



Health Care Reform 2015 Update

Presented to: Employee Health Benefits Committee
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Overview of Presentation

- Review of ACA
- Review of Wood County Plans
- Legislative Updates and Court Decisions
- Employer Shared Responsibility (ESR)
 - Changes to Eligibility Rules for employees
 - Federal reporting
- Other Updates
- Next Steps

Review of Affordable Care Act (ACA)

- Patient Protection and Affordable Care Act (PPACA or ACA)
 - Enacted on March 23, 2010
 - Builds on prior annual presentations
 - Available on the County Website
 - **Applied to Health & Prescription Coverage ONLY**
 - Focus on Employer Mandates
 - Regulations apply to: Individuals, Providers, Carriers, States, Federal Agencies, etc.
 - 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

Review of Wood County Plans

- Board of County Commissioners Serves as the Plan Administrator and Trustee
 - Wood County Employee Health Benefits Plan
 - Wood County Board of Developmental Disability Employee Health Benefits Plan
- Definitions Used in Application of Regulations
 - Employer Sponsored
 - Self-Insured Group Health Plan
 - Preferred Provider Organization (PPO)
 - Non-federal Governmental Plan
 - Non-ERISA
 - Grandfathered Health Plan

Legislative Updates and Court Decisions

- Ohio: Eliminated Dependent Coverage for 26 & 27
 - Effective 3/23/15 policies renewed on or after 1/1/16
- IRS: Released Federal Reporting Forms and New Coverage Type Codes in February 2015 (1094 & 1095)
- US Supreme Court: Upholds Premium Subsidies on Federally Run ACA Insurance Exchanges
 - King v. Burwell on 6/25/15
- Required Updated Summary of Benefits & Coverage
- PCORI Fees paid in 2015 (2014 \$2; 2015 \$2.08)
 - \$2,498 County, \$572 DD, \$230 NWWSD (using snapshot risk factor)
- Transitional Reinsurance Fees paid in 2015 (2014 \$63; 2015 \$44)
 - \$75,600 County, \$18,018 DD, \$6,993 NWWSD (using snapshot risk factor)
- Keep Eye on Cadillac Excise Tax Changes Effective 2018
 - 40% for coverage over \$10,200 individual/\$27,500 family

Individual Mandate Review

- 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:
 - 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 Shared Responsibility: Mandates

- Employer Mandate: Effective 1/1/14
 - Transition Relief in 2015 if “offered” to 70% full time employees
 - Auditor is same employer for tax purposes (NWWSD separate)
- Requires large employers to:
 - 1) Offer (or decline) coverage to full time employees (95% in 2016)
 - Full time employees: **30 hpw/130 hpm** (120 or 150 if using hpm)
 - Measure eligibility using: Monthly or Lookback Method
 - 2) Provide Minimum Essential Coverage (MEC) that is:
 - 1) Affordable, and
 - Lowest cost single plan is 9.5% or less of annual household income
 - Using following safe harbor methods: W-2, Hourly or **Federal Poverty Line**
 - 2) Provides Minimum Value (MV)
 - Less than 60% of cost
 - Grandfathered Plans are considered to offer MV
 - Self-Insured Plan are considered to offer MV

Employer Shared Responsibility: Penalties

- Penalty or IRS Assessments Apply to Employers if:
 - 1) Fail to offer coverage to full time employees/dependents (not spouses)
 - \$2,080 per employee (exempts first 30), and
 - Approx. 808 – 30 x \$2,080 = \$1,618,240
 - 70% Safe Harbor in 2015; 95% Safe Harbor in 2016 forward
 - 4980H(a)
 - 2) Coverage is not affordable or does not provide minimum value
 - \$3,120 per voucher (or 1/12 value per mo.)
 - Oct. to Dec. = \$780
 - 4980H(b)
 - Penalty identified
 - 1) Employer Federal reporting and Tax Returns
 - 2) Employee goes to the Exchange and Receives a Tax Credit/Voucher

Employer Shared Responsibility: Action Items

- To Comply with Requirements Wood County Must:
 - Ensure Plans are Affordable
 - Use the Federal Poverty Guidelines Safe Harbor
 - Consider when calculating insurance rates
 - Expand Eligibility Rules for Health & Prescription Coverage
 - Communicate rules & determination to Employees
 - 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

