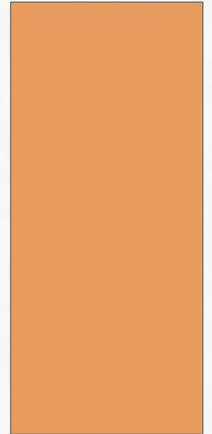




PPACA UPDATES FOR EMPLOYERS AND EMPLOYEES

JANUARY 8, 2015

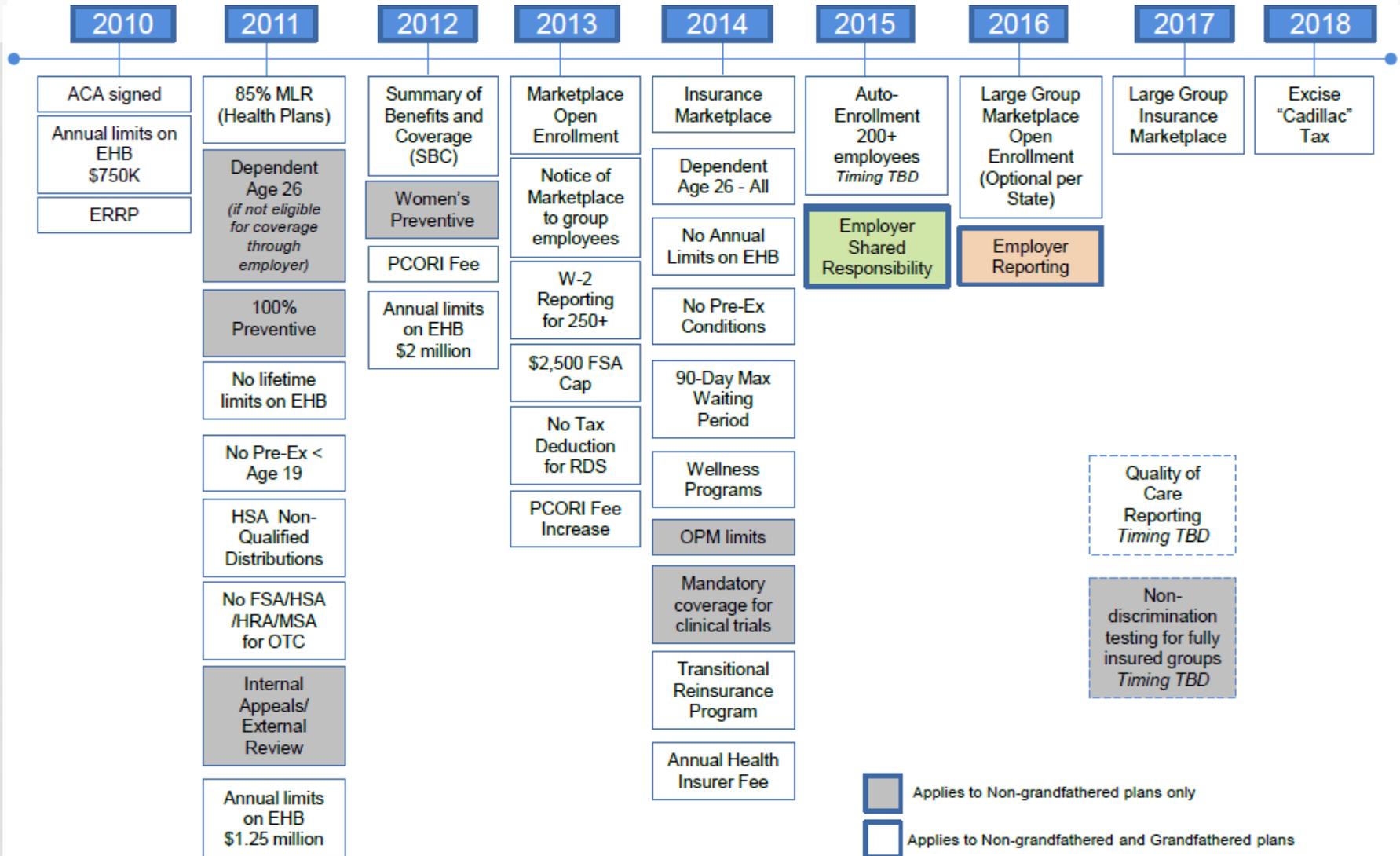


AGENDA

- ACA Timeline
- ACA Overview
- If You Like Your Health Plan...
- Employer Responsibilities
- Legislative Activity
- Funding Strategies



TIMELINE



ACA OVERVIEW

- **Improving Coverage for Individuals**
- **Shared Responsibility – Individuals and Employers**
- **Penalties for Individuals and Employers**
- **Essential Health Benefits**
- **Marketplace for Individuals and Employers**



