

# Insurance Group Representative Update 2016 Plan Year

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# Insurance Group Representatives Update 2016 Plan Year

- No Changes to Plan Design or Schedule of Benefits
- Rates increased 3%
- Comply with Affordable Care Act (ACA) Mandates
  - Apply to Health & Prescription Only
  - Wood County is ONE employer
  - Building on Prior Presentations
    - Available on County website
- Focus on Employee Eligibility Certification Process
  - Employer Shared Responsibility mandates benefits offered or penalty
    - Play or Pay
  - Introduce 2016 required reporting forms for use by payroll officer/group reps
    - To determine eligibility prior to offer or enrollment

# Expand Eligibility Rules

- ACA Mandates Change Employee Eligibility Rules & Offer (Play) or Pay an Assessment
  - Lower Full Time definition from 40 hpw to 30 hpw used for benefit eligibility
- County Applies ACA Mandates to Determine Employee Eligibility
  - Based on Hours of Service
    - 30 hours per week (hpw)
    - 130 hours per month (hmp)
    - 1560 hours per year (hpy)
  - Used to Determine Benefit Eligibility in 2016 (and Beyond)
    - Based on hours of service in 2014/2015
- ACA Benefit Eligibility Determination Will Be Used for All Coverage
  - Health/prescription, vision, dental and life

# Eligibility Rules: ACA Eligibility Definitions

- Full Time: 30 or more Hours of Service per Week
- Part Time: Reasonably expected not to be Full Time
- Variable Hour: Reasonably expected to work on average less than 30 hours of service per week because hours are variable or otherwise uncertain
- Seasonal Worker: Six months or less per year, same time each year
- Hours of Service: Hours for which an employee is paid or entitled to payment, for the performance of duties for the employer, and each hour for which an employee is paid, or entitled to payment by the employer for a period of time during which no duties are performed due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence (as defined in 29 CFR 2530.200b-2(a))
- New Hire: Break in service must be 13 weeks or at least 4 weeks longer than immediately preceding period of employment
  - Different rules for Educational Employees
  - Note: County is one employer
- Hours worked count in calculation if an employee transitions from a temporary agency to employment status

# Eligibility Rules: ACA Eligibility Definitions

- ACA Creates New Definitions that Only Apply to Insurance Benefit Eligibility
- These rules do not apply to:
  - Employment status, e.g full time, part time, temporary, intermittent
  - OPERS
  - Vacation accrual
  - FLSA, etc.

**Example 1:** Jack is hired as a part time employee scheduled to work 32 hours per week. He doesn't get vacation or holiday pay. OT/Comp is not available until he works 40 hours in a work week. Jack is considered full time for ACA and is benefit eligible.

**Example 2:** Andrew is a hired as a temporary employee to cover another employee off on FMLA for twelve weeks. His offer of employment is a full time temporary employment status. According to ACA, Andrew is benefit eligible as he is scheduled to work 30 or more hours per week.

ACA doesn't look at the employment status to determine benefit eligibility.

# Eligibility Determination

- First Step is to Identify the Employees Hours
- Appointing Authority Determines the Schedule
  - Scheduled 30 or more hour per week?
  - Scheduled Less than 30 hours per week?
  - Not Certain of schedule and doesn't hold full time employment status?
  - Temporary employment status 6 months or less same time each year?
  - Temporary employment different time each year?
- Communicate Hours to the BCC to Determine Employee Benefit Eligibility
  - Use New ACA Compliance Report
  - Eligibility determination dictates offer of benefits and period of eligibility

# Eligibility Determination: Offer of Coverage

- **Initial Offer:** Full time employees scheduled to work 30 hpw
  - ACA requires enrollment within 90 days
  - Wood County will continue: Effective first day of month following completion of 30 days as full time
  - Hours are measured Monthly to ensure continued eligibility
    - 30 hpw/130 hpm prior to completing first Standard Measurement Period
    - Initial Measurement Period does not apply to new full time hires
- **Delayed Offer:** Non-Full time, Variable Hour & Seasonal
  - Measure Hours during an Initial Measurement Period
  - Wait to offer coverage upon completion of first year to determine eligibility
- **Changes in Status**
  - If change to Full Time status Initial Offer must be made

## Eligibility Determination: New Monthly Method

- Used to Determine Ongoing Benefit Eligibility for New Full Time Hires
  - Measures hours monthly to ensure 30 hpw or 130 hpm are met
  - Excludes ACA Seasonal Employees

Example: Mason is a new full time hire on Feb 16, benefits offered April 1 and is measured monthly to ensure his continued eligibility. Mason requests a two week vacation in June, 2016. He does not work any additional hours in June beyond his regular scheduled hours. He would not be benefit eligible in June as his hours are below 130 hpm.