Employer Shared Responsibility: Affordability

- Determine Affordability of Plans
 - Safe Harbor if employee contribution is 9.5% or less of household income
 - Health & Prescription benefits only
 - Use the Federal Poverty Guidelines (2014 for 2015 coverage)
 - 2015 Plan uses 2014 FPL: $\$11,670 \times 9.5\% / 12 = \92 per mo
 - 2016 Plan uses 2015 FPL: $\$11,770 \times 9.5\% / 12 = \93 per mo
 - Determined annually
 - Based on Lowest Cost Single Plan in 2015
 - Wood County: \$88.14 per mo
 - Board of DD: \$87.46 per mo
- Plan Must Offer Essential Health Benefits

Employer Shared Responsibility: Eligibility

- Change Employee Eligibility Rules
 - Lower Full Time definition from 40 hpw to 30 hpw eff. 2016 Plan Year
 - Create new definitions for employee eligibility
 - Full time, part time, variable hour, seasonal worker, new hire (rehired), hours of service
 - Only apply to insurance
- Develop System to Determine Eligibility (30 hpw or more)
 - 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

Employer Shared Responsibility: Eligibility Definitions

- Full Time: 30 or more Hours of Service per Week
- Part Time: Reasonably expected not to be Full Time (Variable Hour or Seasonal)
- 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 employee, 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

Employer Shared Responsibility: Offer of Coverage

- Initial Offer
 - Full time employees scheduled to work 30 hours per week
 - Must be enrolled within 90 days
 - 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
- 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

Benefit Eligibility: Wood County vs. ACA

- Layer ACA Regulations Over County Policy to Ensure Compliance
- Wood County Eligibility
 - Maintain 40 hours for benefit eligibility
 - Initial Enrollment for full time on first day of next month following 30 days as full time
 - Health, Prescription, Vision, Dental & Life coverage
- ACA Benefit Eligibility
 - Reduces from 40 to 30 hours for benefit eligibility
 - Only applies to Health & Prescription coverage

Employer Shared Responsibility: Eligibility Measurement Periods

- Measurement Options Available to Determine Full Time Status
 - Monthly or Look-back
- Wood County is Using: Look-back Method
- Look-back Method Types
 - 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
- 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

Look-Back Measurement Method: Standard (Ongoing)

Measurement Period

Look-back period of 3 to 12 consecutive calendar months to check if ongoing or newly hired variable hour or seasonal employees are full time.

Service Hours include all hours actually worked in addition to any vacation, sick leave, holidays, etc.

Administrative Period

Maximum of a 90 day period between the Measurement and Stability periods to perform administration and communicate with employees

Stability Period

At least 6 consecutive calendar months that follows and not shorter in duration than the Measurement period. May not exceed Measurement period if employee does not qualify during the Measurement Period.



2015

Oct 5 (Year 2) to Dec 31 (Year 2)

Review service hours to determine eligibility, notify & enroll employees
Open Enrollment -
Nov. 15 to Dec 15

2014 - 2015

Oct 5 (Year 1) to Oct 3 (Year 2)

Using 26 Payroll Periods
Avg of 30 service hr/wk for 52 wk
or 130 hr/mo for 12 m or
1560 hr per year

2016

Jan 1 (Year 3) to Dec 31 (Year 3)

Coverage eligible even if reduced in hours
Provided employee payment received (employee notification & 30 day grace)

Look-Back Measurement Method: Initial (New Hire)

Measurement Period

Look-back period of 3 to 12 consecutive calendar months.

Administrative Period

Maximum of 90 days to measure and communicate with employees.

Stability Period

May not be more than one month longer than the Initial Measurement Period and must not exceed the remainder of the Standard Measurement Period (plus any administrative period) in which the initial MP ends.

Measurement & Administrative Periods may not restrict enrollment beyond 13 months and a fraction of a month.



