

**ADVANTAGE**  
HEALTH PLANS TRUST

**Fines, Fees, Full-Time, and Deadlines:  
A Comprehensive ACA Update for 2014**

PRESENTED BY:

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### Agenda

- ACA**
  - Benefit Changes
- Taxes**
  - Individual Responsibility
  - Employer Responsibility
  - Plan Responsibility
- Reporting**
  - Employer Responsibility
  - Individual Responsibility
  - Plan Responsibility

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### ACA - Plan Years Beginning in 2014

- “Children” to age 26 can stay on parent’s plan – already in place
- No pre-existing condition exclusions – **7/1/2014**
  - No need for creditable coverage information
- No annual limits for all plans – already in place
- Waiting Period cannot exceed 90 days from the first day of eligibility
  - 30 day “bona fide” documented orientation period allowed prior to waiting period – newly released regulations
- \$2,500 cap on FSA contributions
  - Carry over of up to \$500 OR grace period if employer chooses to do so
  - Requires written plan amendment - if new for 2014 must amend by end of Plan year
  - Requires employees with a carryover balance to have right to waive




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### ACA - Plan Years Beginning in 2014


- Federal out-of-pocket no higher than \$6,350 single/\$12,700 family - **7/1/2014**
  - In 2015, limits change to \$6,750 single/\$13,500 family
- IN NETWORK ONLY
  - Includes deductibles, co-pays, and plan out-of-pocket requirements
  - BUT RX co-pays not included until 2015
  - Note – plans can have a lower out-of-pocket and keep accumulating total costs until the covered person has met the “Federal” out-of-pocket limit

Example

Plan 1	*\$500 deductible + *\$2,000 out-of-pocket <hr style="border: 0; border-top: 1px solid black;"/> \$2,500 total out of pocket	Plan 2	*\$3,000 deductible + *\$3,000 out-of-pocket <hr style="border: 0; border-top: 1px solid black;"/> \$6,000 total out of pocket
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Can continue to have employee pay copays until total is \$6,350 (\$6,750)

Employees will hit “Federal” out-of-pocket much more quickly




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### Taxes – Individual Responsibility

- Individual mandate starts January 1, 2014
  - BUT there are many “hardship” exemptions that are likely to result in broad deferral of mandates until 2016
  - Greater of a flat annual dollar amount or a percentage of annual family income.

	Per Adult	Per Child	Family Max	% of income
2014	\$95.00	\$47.50	\$285.00	1%
2015	\$325.00	\$162.50	\$975.00	2%
2016	\$695.00	\$347.50	\$2,085.00	2.5%

- Reported on Individual 1040 tax return filed in 2015




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### Taxes – Employer Responsibility

**ACA Taxes With Direct Impact On Health Plans**

- Medical device tax 2.3% - currently in effect
- Employer plan taxes – employer paid; limited duration
  - HIT tax** (generally fully insured only); BUT does apply to some self-funded Plans
    - AHP will comply if necessary
  - PCORI tax** payments started in 2013
    - Form 720 – 2<sup>nd</sup> Quarter, AHP will file and pay**
    - \$1-2 per covered member
    - All health plans
    - NOT for excepted benefits
  - Reinsurance tax** applies for 2014 -2016 – paid by plan or insurance company
    - \$63 per member in 2014; \$44 per member in 2015 - **AHP will file and pay**

Insurance Reallocation	• \$10,000,000,000 (billion)
Administrative Fee	• \$245,000,000 (million)
General "Pot"	• \$2,000,000,000 (billion)




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### Taxes - Plan Responsibility

Requirements of Exchange Plans	Requirements of Self-Funded Plans
Minimum Essential Benefits - aka in the media "Essential Health Benefits"	Minimum Essential Coverage (MEC) Minimum Value & "Affordable" Coverage




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### Taxes - Plan Responsibility


**REQUIRED OF EXCHANGE PLANS**

**Minimum Essential Benefits (MEB) - In-Network Only**

- List of ten areas - "base level" is based on the state's benchmark
- Applies to the insurance company plans – especially Exchange plans as of January 1, 2014
  - BUT** Administration has "allowed" insurance companies to continue to offer non-PPACA compliant plans until 2016

Essential Health Benefits	
Ambulatory patient services	Emergency services
Hospitalization	Maternity/newborn care
Mental health/substance abuse	Rehabilitative/habilitative services
Prescription drugs	Laboratory Services
Preventive/wellness	Pediatric services - dental and vision, etc.

