



Health Care Reform 2015 Update

Presented to: HR Group
Presented by: Pamela A. Boyer

Information is current as of time of presentation: Oct. 22, 2015

Review of Affordable Care Act (ACA)

- Enacted on March 23, 2010
- Applied to Health & Prescription Coverage ONLY
- Wood County is ONE Employer
- Focus on Employer Mandates
 - Alters: Eligibility Rules, Coverage
 - Requires: Auto Enrollment, Distribution of Information (SBC, Exchange, W-2, 1095), Various Fees Paid (PCORI to 10/1/19, TRF to 2016, Shared Responsibility, Cadillac Tax, DME, etc.), Coverage Offers Minimum Essential Benefits and meets Affordability Rules, Health Plan Identifiers
 - Removes: Preexisting Condition Clauses, Annual & Lifetime Coverage Limits on Essential Health Benefits
- Regulations also apply to: Individuals, Providers, Carriers, States, Federal Agencies, etc.

Individual Mandate

- Requires every American secure health care coverage
 - Coverage provided by an employer, federal program or Exchange
 - Creates Exchange or Market Place for individuals to purchase coverage
 - Subsidies or tax credits available based on income
- Penalty for non-exempt individuals and family members for each month without coverage at the greater of these annual amounts:
 - Flat Dollar Amount:
 - \$95 in 2014, \$325 in 2015, \$695 in 2016 per person, max 3; ½ under 18
 - Percentage of Income:
 - % of income 1% in 2014, 2% in 2015, 2.5% in 2016, COLA beyond
- Individual Mandate: Effective 1/1/14
 - Identified on 2014 tax return completed in 2015 and ongoing
 - Feds delayed employer reporting coverage until 2015 Plan Year

Employer Penalties

- Penalty or IRS Assessments Apply to Employers if:
 - 1) Coverage is not affordable or does not provide minimum value
 - \$3,120 per voucher (or 1/12 value per mo.)
 - Example: Oct. to Dec. = \$780
 - 2) Fail to offer coverage to full time employees/dependents (not spouses)
 - \$2,080 per employee (exempts first 30), and
 - Approx. $808 - 30 \times \$2,080 = \$1,618,240$
 - 70% Safe Harbor in 2015; 95% Safe Harbor in 2016 forward
- Penalty identified:
 - 1) Employer Federal reporting and Tax Returns
 - 2) Employee goes to the Exchange and Receives a Tax Credit/VoucherAudit process not yet developed

Employer Mandates

- Requires large employers to:
 - 1) Provide Minimum Essential Coverage (MEC) that is Affordable, and Provides Minimum Value
 - Lowest cost single plan is 9.5% or less of annual household income
 - Using Federal Poverty Line safe harbor in 2016
 - 2016 plan uses 2015 FPL: $\$11,770 \times 9.5\% / 12 = \93 per mo
 - 2) Offer (or decline) coverage to full time employees (95% in 2016)
 - Full time employees: **30 hpw/130 hpm** (120 or 150 if using hpm)/**1560 hours per year**
 - Measure eligibility using: Monthly or Lookback Method

Employer Shared Responsibility: Action Items

- To Comply with Requirements Wood County Must:
 - Expand Eligibility Rules for Health & Prescription Coverage
 - Communicate rules & determination to employees
 - Initial or Delayed Offer of coverage for benefit eligible
 - Develop System to Determine Eligibility
 - Initial and Ongoing Employees working 30 hours per week or more
 - Monthly and Annual Processes Ongoing
 - 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
 - Must provide electronically if over 250 employees

Expand Eligibility Rules

- Layer Current Wood County Eligibility with ACA Mandates
- Current Eligibility Rules Apply to Vision, Dental & Life
 - Permanent Full time (40 hours per week)
 - Continuous active pay status 30 days prior or following first day of month, and eight hours of active pay status the first working day of the month
- Change Employee Eligibility Rules for Health & Prescription
 - Lower Full Time definition from 40 hpw to 30 hpw
 - Eff. 2016 Plan Year
 - Create new definitions for employee insurance eligibility
 - Only apply to insurance not employment status; OPERS, vacation accrual, etc.
 - Full time, part time, variable hour, seasonal worker, new hire (rehired), hours of service

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: Employment Status

- ACA Considers Wood County as One Employer
 - Trustees develop process to comply with ACA mandates
 - Joinder agreements require compliance
- Appointing Authority Determine Employee Status
 - Determine business needs
 - Consider individual's hours when creating schedule
 - Develop system to track ongoing hours
 - Be mindful of unpaid Leave of Absences
 - Hours are protected for Certified FMLA; Military Leave, Jury Duty and Lay Off
 - Count if return from leave
 - Plan for increased costs for benefit offering
 - \$6,216.72 Employer Annual Cost for Single
 - \$16,163.04 Employer Annual Cost for Family

