



PARKER | SMITH | FEEK

Employee Benefits Update 2015



Agenda

- Public Marketplace & Medicaid
- King v. Burwell
- Employer Reporting Requirements
- EEOC & Wellness Plans
- Cadillac Tax
- Emerging Trends
- Changes to Small Group Rules & Markets



EMPLOYER ISSUES RELATED TO THE PUBLIC MARKETPLACE & MEDICAID



Individual Insurance Through the Public Marketplace

- Individual Plan Open Enrollment Periods
 - 2015 – ended 02/15/2015
 - 2016 - 11/01/2015 – 01/31/2016
- Special Enrollment Periods
 - Special events that allow a mid-year enrollment include:
 - Losing other minimum essential coverage
 - Gaining or becoming a dependent through marriage, birth, adoption, or placement for adoption
 - Becoming newly eligible/ineligible for the premium tax credit or experiencing a change in eligibility for cost-sharing reductions
 - Gaining status as a citizen, national, or lawfully present individual in the U.S (not previously lawfully present)
 - Experiencing an error in enrollment
 - New QHPs offered through the Marketplace becoming available as a result of a permanent move



Individual Insurance Through the Public Marketplace

- COBRA Strategies
 - DOL issued model COBRA notice language encouraging COBRA QBs to explore coverage through a Marketplace
 - Loss of employer coverage is a Marketplace special event
 - Employer should communicate Marketplace eligibility to all COBRA QBs
 - COBRA election effect on subsidy eligibility
 - COBRA QB may qualify for subsidized coverage through Marketplace if they decline COBRA continuation
 - The time for employer to act is at the COBRA event
 - If individual elects COBRA continuation they will be ineligible for subsidies since they are covered by employer plan
 - Individual who elects COBRA cannot enroll in an individual plan until next Marketplace open enrollment, they experience a Marketplace special enrollment event, or COBRA expires



ACA Subsidies

- Subsidies for Individuals Who Are Eligible for Employer Sponsored Plans
 - “Subsidies” not available to individuals eligible for “affordable” employer sponsored “minimum value” coverage
 - Minimum Value = plan with actuarial value of at least 60%
 - Affordable = Employee contribution for single (employee-only) coverage is no more than 9.56% of household income
 - Affordability for family members
 - An employee’s family member qualification for subsidy is based on the employee’s contribution for employee-only coverage
 - This approach will significantly limit the number of family members who will be eligible for subsidized coverage



ACA Subsidies

- Employee Communication Strategies
 - Most employees eligible for employer sponsored plan will not be eligible for ACA subsidies. How do we best communicate that to them?

\$24,000 Annual Income	\$2,000 mo.
	X 9.56%
Employee cost for single coverage must exceed	\$190.20 mo.



ACA Subsidies

- Employee Communication Strategies
 - Full-time Employees
 - Work backwards – take employee contribution for single coverage on your cheapest minimum value plan & calculate household income necessary to qualify for a subsidy
 - Example:
 - Your Employee contribution for single = \$150 per month
 - $\$150 \times 12 = \1800 employee contribution per year
 - $\$1800 \div .0956 = \$18,828.45$

If an employee has a household income over \$18,828.45, the employee & family will not be eligible for subsidies when purchasing individual health insurance on the public Marketplace.