- Group health plans **NOT** required to provide **ALL** Minimum Essential Benefits
- If provide a MEB, then no \$\$ limits allowed




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**Taxes - Plan Responsibility**

**REQUIRED OF SELF-FUNDED PLANS (AHP)**  
*Pay or Play Taxes*

**Minimum Essential Coverage (MEC) – “Sledgehammer”**

- All employers with 50 or more full time plus full time equivalents must offer Minimum Essential Coverage to all full time employees who work at least 30 hours a week or pay \$2,000 penalty for each full time employee less a designated number
  - Offered at least once a year – open enrollment
  - **Delayed** until 2016 for less than 100 full time plus full time equivalents
  - **Only** for employers with more than 100 full time plus full time equivalents in 2015
  - **Reduced** for employers with more than 100 full time plus full time equivalents in 2015
    - Tax will only apply if employer fails to offer coverage to at least 70% of the full time employees (originally 100%, then 95%)
    - The classes of employees who need not be included has been **expanded**; i.e. seasonal
  - May be in full operation for 2016
  - OR there is a possibility that it will be eliminated or reduced




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**Taxes - Plan Responsibility**

**REQUIRED OF SELF-FUNDED PLANS (AHP)**  
*Pay or Play Taxes*

**Coverage that is Minimum Value & Affordable – “Tackhammer”**

- Full time = average of 30+ hours a week - used only to determine if penalties will apply
- Penalty assessed of \$3,000 for EACH full time employee that receives a subsidy on the Exchange (\$250 a month for each month)
- In 2015 - “Large employers” must offer coverage that is:
  - Minimum Value – determined by “calculator”
    - Must be noted on the SBC
    - Includes HRA & employer HSA contributions
  - Affordable (9.5% or less of household adjusted income)
    - Employer determines affordability based on the lowest cost minimum value plan, employee only cost
    - Safe Harbor – 9.5% of employee’s taxable wages
    - For example: Minimum Wage of \$7.25/h= \$89 a month




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**Pay or Play Employee Measurement**

**Employee Types**

- Measure ALL employees and use caution. Incorrect measurement can result in penalties.
- Measure employees monthly to determine if they work at least 130 hours per month. If so, they must have been offered coverage for that month.

<p><b>Full-Time</b></p> <ul style="list-style-type: none"> <li>Always work or reasonably expected to work 30+ hours a week.</li> <li>No look back measurement option</li> <li>Use monthly measurement option</li> <li>Offer coverage by the 1<sup>st</sup> day of the 4<sup>th</sup> calendar month of eligibility (90 calendar days)</li> </ul>	<p><b>Variable</b></p> <ul style="list-style-type: none"> <li>Measure of average weekly hours (variable hour, part time, and seasonal)</li> <li>Use look back or monthly measurement option</li> <li>Enroll eligible employees within stated timeframes</li> <li>No federal requirement to offer coverage to anyone who averages less than 30 hours per week</li> </ul>
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**Taxes - Plan Responsibility**

**Strategies Employers are Using to Minimize Pay or Play**

- "Skinny" minimum essential coverage (MEC) plans - to avoid "Sledgehammer"
- Spousal exclusions - to reduce costs
- Cutting hours to <30 per week - no required coverage
- Paying for individual coverage - "Sledgehammer" would still apply




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**2015 and beyond...**

- Enrollment for 2015 on Exchanges has been delayed until mid November 2014
- Automatic enrollment for employers 200 or more full time employees - **Delayed until 2015**
- Plan designs will have to be modified and consolidated
  - Required to meet "Federal" out-of-pocket maximum requirements
  - Effective January 1, 2015
  - Plan modifications will be available prior to Open Enrollment in 2014




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**Reporting**

Additional Reporting - Filed in January 2016

- 6055 - This is the report given to employees
  - All plans with Minimum Essential Coverage will report to IRS
  - To keep employees from having to pay individual mandate tax
  - Fully insured and self-funded
  - Employees' responsibility to keep documentation for themselves and dependents
- 6056 - This is the report the employer files to IRS
  - Applicable large employers - 50 full time plus full time equivalent
  - To determine if employer is subject to "Play or Pay" taxes
  - Fully insured and self-funded
  - Employer responsibility




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Insider Info

- The Supreme Court will decide by the end of June about religious objections to the contraception mandate, Hobby Lobby case pending.
- 36 states have not expanded Medicaid; this leaves those under 100% of poverty level with no coverage, no subsidy on the exchanges.
- Pruitt Case – Oklahoma watch for this
  - PPACA allows subsidies on “state sponsored” exchanges
  - IRS – any exchange will do
  - Challenge to IRS expansion of the statutory provision to the Federal sponsored exchange in OK is not allowed in the law



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QUESTIONS



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