Eligibility Rules: Determining Eligibility

- Consideration if New Position is Full Time
 - Replacing a FT employee
 - Comparable positions hours have varied plus or minus 30 hpw on average
 - How the job was advertised
- Considered New Hire if Break in Service
 - 13 work weeks; or
 - 4 consecutive weeks and longer than the immediately preceding employment
- Hire Temporary Agency Employees
- Combine Hours for Work in Separate Departments
- Recognition of Changes in Employment Status

Eligibility Determination: Offer of Coverage

- Initial Offer
 - Full time employees scheduled to work 30 hours per week/1560 annually
 - ACA requires enrollment within 90 days
 - Wood County will continue: Effective first day of month following completion of 30 days as full time
- Delayed Offer
 - 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 Initial Offer must be made
 - If change from full time to part time benefits may be terminated

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 Health & Prescription 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 4th month of employment (Not a Variable Hour employee)
 - Applies to Health & Prescription only

Eligibility Determination

- Initial Measurement Period
 - Used for New Non-Full time Hires during first year of employment
- Standard Measurement Period
 - Used for All employees
 - Annual Employee Eligibility Certification
 - Similar to Student/Spousal Eligibility Certification Period
 - Oct to Oct determines eligibility for next calendar year

Eligibility Determination: Look-back Method

- Wood County is using the Look-back Method to Determine Full Time Status
 - Initial (new hire) used for Variable Hour and Seasonal during Non-Assessment Period for first year of employment
 - Standard (ongoing) used for all employees annually
 - Ongoing Employee: one who has been employed for at least one complete standard measurement period.
- Three Parts to Each 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 coverage

Eligibility Look-back Measurement Periods

- New Hires not working Full Time
- If average 30 hrs per week or more during first calendar year - offer coverage via Delayed Offer
- Effective first of month following 13 months after date of hire
- Coverage eligible to End of Calendar Year following one year enrollment
- Transition to Standard

Initial

Non Full
time New
Hires

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

Standard

All
Employees

Eligibility Determination: New System

- Create New Software to Measure Hours
 - Auditor uploads payroll information by pay periods
 - Required Payroll Officers to standardize reporting of hours worked
 - NOT identified in current or new system
 - Tracking of unpaid leave
 - Use of Exception Report to document leaves???
- Requires additional reporting
 - ACA Compliance Reporting Form
 - New Hires
 - Change in Employment Status and Leaves
- Information used for eligibility and mandated federal reporting
 - 1094 summarizes Wood County
 - 1095 to full time employees with W-2
 - Reports eligibility, enrollment and dependents by month

Eligibility Determination: Payroll Officer

- ACA Compliance Reporting form
 - Added to New Hire Checklist for HR
 - Within 3 days of appointment (not start date) or status change
 - Documents all initial and ongoing changes
 - Change status change, leave of absence, military leave, lay-off, break in service, temporary agency
 - Submit to BCC to determine benefit eligibility
 - BCC returns to Insurance Group Rep with checklist for employee insurance orientation
- Standardized Payroll Reporting
 - Regular Hours should include Vac/SL values
 - Salaried Employees will receive 40 hours of service per week
 - Copy Payroll Exception Report to Ins Group Reps to capture on monthly insurance reports

Eligibility Determination: Insurance Group Rep

- Report All Employment Status on Monthly Insurance Reports
 - New Hires, Type of Appointment, Change in Status, FMLA, Unpaid Leave of Absences, Military Leave, etc.
 - Report Employment Status Changes
 - Based on ACA Compliance Reporting form
- BCC will determine benefit eligibility
 - Communicate back to employee via Group Rep
- Annual Insurance Group Rep Meeting
 - Focuses on Group Rep reporting requirements

Eligibility Determination: Process for 2016

- BCC to Determine 2016 Benefit Eligibility for All Employees
 - Clarification of hours worked may be requested by BCC to determine 1560 hours of service per ACA
 - Unpaid Leaves: FMLA, military leave, court
 - Do not received credit if break in service
 - Other break of service countywide
 - Communicate benefit eligibility status to all employees
 - Standard Look-back Measurement Period: Oct 5, 2014 to Oct 3, 2015
- Ongoing Benefit Eligibility Determination
 - Initial Measurement Period for New Non Full time Employees
 - Rolling 12 months from date of hire
 - Starts Oct 6, 2015 date of hire forward
 - 2017 Standard Measurement Period to Determine Ongoing Eligibility
 - Oct 18, 2015 to Oct 15, 2016

Forms Revisions

- Encourage Standardized Use of Forms
- New Hire Departmental Checklists
- Human Resources New Employee Checklist
 - ACA Compliance Reporting Form
 - Use effective October, 2015
- ACA Compliance Reporting for Payroll/Insurance
 - Report New Hire Status
 - Report Changes or Leaves in Status or Payroll

Next Steps

- Annual Insurance Group Representative Meeting
 - Nov. 5 @ 9:30 – 11:30 am
 - Includes
 - Determination of Eligibility
 - Ongoing reporting responsibilities
- Annual Insurance Meetings
 - Nov. 18 & 19
 - Locations communicated in SPD & newsletter