



Health Care Reform: Health Plans Overview

2014 What's ahead
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Agenda

- Individual Mandate
- Health Insurance Exchanges
- Employer Responsibilities
- Questions

Individual Mandate

- Jan. 1, 2014: Individuals must enroll in coverage or pay a penalty
- Penalty amount: Greater of \$ amount or a % of income
 - 2014 = \$95 or 1%
 - 2015 = \$325 or 2%
 - 2016 = \$695 or 2.5%

Health Insurance Exchanges

- Health insurance exchanges will be established in each state (by the state or the federal government)
- Individuals and small employers can purchase coverage through an exchange (Qualified Health Plans)
 - In 2017, states can allow employers of any size to purchase coverage through exchange
- Individuals can be eligible for tax credits
 - Limits on income and government program eligibility
 - Employer plan is unaffordable or not of minimum value

Employer Responsibility

- Large employers subject to “Pay or Play” rule
 - Offer coverage of a certain quality or possibly pay a penalty
- Applies to employers with 50 or more full-time equivalent employees in prior calendar year
 - FT employee: employed for an average of at least 30 hours of service per week
- Penalties may apply if the employer:
 - Fails to offer minimum essential coverage to all FT employees (and dependents) OR
 - Offers coverage that is not affordable or does not provide minimum value
- Penalties triggered if any FT employee gets subsidized coverage through Exchange

Exchange Premium Assistance

- Employee eligibility will trigger employer penalties
- Employees who are offered coverage
 - Not enrolled in employer's plan
 - Not eligible for government programs (like Medicaid)
 - Meet income requirements (less than 400% of FPL)
 - **Employer's coverage is unaffordable (greater than 9.5% of income) or not of minimum value (covers less than 60% of cost of benefits)**

Employer Penalty Amounts

- Employers that fail to offer coverage to all FT employees:
 - \$2,000 per full-time employee (excludes first 30 employees)

Safe Harbors

- Employer penalties: who is a full-time employee?
 - Ongoing employees
 - New full-time employees
 - New seasonal and variable hour employees
- Affordability safe harbors
 - Three optional safe harbors for determining affordability – W-2 wages, rate of pay and federal poverty line
- Waiting periods
 - Cannot exceed 90 days
 - No penalty for employees in waiting period
- Options for determining minimum value (MV)
 - MV calculator, design-based safe harbor checklist, actuary certification or metal level (small group plans)
- Employers can rely on safe harbors through 2014

Waiting Period Limitations

- Waiting periods limited to 90 days beginning with 2014 plan year
 - Proposed rule issued on March 18, 2013 (may rely on proposed rule through 2014)
 - First of the month following 90 days **not** permissible
- Employers can use up to a 12-month measurement period to determine FT status for variable hour employees
 - Coverage must be effective by 13 months from start date (plus remaining days in the month)

More 2014 Changes

- No pre-existing condition exclusions or limitations
- Coverage of clinical trial participation
- Guaranteed issue and renewal
- No annual limits on essential health benefits

Questions?

Thank you!

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