ACA OVERVIEW

Improving Coverage for Individuals

- Guaranteed Issue - no Underwriting, no exclusions, no “rate ups”
- No Lifetime and Annual Limits
- Preventive Coverage - \$0 copay
- Dependent Coverage up to age 26
- New Hire Waiting Period Limitations
- Bronze, Silver, Gold and Platinum Plans
- Rating: Age, Address, Tobacco usage



ACA OVERVIEW

Shared Responsibility - Individual Mandate

- Purchase/Change Coverage at Certain Times
- Open Enrollment/Lock Out
 - October 1, 2013 – March 31, 2014 (first time)
 - November 15, 2014 – February 15, 2015
- Special Enrollment Periods
 - Adding a dependent, marriage, divorce, losing group coverage, moving outside service area



ACA OVERVIEW

Shared Responsibility - Employers 50+ FTE's (Full Time Equivalents)

- Delayed for 100+ FTE's until 2015
- Delayed for 50-99 FTE's until 2016
- Full-time Employees 30+ hrs/wk
- Plan must meet min. 60% AV
- Cost must not exceed 9.56% income
- Reporting of Health Insurance (2015 or 2016)
- Dependent Coverage is Mandatory
- Coverage for Spouse is Optional



ACA OVERVIEW

Penalties for Individuals

- Penalty for not purchasing
 - 2014 \$95 or 1% of income (\$285)
 - 2015 \$325 or 2% of income (\$975)
 - 2016 \$695 or 2.5% of income (\$2,085)

Greater amount, not to exceed (max)



ACA OVERVIEW

Penalties for Employers*

- Employer does not offer coverage
 - \$2,000 per full-time employee (-30)
- Employer offers coverage but is too expensive or poor quality
 - \$3,000 per employee who gets subsidy through the exchange or \$2,000 per employee – whichever is less

*Penalty if employee gets subsidy inside Marketplace



ACA OVERVIEW

Essential Health Benefits

Must include items and services in the following ten benefit categories:

- Ambulatory patient services;
- Emergency services;
- Hospitalization;
- Maternity and newborn care
- Mental health and substance use disorder services, including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including oral and vision care

Women's Preventive Services - breastfeeding support, domestic violence screening, and contraception without cost-sharing



ACA OVERVIEW

Marketplace for Individuals

- State, Federal or Joint Partnership
- Electronic Marketplace
- Increase Competition
- Consumer Choice of “Metallic” Plans
- Subsidies based on income as % FPL
- No Subsidy if offered Group Coverage



ACA OVERVIEW

Marketplace Employers

- The **SHOP** allows employers the option of offering employees **all qualified health plans (QHPs)** at a particular level of coverage. Employers would be able to **choose the level** of coverage to offer (bronze, silver, gold, or platinum), **define their contribution** toward employees' coverage, and then offer the employees choices of **multiple insurers and plans**



ACA OVERVIEW

Marketplace Employers - SHOP

Qualified Eligible Employer:

- Is a small employer (50 or fewer full-time equivalent employees for 2014--beginning in 2016, employers with up to 100 employees will be eligible to participate)

Premium Tax Credit (35% non-profit and 50% for-profit)

- Fewer than 25 employees
- Average employee salary is <\$50,000 year (no owners or family members counted)
- Contribute at least 50% of premium



IF YOU LIKE YOUR HEALTH PLAN...

- Individuals who are non-grandfathered may keep their non-ACA “grand mothered” plans until January 1, 2016
- Groups 51-99 delay ACA compliance – must offer health insurance by October 1, 2016 or pay penalty
- Groups 100+ must offer 60% AV plans and meet affordability guidelines by January 1, 2015 but need only cover 70% of full-time employees



EMPLOYER RESPONSIBILITIES

- Deliver Marketplace Notice within 14 days of start date
- 90-Day Waiting Period (maximum)
- Reporting Health Insurance Premiums on W-2
 - 250+ already reporting
 - <250 not finalized
- Report Minimum Essential Coverage (MEC) 6055
- Report Employees and Plan offered – “Pay or Play” – 6056 Applicable Large Employers
- Funding for plan year in 2015 cannot exceed 9.56% of employee’s AGI (formerly 9.5%)



LEGISLATIVE ACTIVITY

- Small Business deductible cap
 - \$2,000 individual/\$4,000 family – GONE
- Contraceptive Coverage – Supreme Court
- Subsidy Eligibility for States in FFM
- 30 hour/week full-time definition (pending)



FUNDING STRATEGIES

- Defined Contribution vs % of Premium
- QHDHP and Health Savings Accounts (HSA)
- Wellness Plans and Compliance
- Self-Funding arrangements



WHY DO YOU OFFER BENEFITS?

Are you attracting the right type of talent?

Are you retaining key employees?

What is “turn-over” like inside your organization?

**Are you positioning your employee benefits package
to attract and retain top talent?**



Questions and Comments...

Lynn Schreder

lynn@khisolutions.com

515-570-8811