2016

June 11 (Year 2) to July 11 (Year 2)
Review hours to determine eligibility,
notify & enroll employees

2015 - 2016

June 11 (Year 1) to June 10 (Year 2)
Avg of 30 service hr/wk for 52 wk
or 130 hr/mo for 12 m or
1560 hr per year

2016-2017

Aug 1 (Year 2) to July 31 (Year 3)
Coverage eligible
1st of mo following
Administrative Period

Look-Back Measurement Method: Transition from Initial (New Hire) to Standard (Ongoing)



Initial Measurement Period
June 11, 2015 to June 10, 2016
Avg of 30 service hr/wk for 52 wk
or 130 hr/mo for 12 m or
1560 hr per year

Initial Administrative Period
June 11, 2016 to July 11, 2016
Review hours to determine eligibility,
notify & enroll employees

Initial Stability Period
Aug 1, 2016 to July 31, 2017
Coverage eligible
1st of mo following
Administrative Period



Standard Measurement Period
Oct 18, 2015 to Oct 15, 2016
Avg of 30 service hr/wk for 52 wk
or 130 hr/mo for 12 m or
1560 hr per year

Standard Administrative Period
Oct 16, 2016 to Dec 31, 2016
Review hours to determine eligibility,
notify & enroll employees

Standard Stability Period
Jan 1, 2017 to Dec 31, 2017
Coverage eligible
1st of mo following
Administrative Period

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

Employer Shared Responsibility: Measurement Periods 2016 Calendar Year & Beyond

Look-back Measurement Periods for 2016 Coverage

2015 Initial Measurement Period

New Hires working variable hours
hired BY 10-5-14

2015 Standard Measurement Period

All Employees working
10-5-14 to 10-3-15

Future Years

2016 Initial Measurement Period

New Hires working variable hours
hired AFTER 10-5-14
12 months from date of hire

2016 Standard Measurement Period

All Employees working
10-18-15 to 10-15-16
for 2017 Coverage

New Requirements for Plan

- Plan must comply with ACA on behalf of the County
 - Commissioners' Office to develop process
- All Appointing Authorities currently offering coverage to their staff via joinder agreement must comply with new reporting requirements
- Requires Notification of all Employment Status
- Use of new ACA Compliance Reporting forms
 - New Hires
 - Changes in employment status
 - Part time to full time, full time to part time,
 - Any unpaid leave of absence: Military Leave, FMLA
 - Use of temporary agencies
- Failure to comply may result in:
 - Federal penalties to Plan/Appointing Authority
 - Termination of Benefits for Appointing Authorities & their staff

New Annual Employee Eligibility Certification Process

- If Full time Enroll in Coverage Using Current System
- Determine 2016 Employee Eligibility
 - Initial and Standard Measurement Periods are Combined
 - Oct 5, 2014 to Oct 3, 2015
 - Eligible for 2016 Coverage if worked 30 or more hours per week or 1560 per year
- Initial Measurement Period
 - Rolling 12 months from date of hire
 - Starts 10-6-15 date of hire forward
- Commissioners' Office will determine eligibility
 - Group Representatives will confirm data
- BCC to Communicate Eligibility to All Employees
 - Current Enrollees with their Annual Individual Enrollment Summary form

Ongoing Eligibility Reporting

- Insurance Group Representatives Reporting Responsibilities
 - Complete New Employee or Status Change on ACA Compliance Reporting form
 - Required within 3 days of hire or status change
 - Provide Documentation from Appointing Authority to New Hire
 - Identify type of hire & hours of work
 - Notification of leave of absences; Unpaid FMLA
 - Communicate with Payroll Officers
- Payroll Officers Responsibilities
 - Standardize Payroll Reporting
 - Regular Hours should include vacation/SL values
 - Salaried Employees will receive 40 hours of service per week
- Creating software to upload payroll data by pay period

Ongoing Eligibility Reporting: Determining Eligibility

- Consideration if 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 long than the immediately preceding employment
- Combine Hours for Work in Separate Departments

Ongoing Eligibility Reporting: 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

Ongoing Eligibility Reporting: Special Unpaid Leave

- Unpaid Leave Under:
 - FMLA, USERRA, or jury duty
- Credited Time if:
 - Continuing employee resumes service following leave, and
 - Not terminated and rehired
- Report Employment Status Changes
 - BCC will determine eligibility