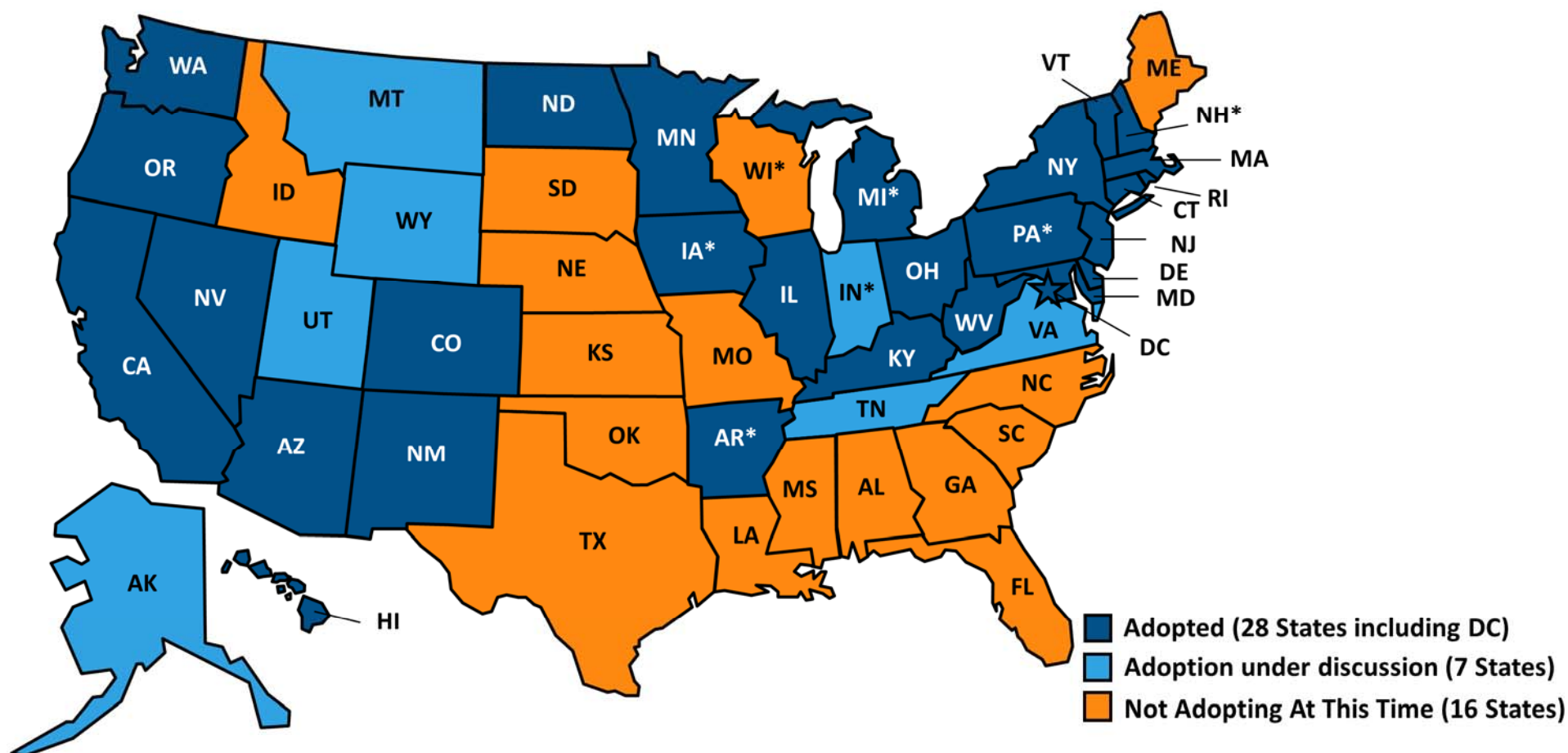
Medicaid Expansion

- ACA Expands Medicaid Eligibility to 138% FPL
 - Federal government pays 100% of costs for expanded Medicaid for 2014 –16, reduces to 90% by 2020

Household Size	2015 100% FPL	138% ACA Medicaid
1	\$11,770	\$16,243
2	\$15,930	\$21,983
3	\$20,090	\$27,724
4	\$24,250	\$33,465
5	\$28,410	\$39,206
6	\$32,570	\$44,947

- Individuals with incomes 100% FPL – 138% FPL
 - Medicaid in states that have expanded Medicaid
 - ACA subsidies through Marketplace in states that have not expanded Medicaid

Current Status of State Medicaid Expansion Decisions



NOTES: Under discussion indicates executive activity supporting adoption of the Medicaid expansion. *AR, IA, MI, and PA have approved Section 1115 waivers; IN has a pending waiver to implement the expansion. The PA waiver is set to go into effect on January 1, 2015, but the newly-elected governor may opt for a state plan amendment. NH has submitted a waiver to continue their expansion via premium assistance. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion.

SOURCE: "Status of State Action on the Medicaid Expansion Decision," KFF State Health Facts, updated December 17, 2014.