- Report on Insurance Report that Benefits Terminate for June Only
  - Retroactively terminated if not reported and hours reflect reduction using new software



# Eligibility Determination Monthly Measurement Period

- New Full Time Hires who haven't completed a full Standard Measurement Period (may last up to 24 months)
- Change in Status: Full time to Part time (measure monthly until captured in next full Standard Measurement Period)
- Measured eligibility based on working 30 hpw or 130 hrs per month
- Determined at end of month for month of coverage
- Requires retroactive termination or enrollment monthly
- Transition to Standard

Monthly

New Non-  
seasonal  
Full time  
Hires

# Eligibility Determination: Look-back Method

- Used to Determine Full Time Status
- Two Types of Lookback Method
  - Initial: (new hire) used for Non-Full time, Variable Hour and Seasonal
    - Measures 12 months from date of hire to determine hours worked
  - Standard: (ongoing) used for all employees who worked the full period
    - Measures October to October Annually
    - Similar to Spousal/Dependent Annual Eligibility Certification Process
- Three Parts to Each Lookback Method
  - Measurement Period:
    - 12 months to measure average hours worked per week
  - Administrative Period:
    - Period used to calculate hours and communicate eligibility to employees
  - Stability Period:
    - Period of time when employee is offered/denied coverage

# Eligibility Determination Look-back Measurement Periods

- New Hires not working Full Time
- Seasonal Employees
- If average 30 hpw or 1560 hrs per year or more during first year - offer coverage via Delayed Offer
- Effective first of month following 13 months after date of hire
- Coverage eligible for 12 months following Initial Administrative Period
- Transition to Standard

Initial

Non Full  
time New  
Hires

- Employees who have completed a full Standard Measurement Period
- If average 30 hpw or 1560 hrs per year or more offer/continue coverage
- Effective/Terminate January 1 to December 31
- Eligibility for full calendar year unless change in status to part time
- Check Annually

Standard

All  
Ongoing  
Employees

# Benefit Eligibility Determination

	<u>ACA Status</u>	<u>Offer</u>	<u>Measure First Year</u>	<u>Measure Ongoing</u>
1	Full time	Initial	Monthly	Standard Look-back
	Non-seasonal	1st dom after 30 days	Eligible monthly if 30 hpw/130 hpm	Oct-Oct
	30 or + hpw		Measure until worked full SMP	Eligible calendar year if 1560 hpy
2	Part time	Delayed	Initial Lookback	Standard Look-back
	Variable Hour	Measure 12 mo to	12 mo from doh	Oct-Oct
	Seasonal	determine if full time	If Benefit Eligible enroll by 1st dom following IAP	Eligible calendar year if 1560 hpy
	Less than 30 hpw		for 12 mo & extend during first SAP	
3	Ongoing			Standard Look-back
	Worked full SMP			Oct-Oct
				Eligible calendar year if 1560 hpy

# 2016 Eligibility Determination

- Plan Determined Employee Benefit Eligibility for 2016
  - Hires on or before October 5, 2014
  - Applied Initial/Standard Measurement Methods
  - Use payroll data provided by Auditor
  - Benefit Eligible if Hours of Service equal 1560 hpy
    - Credit given for qualified unpaid leaves
- Plan will Communicate Benefit Eligibility to Each Employee
  - Benefit Eligible, Not Benefit Eligible or Still Being Measured

<u>Standard Measurement Period</u>	<u>Standard Stability Period</u>
Oct 5, 2014 to Oct 4, 2015	2016 Calendar Year
Oct 18, 2015 to Oct 15, 2016	2017 Calendar Year

# Ongoing Eligibility Determination

- Starting in 2016 the Plan Must Determine and Communicate Employee Benefit Eligibility Monthly
  - Appointing Authorities must communicate new hires to BCC effective October 2015
    - Must use a New ACA Compliance Report
  - BCC will play catch up for employees in an Initial Measurement Period hired October 6, 2014 to September 2015

# ACA Compliance Report

- Documents all Initial and Ongoing Changes in Hours of Service
  - New Hire Employment Status and their Hours of Service
  - Changes in Employment Status
    - Changes in Hours, part time hours increase to 30 hpw
  - Unpaid Leaves
    - FMLA, military leave, lay-off, break in service, etc.
  - Rehire (including dual employment in Wood County)
  - Separation of service, hire from temporary agency
  - Identifying payroll and insurance funding
    - Grants, split coded
- BCC Returns ACA Compliance Report to Dept
  - Determines Benefit Eligibility
  - Includes checklist for employee insurance orientation
- Dept Summarize on Next Monthly Insurance Report

# Eligibility Rules: Change in Employment Status

- Change to Full time Status for Variable Hour during Initial Measurement Period:
  - ACA Rule: Coverage available on the first day of the fourth full calendar month following change in status
  - Wood County will enroll in benefits using the first day of the month following 30 days from change to full time status
- Full time to Part time Status
  - Employer may terminate coverage by applying the monthly measurement within 3 months of the change if:
    - Employee actually averages less than 30 Hours of Service per week for each of the 3 months following the change in employment status, AND
    - If the employer offered continuous coverage that provides Minimum Value from at least the 4<sup>th</sup> month of employment (Not a Variable Hour employee)