Federal Reporting

- Requires Employers or Plan Sponsors of a Self-funded Group Health Plan to Report Coverage, Eligibility and Enrollment information
 - Responsible Individuals; 1095 Individual
 - IRS; 1094 Summary
- Reporting Requirement: Annually effective 2016
 - Prior year data, e.g. 2015 enrollment reported in 2016
- Information Used to Determine
 - Individuals/spouses have properly claimed exchange subsidies
 - Employer Shared Responsibility (ESR) assessments, aka penalties

Federal Reporting

- Wood County Government is the Controlled Group Health Plan
 - NWWSD & Airport Authority are Participating Employers
 - Board of DD is a Sub-health Plan
- Commissioners' and Auditor's Staff are Working Together to Create the Report
- Governmental Employers
 - May report MEC for other government entities in one self-insured group health plan if there is an agreement
 - Each employer remains responsible for any Shared Responsibility assessments owed
 - NWWSD will report independently with data provided by the Plan
 - Board of DD will report as separate sub-health plan

Federal Reporting

- 1094 IRS Summary: by March 31
 - Taxpayer identification numbers (TINs) or SS# for all covered individuals (responsible individuals and all bellybuttons)
 - Birthdates may only be substituted for SS# if “reasonable efforts” made to obtain SS# failed by initial request & two annual attempts by the following Dec. 31
 - Employer identification number (EIN), name, and address of the plan sponsor
 - Coverage dates by month for each covered individual
 - Enrolled for at least one day of the month
 - Complies with section 6056/6055 using IRS form 1094-C
 - Required electronically if over 250 employees
 - By Feb 28 if paper filing

Federal Reporting

- 1095 Responsible Individuals: by Jan. 31
 - Provide to:
 - Employee, former employee, retiree, or surviving or divorced spouse who is the primary plan participant who had coverage for at least one day in a month
 - TBD: dependents aging out who elect COBRA
 - Report to full time status individuals; regardless of enrollment
 - Name, address and EIN of employer sponsoring the plan; telephone # of reporting entity's contact person; policy number; coverage information (MEC) as reported to IRS
 - Codes required for Type of Eligibility
 - Communicated to employers in Feb 2015 release
 - May be distributed separately with W-2
 - Complies with section 6056 using IRS form 1095-C

Software Changes

- Creating software to upload payroll data
- Federal Government is Creating a Process to Verify
 - Offer of Coverage
 - Enrollment

Group Representative Responsibilities

- Insurance Group Reps Must:
 - Complete Employment Status & Change on ACA Compliance Reporting form for all employment actions
 - Use Updated and New Forms to Communicate Eligibility Rules to Employees
 - Report All Employment Status on Monthly Insurance Reports
 - New Hires, Type of Appointment, Change in Status, FMLA, Unpaid Leave of Absences, Military Leave, etc.
- BCC to verify ACA benefit eligibility for each employee during annual process and monthly for those in Initial Measurement Periods
 - Communicate to employee through insurance group representatives
- Commissioners to Offer Centralized New Employee Orientations during 2016
 - 1st & 3rd Wednesday of each month

Next Steps

- Require Change of Eligibility Rules
- Require Documentation of Appointment Type (including all employment changes)
- Require Communication for Types of Leave
- Creation of Two Employee Eligibility Tracking Systems
 - Initial Measurement Period (newly hired non full time first year of employment)
 - Standard Measurement Periods (all employees annually)
- Creation of New Forms to Communicate Eligibility
- Meeting for Newly Eligible Employees
 - Friday, November 15 at 9:30 a.m. in Commissioners' Office
- Centralize New Hire Orientations for 2016
 - 1st & 3rd Wednesdays at 9:00 a.m. in Commissioners' Office

Next Steps

- HR Group Meeting (Insurance Reps Invited):
 - Oct. 22 @ 10 am
- Annual Insurance Group Representative Meeting
 - Nov. 5 @ 9:30 – 11:30 am
- Annual Insurance Meetings
 - Nov. 18 & 19
 - Locations communicated in SPD