<http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/>



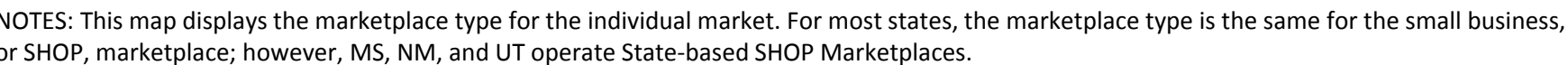
Medicaid Expansion

- Medicaid Expansion Issues Important to Employers
 - No employer penalty for employees eligible for Medicaid
 - Some employers providing increased Medicaid information and assistance to low income employees
 - Increased affordability risk to employers
 - In states that have not expanded Medicaid Applicable Large Employers are at increased risk for full time employees with household income between 100% - 138% of FPL who qualify for subsidies due to coverage being unaffordable



THE SUPREME COURT CASE

State Health Insurance Marketplace Types, 2015



<http://kff.org/health-reform/state-indicator/state-health-insurance-marketplace-types/>.



King vs. Burwell

- Can Subsidies be Provided in States Using the Federal Marketplace?
 - Decision expected late June
 - What states would it actually apply to?
 - Consequences...Intended and unintended
 - Significant reduction in the number of people eligible for subsidies
 - No change to insurance underwriting and rating rules
 - Those with medical conditions can still obtain insurance
 - Possibly destabilizing the individual health insurance market



King vs. Burwell

- Impact on Employer Shared Responsibility Rules
 - Likely no impact on 2015 employer obligations
 - SCOTUS could stay ruling for a period of time
 - Will Congress extend subsidies for a “transition period”?
 - 2016 and beyond???
 - Will some states start a state run marketplace?
 - States may be able to “establish” their own marketplace and “rent” technology from Healthcare.gov (i.e. Oregon)



EMPLOYER REPORTING



Background

- Employer Reporting of Plan and Coverage Information Will Provide the IRS with the Information Necessary to Administer and Regulate:
 - Individual compliance with the requirement to have minimum essential coverage (“individual mandate”)
 - Individual eligibility for a premium tax credit/subsidy for coverage through a public Marketplace
 - Employer compliance with the requirement to offer coverage to full-time employees and their dependent children under the employer shared responsibility rules (Section 4980H)



Who Must Report?

- Section 6056 - Employer Plan & Offer of Coverage
 - Requires **all Applicable Large Employers** (ALEs) to report plan and eligibility information
 - Employers with 50-99 FTEs satisfying the transition relief criteria to delay compliance until 2016 must still report for 2015
- Section 6055 - Coverage Data
 - Requires **all employers offering self-funded plans** (large and small) to report participant coverage information
 - Insurance companies will report this information to the IRS for fully insured plans



Timing Requirements

- When Must Employers Report?
 - Reporting first required in 2016 for 2015 calendar year
 - Reporting is based on data from the previous calendar year regardless of the employer's plan year
 - Annual timeframes for reporting are same as for W-2s
 - Annual employer returns must be filed with the IRS by Feb 28 (Mar 31, if filed electronically)
 - Corresponding employee statements must be provided annually to employees by Jan 31
 - The first employee statements must be provided by Feb 1, 2016 (Jan 31, 2016 is a Sunday)



Form Details

- Form 1095-C or 1095-B Employee Statement
 - Used to report employee-specific information
 - In general, one is required for:
 - Each full-time employee; and
 - Each covered individual under a self-funded plan
- Form 1094-C or 1094-B Employer Summary and Transmittal Form
 - Used to report employer summary information to the IRS
 - Think of it as a cover sheet for the individual employee statements
- 2014 Forms and Instructions on the IRS Website at:
 - <http://www.irs.gov/Forms-&-Pubs>

	ALE Fully-Insured Plan	ALE Self-Funded Plan	Small Employer Self-Funded Plan
1095 - C	Part I - Employee & Employer Info Part II - Offer of Coverage (eligibility) Info	Part I - Employee & Employer Info Part II - Offer of Coverage (eligibility) Info Part III - Info on Covered Individuals	
1094 - C	Part I & II - Employer Info Part III - Monthly Employer Related Information Part IV – Aggregated Group Information		
1095-B		Self-Funded employers may optionally use 1095-B to report covered "non-employees" (Retirees, COBRA, etc.)	Part I, II, III - Employer Info Part IV - Info on Covered Individuals
1094-B			Basic Employer Information (No plan or offer of coverage info)



Special Reporting Rules

- Qualifying Offer
 - Offer of MV coverage with employee cost less than 9.5% of FPL (\$93.18 in 2015)
 - Benefits to employer:
 - Enter code 1A in line 14 of 1095 and employer does not have to provide cost of lowest cost plan on line 15
 - Can provide a simplified statement to employees instead of a copy of the 1095
 - Problem with the simplified statement approach
 - Employer still has to provide a 1095 to the IRS...why not just give the employees a copy
 - Self-funded employers cannot use the simplified statement for anyone who has elected coverage



