REQUIRED
 - Employee with less than 30 hours on average
 - Keep all **true** part time employees at 25 hours or less a week all the time
- **“OTHER”** – Those who **COULD** become full-time and those that could be ‘deemed’ full time
 - Work hours are not set in stone
 - Seasonal
 - Variable
 - Contract
 - “Part-time”
 - Average per week



WHEN "OTHER" BECOMES "FULL TIME"

- Monthly Monitoring System
- "Safe Harbor" Method



ACA TAXES...

- PCORI – Patient Center for Outcomes Research Institute
 - What is it?
 - How much is it?
 - When is it due?
 - How it is filed?
 - Who must pay it?
- Reinsurance Fee
 - What is it?
 - How much is it?
 - When is it due?
 - How it is filed?
 - Who must pay it?



ACA TAXES...

- Health Insurance Tax - **Does NOT apply to AHP**
 - Will cost insurers and fully-insured consumers billions
 - \$8 billion in 2014
 - \$11.3 billion in 2015-2016
 - \$13.9 billion in 2017
 - \$14.3 billion in 2018.
 - After 2018, the HIT rises according to an index based on net premium growth.



CHANGES IN BENEFITS

- **Waiting Periods**
 - No greater than 90 days
 - AHP design will allow maximum of 60 days starting July 1, 2014
- **AHP Open Enrollment Change**
 - Open enrollment will be October 1 – December 15, 2013 for coverage effective January 1, 2014
 - No more late enrollees beginning on July 1, 2013
- **Preventive services expanded**
 - Women's health services expansion beginning on July 1, 2014



CHANGES IN BENEFITS (cont...)

- **Minimum coverage requirements**
 - Essential Health Benefits
- **"Affordable" Plans**
 - 9.5% of "adjusted household gross" income
 - Safe harbor for employers:
 - 9.5% of employee's taxable income
 - Percentage of rate paid
- **Base minimum ACA plan**
 - AHP will offer a plan option that meets minimums
 - Every bank will offer it



EFFECT OF EXCHANGES

- **What is the Exchange?**
 - State vs. Federal Operated
- **How will it work?**
- **Will it be less expensive?**
- **Who can participate?**
- **Who qualifies for a subsidy?**
- **Oklahoma pending legal action**



PREPARE NOW...

- Analyze entities in the control group
 - Determine if you will be subject to "pay or play" tax
 - Who is already an FTE?
 - Determine who is not an FTE
- Evaluate Cost – Paying penalty for one employee may be cost efficient
- Encourage and highlight consumer education and consumerism
 - Plans that are self-funded are advantaged under the ACA
 - Stress the importance of looking at the cost of services
 - We can help you!
 - [Healthcare Blue Book](#)
 - [Advantage Premier Providers](#)



BECAUSE MARIA SAID SO...

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None of the information contained herein is intended as legal advice or opinion relative to specific matters, facts, situations, or issues. Additional facts and information or future developments may affect the subjects addressed in this presentation.

You should consult with a lawyer about your particular circumstances before acting on any of this information because it may not be applicable to you or your situation.



In Closing...



If only there was an 'easy button'...