# Eligibility Rules: Rehire or Resumption of Service

- Benefit Eligibility Determination Continues Upon Rehire or Resumption of Service
  - Unless Break in Service is at least 13 consecutive weeks immediately preceding the resumption of service, or
  - At least 4 weeks longer than immediately preceding period of employment
    - Different rules for Educational Employees
- Used for Returns From
  - Separation, Leave of Absence, Retirement, etc.
- Changes in Status Can Result in Change of Measurement Method from Lookback to Monthly
  - If 3 months less than 30 hours per week can change eligibility status to not eligible
  - BCC will provide determination following submission of ACA Compliance Report

# Expanded Monthly Reporting

- Eligibility Report
  - Completed by Payroll Officer
  - Documents eligibility for future months enrollment
    - 30 days (Initial Offer) or 12 months (Delayed Offer)
  - Summarizes all ACA Compliance Reports previously submitted since last report
  - Attach supporting documentation not previously submitted
- Funding Report
  - Completed by Payroll Officer
  - Documents employee premium collection changes
    - Reports insufficient wages for collection of employee premiums
    - Communicates self pay status
    - Used to identify required 30 day grace period notification for collection of missed premiums
  - Communicates insurance funding code changes, i.e. subgroups
- Enrollment Report
  - Completed by Insurance Group Representative
  - Documents all enrollment: new enrollees, termination or changes in coverage
  - Attach Universal Application or Waiver of Benefits
- Vision Claim Report

# Expanded Monthly Reporting Forms

- Review Draft Format
- Provide Suggestions to Janese by 11/13/15

# Insufficient Wages for Payroll Deduction

- Insufficient Wages to Collect Employee's Portion of the Premium for One or Both of the Scheduled Payroll Deductions
  - Payroll deduction stops and self-payment of monthly premium is due by the last day of the month prior to the month of coverage
  - Employee must give five working days advance notice
- ACA Mandates a 30 Grace Period for the Collection of Premiums
  - BCC to determine and apply 30 day grace periods if applicable
- Coverage Terminates for Failure to Provide Proper Payment
  - Effective month of coverage not paid
  - Continues through calendar year and/or stability period
  - Not COBRA qualifying event
  - No Self-payment available
- If an Employee Experiences a Qualifying Event and Makes Timely Application to Re-enroll
  - Must pay retroactive premiums

# 2016 Implementation

- BCC to Provide Assistance to Group Reps During Transition
- BCC Determines Benefit Eligible Employees
- Group Reps upon Receipt of ACA Compliance Report Identifying a Benefit Eligible Employee Must:
  - Schedule a Mandatory Wellness Screening
  - Schedule an Insurance Orientation with BCC to complete Benefit Eligible Checklist
    - Offered 1<sup>st</sup> & 3<sup>rd</sup> Wednesdays of the Month at 9 am
- Group Reps Duties for Non-Benefit Eligible Employees
  - Complete Non-Benefit Eligible Checklist
    - Communicate Initial Measurement Period if applicable

# Reminders

- Report to IRS Annually
  - Coverage, Eligibility and Enrollment
  - 1094 Summary of Plan (County, DD, NWWSD) Annually by March 31
  - 1095 Individual distributed with W-2 Annually by January 31 (+30 day grace)
    - Reports eligibility, enrollment and dependents by month
  - Annual penalty estimated at: \$1,618,240 (\$135,000 monthly)
- Records Retention for IRS Auditing Purposes
  - Department retain payroll & FMLA records per current IRS rules – call BCC prior to destruction
  - BCC to scan: Benefit Eligibility Determination, Type of Offer, Enrollment or Waiver, etc.

# Reminders

- Open Election Period
  - Nov 15 – Dec 15
  - Changes effective Jan 1
- Update COB & Secondary Coverage Changes
- Use “Confidential” in Email Subject Line for HIPAA Encryption
- Precertification Requirement Reminder
- Life Insurance Benefits
  - Contact BCC for sick employees: e.g. accelerated death benefit, waiver of premium

# Reminders

- Wellness Screenings: Verify Completion Prior to Submitting on Monthly Enrollment Report
  - Previous screenings qualify for 3 years
- Recommend Identification of Primary Care Physician to Reduce Plan Costs
  - Falcon Health (BGSU & Hospital)
  - Wood County Community Health & Wellness Center (Health Dept.)
- Employee Annual Meetings: Nov 18 & 19
  - Use of Quality Providers Portal



# Reminders

- Distribution of Summary Plan Description (SPD)
- Individualized Employee Communications
  - 2016 Benefit Eligibility Verification
    - Changes in Benefit Eligibility must be made during Open Election Period
  - Individual Enrollment Summary
- Newly Eligible Information Meeting: Nov 24 @ 3 pm Wood Haven
- Future Website Offerings:
  - 2016 Wellness Forms
  - 2016 Focus Formulary Booklet
  - 2016 Revised Plan Document
- 2016 Centralized Employee Insurance Orientations
  - Group Rep & Employee offered 1<sup>st</sup> & 3<sup>rd</sup> Wednesdays @ 9 am