Special Reporting Rules

- 98% Offer
 - Employer offers affordable MV coverage to 98% of full time employees
 - Benefits to employer:
 - Employer does not have to provide number of full-time employees by month in column (b) of 1094
- Electronic Reporting
 - Employers who file 250 or more 1095s must file electronically



UNDERSTANDING THE 1095



1095-C

- Information Required
 - All ALEs self-funded or fully-insured
 - 1095-C Parts I & II for each employee
 - Part I
 - Name, SSN, address for each full-time employee
 - Employer Information
 - Part II – for each calendar month
 - Offer of coverage information
 - Employee cost for lowest cost plan
 - Remember 9.5% of 2015 FPL = \$93.18
 - Safe harbor and offer related information

1095-C

Form 1095-C
Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

► Information about Form 1095-C and its separate instructions is at www.irs.gov/f1095c.☐ VOID☐ CORRECTED

600115

OMB No. 1545-2251

2014

Part I Employee

1 Name of employee Bob Radecki			2 Social security number (SSN)			7 Name of employer Benefit Comply			8 Employer identification number (EIN)		
3 Street address (including apartment no.)						9 Street address (including room or suite no.)			10 Contact telephone number		
4 City or town		5 State or province		6 Country and ZIP or foreign postal code		11 City or town		12 State or province		13 Country and ZIP or foreign postal code	

Part II Employee Offer and Coverage

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)													

Part III Covered IndividualsIf Employer provided self-insured coverage, check the box and enter the information for each covered individual. ☐

	(a) Name of covered individual(s)	(b) SSN	(c) DOB (If SSN is not available)	(d) Covered all 12 months	(e) Months of coverage											
					Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
18				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
19				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
20				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
21				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Fully-Insured Plan Employer does not fill out Part III



Information Required

- All ALEs Self-funded or Fully-insured
 - Line 14 Code Series 1 (Offer of coverage codes)

Code	Description	How Common
1A	Qualifying Offer - MV offered at less than 9.5% of FPL (\$93.18/mo)	Common
1B	Offer to EE only	Rare
1C	Offer to EE + Dependent (not spouse)	Rare
1D	Offer to EE + Spouse (non dependent)	Rare
1E	MV offered to EE, at least MEC offered to spouse & deps	Common
1F	MEC that is not MV offered to employee	Some
1G	Self-funded offered to part-time EE	Rare
1H	No offer of coverage to full-time employee	Common
1I	No offer to employee but employer using qualifying offer relief	?



Information Required

- All ALEs Self-funded or Fully-insured
 - Line 16 Code Series 2 (safe harbor codes)

Code	Description
2A	Not employed any day that month
2B	Part-time or termination month when not covered all month
2C	Enrolled in coverage (Use over any other code if applicable)
2D	EE in non-assessment period (e.g. waiting period)
2E	Multi-employer plan interim relief
2F	W-2 Safe harbor
2G	FPL safe-harbor
2H	Rate of pay safe harbor
2I	Non-calendar year plan employer transition relief



1095-C

- Example
 - Fully insured employer
 - Employee has waived coverage.
 - Employee was terminated August 15th and plan offers coverage only until the date of termination.
 - Even though employee waived coverage, the plan cannot claim an offer of coverage for the entire month of August since coverage would have terminated on the date of termination.
 - Employee cost for lowest cost MV plan = \$110 per month.
 - Employer has set contributions for this class of employee based on the W-2 employer safe harbor.

Employer-Provided Health Insurance Offer and Coverage

► Information about Form 1095-C and its separate instructions is at www.irs.gov/1095c.

☐ VOID

☐ CORRECTED

OMB No. 1545-2251

2014

600115

Part I Employee

1 Name of employee Regan Blomme		2 Social security number (SSN) 1234567890	7 Name of employer Benefit Comply, LLC		8 Employer identification number (EIN) 0987654321
3 Street address (including apartment no.) 1205 Wonderland Dr			9 Street address (including room or suite no.) 1303 Compliance Ct		10 Contact telephone number 5325600507
4 City or town Paradise	5 State or province MN	6 Country and ZIP or foreign postal code 55333	11 City or town Resource	12 State or province MN	13 Country and ZIP or foreign postal code 55133

Applicable Large Employer Member (Employer)

Part II Employee Offer and Coverage

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)		1E	1E	1E	1E	1E	1E	1E	1H	1H	1H	1H	1H
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$ 110.10	\$ 110.10	\$ 110.10	\$ 110.10	\$ 110.10	\$ 110.10	\$ 110.10	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)		2F	2F	2F	2F	2F	2F	2F	2B	2A	2A	2A	2A

Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each covered individual. ☐

(a) Name of covered individual(s)	(b) SSN	(c) DOB (If SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage											
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



1095-C

- Another Example
 - Offer of MV coverage to employee for less than \$93.18 per month for single coverage
 - Employee elects and is covered all year

Part II Employee Offer and Coverage													
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1A												
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)	2C												



1095-C

- All Employers for Self-Funded Plans Only
 - 1095-C Part III - Additional coverage related information required for all covered individuals including employees, non-employees, spouses, & dependents:
 - Name
 - SSN (or DOB if SSN is not available)
 - Rules require employer to attempt to obtain SSN numbers for spouses and dependents
 - If Individual had coverage in any employer sponsored Minimum Essential Coverage (MEC) for each calendar month (Y or N)
 - Individual is considered to have coverage for the month if covered any day during the month

1095-CForm 1095-C
Department of the Treasury
Internal Revenue Service**Employer-Provided Health Insurance Offer and Coverage**► Information about Form 1095-C and its separate instructions is at www.irs.gov/1095c.☐ VOID☐ CORRECTED

600115

OMB No. 1545-2251

2014**Part I Employee**

1 Name of employee Bob Radecki	2 Social security number (SSN)	7 Name of employer Benefit Comply	8 Employer identification number (EIN)
3 Street address (including apartment no.)		9 Street address (including room or suite no.)	10 Contact telephone number
4 City or town	5 State or province	6 Country and ZIP or foreign postal code	11 City or town
			12 State or province
			13 Country and ZIP or foreign postal code

Part II Employee Offer and Coverage

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)													

Part III Covered IndividualsIf Employer provided self-insured coverage, check the box and enter the information for each covered individual. ☐

(a) Name of covered individual(s)	(b) SSN	(c) DOB (If SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage											
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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21			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



UNDERSTANDING THE 1094



1094-C

- All ALEs Self-Funded or Fully-Insured
 - 1094-C Page 1
 - Part I – Basic employer information
 - Part II
 - Employer's status if a member of a controlled group/affiliated service group (list other member employers in the controlled group on page 3 of 1094)
 - Qualifying offer and transition rules eligibility indicator

Form **1094-C**Department of the Treasury
Internal Revenue Service**Transmittal of Employer-Provided Health Insurance Offer and
Coverage Information Returns**► Information about Form 1094-C and its separate instructions is at www.irs.gov/f1094c.☐ CORRECTED120115
OMB No. 1545-2251**2014****Part I Applicable Large Employer Member (ALE Member)**

1 Name of ALE Member (Employer)		2 Employer identification number (EIN)
3 Street address (including room or suite no.)		
4 City or town	5 State or province	6 Country and ZIP or foreign postal code
7 Name of person to contact		8 Contact telephone number
9 Name of Designated Government Entity (only if applicable)		10 Employer identification number (EIN)
11 Street address (including room or suite no.)		
12 City or town	13 State or province	14 Country and ZIP or foreign postal code
15 Name of person to contact		16 Contact telephone number

For Official Use Only17 Reserved ☐

18 Total number of Forms 1095-C submitted with this transmittal ►

Part II ALE Member Information19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions ☐

20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member ►

21 Is ALE Member a member of an Aggregated ALE Group? ☐ Yes ☐ No

If "No," do not complete Part IV.

22 Certifications of Eligibility (select all that apply):☐ A. Qualifying Offer Method ☐ B. Qualifying Offer Method Transition Relief ☐ C. Section 4980H Transition Relief ☐ D. 98% Offer Method

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and to the best of my knowledge and belief, they are true, correct, and complete.

► Signature	► Title	► Date
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1094-C

- All ALEs Self-Funded or Fully-Insured
 - 1094-C Page 2 employer plan information by month
 - Column (a) – Did employer offer coverage to 95% of full-time?
 - Column (b) – Number of full-time employees
 - Column (c) – Total number of employees
 - Column (d) – Is employer part of a controlled group
 - Column (e) – Transition relief code
 - Code A for 50-99 FTE relief
 - Code B for all other 100+ transition relief

Part III ALE Member Information—Monthly

		(a) Minimum Essential Coverage Offer Indicator		(b) Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Section 4980H Transition Relief Indicator
		Yes	No				
23	All 12 Months	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
24	Jan	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
25	Feb	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
26	Mar	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
27	Apr	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
28	May	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
29	June	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
30	July	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
31	Aug	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
32	Sept	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
33	Oct	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
34	Nov	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
35	Dec	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	



Summary

- All ALEs - What kind of offer of coverage was made to employees who were full-time for at least one month?
- Self-funded plans - What months were employees, non-employees, their spouses, and their dependents covered by an employer sponsored self-funded plan?
- Is the employer a part of an aggregated group of employers?
- How does the employer define full-time for ACA purposes (i.e. on a monthly basis or the optional look-back measurement period)?
- Is the employer taking advantage of any of the 4980H transition relief available?
- Is the employer using any of the IRS affordability safe harbors to set employer contribution rates?



EEOC AND EMPLOYER WELLNESS PLANS



EEOC & Wellness Plans

- ACA Protection Related to Medical Information
 - Medical exams or disability-related inquiries of employees must be job-related and consistent with business necessity
 - Health benefits exceptions to ADA prohibitions
 - The ADA shall not be construed to prohibit or restrict a bona fide benefit plan that is not a subterfuge to evade ADA's purposes
 - Medical examinations not job-related or consistent with business necessity are not an ADA violation IF:
 - The employee's participation is voluntary and part of an employee health program
 - EEOC guidance: "voluntary" means the activity neither requires participation nor penalizes those not participating



EEOC & Wellness Plans

- When Do Wellness Incentives Cause the “Medical Examination” (e.g., Health Risk Assessment and/or Biometrics) to be Involuntary Under ADA?
 - Since March 2009 the EEOC has been “continuing to examine what level, if any, of financial inducement to participate in a wellness program would be permissible under the ADA”
 - Last year one office of the EEOC filed three lawsuits against employers



EEOC & Wellness Plans

- EEOC v. Orion Energy Systems
 - Employees were required to undergo a fitness evaluation using a Range of Motion Machine, as well as respond to HRA questions and submit to biometric screening
 - Employees who refused to participate were required to pay 100% of their health coverage cost, and a \$50/month penalty for failure to undergo the fitness evaluation
- EEOC v. Flambeau, Inc.
 - Employer required employees to complete an HRA and biometric screening
 - New employees who refused were not provided health coverage
 - Existing employees who refused were required to pay 100% of their health coverage cost



EEOC & Wellness Plans

- EEOC v. Honeywell, Inc.
 - Employer requires employees and spouses to complete biometric screening, or suffer a loss of a \$250 employer HSA contribution and \$500 - \$1500 annual medical premium surcharge
 - Demonstrate by biometric screening or working with Health Advocate that they are nicotine free, or participate in a tobacco cessation program, or employee & spouse each incur a \$1000 nicotine surcharge.



EEOC & Wellness Plans

- What Should an Employer Do Now?
 - EEOC is promising guidance on definition of “voluntary” for ADA – watch & wait
 - January 29, 2015, U.S. Senate Committee on Health, Education, Labor and Pensions, hearing on employer wellness programs: Senator Murray was “assured that the [EEOC] rules will be out shortly.”
 - Should the unlimited dollar incentives for participatory wellness programs (e.g., complete the HRA, or else) be capped (like the 30%/50% caps on health contingent wellness programs)? At what level?
 - Staying within HIPAA wellness limits even for non-health related factors may be prudent for now
 - Is conditioning health plan eligibility on HRA & biometrics necessary or is that going too far?



THE CADILLAC TAX AND EMERGING SOLUTIONS



Cadillac Tax

- Beginning 2018 40% excise tax on health coverage cost that exceeds “threshold amounts”
 - Threshold amounts, prior to adjustments
 - \$10,200/yr for self-only coverage
 - \$27,500/yr for coverage other than self-only
- Why?
 - Encourage more cost-effective plans
 - Address unequal tax benefit
 - \$ \$ \$

“Taxing Cadillac plans that don’t make people healthier ... that’s actually a good idea . . . [t]hat helps to reduce the cost of health care over the long term.”



Cadillac Tax

- The actual amount of the tax will vary based on adjustments to the threshold amounts.
 - A possible health cost adjustment percentage for 2018 based on medical cost trends
 - An annual cost-of-living adjustment
 - An age and gender demographic adjustment
 - Adjustment for certain high-risk professions
- Don't expect to see regulations until later 2015 or 2016
- IRS requested comments by May 15:
 - Which coverage is subject to the tax
 - Determining the cost of applicable coverage
 - Adjustments to thresholds



Cadillac Tax

- Example:
- Current 2015 Rates
 - Single = \$650
 - Family = \$1750

Participating Employees		2015 Monthly Rate	Annual Trend	Approximate 2018 Monthly Rate	2018 Annual Plan Cost Per Person	Excess Over S-\$10,200 F-\$27,500	Tax Per Covered Employee Per Year	Tax Per Covered Employee Per Month
Single	150	\$650.00	10.0%	\$865.15	\$10,381.80	\$181.80	\$72.72	\$6.06
Family	100	\$1,750.00	10.0%	\$2,329.25	\$27,951.00	\$451.00	\$180.40	\$15.03
							Total Annual Tax	\$28,948.00
							Total 2018 Annual Health Insurance Premiums	\$4,352,370.00

- The value of coverage is the total premium paid by employer and employee



Cadillac tax

- Defining Applicable Coverage
 - Health coverage including medical and Rx
 - Health Flexible Spending Accounts (FSA's)
 - Health Savings Accounts (HSA's)
 - Health Reimbursement Accounts (pending confirmation)
 - On-Site Medical Clinics
 - Employee Assistance Plans (EAP's) with counseling benefits
 - Wellness Programs?



Cadillac Tax

- Tax is paid by the coverage provider
- AHPI estimates the tax will affect 17% of all businesses and 38% of large employers in 2018
- John Hopkins study estimates that 75% of all plans will be affected by 2028
- CBO estimated it would raise \$134 billion, now reduced estimate to \$80 billion
- “I don’t think there’s any employer that’s going to pay the tax”

Steve Wojcik, National Business Group on Health



Cadillac Tax

- Maybe the tax is having the intended result:
 - Increasingly terminating their most expensive plans

But at a cost to employees ...

- Shifting more costs to employees
 - Over past 5 years ee's cost share has increased 52%
 - Employers offering only a high-deductible plan expected to increase 50% in 2015 (22% - 32%)

National Business Group on Health



Emerging Trends & Solutions

- Employer Responses to the Looming Tax
 - 29.4% don't have a plan
 - 16.5% will change plans
 - 10.6% will reduce coverage
 - 9.4% will increase employee contributions
 - 4.7% will introduce a high-deductible plan
 - 3.5% will move to a private exchange
 - 3.5% will eliminate their plan
 - 4.7% will do nothing
 - 79% are very concerned about controlling costs

SHRM/ EBRI Health Benefits Study, December 2014



Emerging Trends & Solutions

- National Business Group on Health: 78% of employers looking at changing plans in anticipation of the tax
 - 57% implementing or expanding CDHP's
 - 53% adding incentives for wellness
 - 42% are increasing employee cost sharing
 - 30% are eliminating high cost plans
 - 20% moving to narrower provider networks




Emerging Trends & Solutions

- Growth in Self-Insurance
 - Save on Health Insurance Tax and Premium Tax
 - Access to Data
 - Revised Community Rating Rules
 - New Products for Groups Transitioning from Insured Plans
- Large Claim Trend: increased frequency & severity
 - Effect of unlimited lifetime maximums
 - New specialty drugs (carriers loading claim projections)
 - Premium on understanding the products & underwriting the carriers



Emerging Trends & Solutions

- Wellness

- Many have bought-in: 71% utilizing some wellness initiatives (PwC Survey, 2014)
- Change in terminology: Wellness  Well-Being
- Broadening the lens/ more holistic approach
- Better defining what matters and why (intrinsic motivation)
- Stirring of the pot regarding ROI
 - Savings may be elusive, certainly longer-term
 - Factor in productivity and employee retention
- Growing interest in Outcomes-Based Incentives



Emerging Trends & Solutions

- Private Exchanges
 - Lots of new players & lots of \$ invested
 - There will be some fall-out
 - Many employers in wait-and-see mode, but growth is picking-up in 2015
 - Of plans in place, employees choosing lower cost plans and using decision support tools
 - Right sizing of benefits



Emerging Trends & Solutions

- Private Exchanges: Three Types of Employers:
 - Exchange Ready
 - Attracted to cost savings
 - Want to offer choice of benefits to employees
 - Don't need to own plan design and want it easier
 - Skeptics
 - Benefits are strategic part of total compensation (Patriarchal)
 - Want to retain control
 - Exchange = Automation
 - Issue with abandoning current platform



Emerging Trends & Solutions

- New Payment & Delivery Models
 - Aligning Incentives: ACO or AHN or ...
 - Group of providers coordinating care and whose level of payment is tied to improving quality & patient satisfaction while lowering costs
 - Reward quality of care & cost efficiency
 - Similar to HMO's, but greater transparency & flexibility
 - Fee-for-value rather than fee-for-service
 - Coordinated care requires leap in technology
 - Medicare Pilot Projects



Emerging Trends & Solutions

- Narrow(er) Networks
 - Smaller list of contracted providers
 - Focus on quality, cost efficiency, total cost of care
 - Providers agree to deeper discounts in exchange for volume
 - Savings of 4-20%
 - Can be offered as a plan choice
 - Employees may have to change providers and may lose some key providers (SCCA)
 - Premiera, Regence, Aetna, Group Health, First Choice, United Healthcare



Network Replacement: Cost-Plus Pricing

- Review & Audit
- Sets limits for payment of medical claims based upon the provider's cost of business
- Typically pays greater of cost +12% or Medicare + 20%
- Pay on average 27% of billed charges
- Net savings of approximately \$150,000 per 100 employees
- Assumes certain legal defense obligations



Emerging Trends & Solutions

- Cost Transparency Tools
 - The potential to change the way we purchase healthcare
 - Price variability is real and impactful
 - Insurance companies and TPA's are making new tools available
 - Many independent companies – Castlight, Compass, Healthcare Blue Book, Health Advocate
 - Target high frequency, high cost variability procedures with low quality variance, such as advanced imaging, colonoscopies, joint replacements
 - The challenge: dependent upon usage – incentives?



Emerging Trends & Solutions

- Tele-Health
 - Direct contact with physician via phone, tablet or computer
 - 37% of employer considering on implementing in 2015
 - Actual per-member use is still < 10%
- On-Site and Near-Site Clinics
 - Primary & Urgent Care, plus
 - Chronic Disease Management, Occupational Health, Health & Lifestyle Management
 - Health Plan, Work Comp and Productivity Savings



CHANGES TO SMALL GROUP RULES AND MARKETS



Community Rating

What are the advantages to being covered by a trust or association health plan?

- Associations are rated as one large group
 - Large group plan design requirements
 - Rates based on additional demographic information
 - Alternative to age rating; in most cases, 4-tier rates
- Prior to 2014:
 - Ability to negotiate rates
 - Claims experience factored into rating



Association / Trust Plans

What's changing in the association and trust market?

Association	Carrier	Status
Associated General Contractors of Washington	UnitedHealthcare	Approved
Association of Washington Cities	Group Health Cooperative	Approved
Central Region Insurance Services Pool	Group Health Options, Inc.	Approved
Central Region Insurance Services Pool	Group Health Cooperative	Approved
Hanford Employees Welfare Trust	Group Health Options, Inc.	Approved
Lutheran Services of the Northwest	Group Health Cooperative	Approved
Lutheran Services of the Northwest	Group Health Options, Inc.	Approved
Master Builders Association (MBA)	Group Health Options, Inc.	Approved
Washington Fire Commissioners Association	Group Health Cooperative	Approved

To date, nine plans approved, nineteen failed the bona-fide test and twenty two were denied due to rate filing



Community Rating

Update To Community Rating & How This Impacts Groups With Up To 100 Employees

As plans renew in 2016, the definition changes

- Employers with less than 100 employees will now be community rated
- Counting Full-Time Equivalents (FTEs) rather than # on payroll

< 100 employees
=
community rated



Community Rating

What does being community rated mean for you?

- Plans and rates filed with the state
 - Limited plan choices based on metallic standards like the individual exchange
 - Limited, Narrow or High Value Networks
 - Filed rates = no negotiation
 - Rates based on only employer location and employee ages
 - No experience adjustments
 - **No more 4-tier rates** in the direct market



PARKER | SMITH | FEEK

Employee Benefits Update 2015

Subtitle/Brief
Description