

# Health Care Reform

2013 Update for Plan Year 2014  
Presentation to Employee Benefits Committee  
July 18, 2013

Presented by:  
Pamela Boyer, HR & Benefits Manager

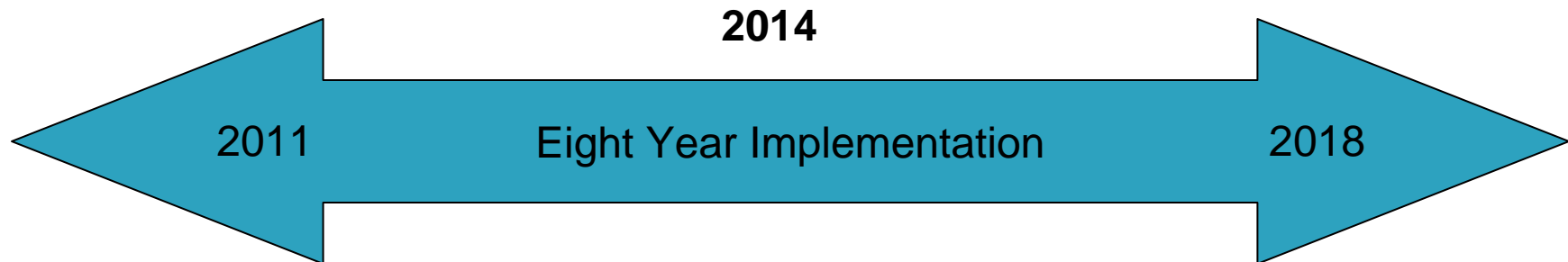
# What We Know ...

- ▶ Patient Protection and Affordable Care Act (PPACA) enacted on March 23, 2010
- ▶ Includes many other bodies of law
- ▶ Designed to provide insurance coverage for the uninsured
  - Medical and Prescription Drug Only
- ▶ Regulations are still being written
  - Regulations used as resources for presentation
- ▶ Not all provisions apply to the Wood County Employees Health Benefits Plan

# Been There ... Done That!

EHBC Presentations	Plan Year	Information Provided
August 19, 2010	2011	Grandfathered Status Dependent Eligibility Rules– Offer to enroll Pre-Existing Conditions under age 19 No Lifetime Dollar Limits
July 21, 2011	2012	Proposed State Legislation: SB5 & HB 153 Essential Health Benefits
October 18, 2012	2013	Reporting Plan Costs on W-2 Summary of Benefits & Coverage (SBC) Exchange Notifications Research Trust Fund Fee Shared Responsibility for Employers Auto Enrollment 90-Day Waiting Period

# What Next?



## ▶ Effective in 2014

- Remove: Annual Limits, PreEx Conditions, Dependent Eligibility
- PCORI & Transitional Reinsurance Fees
- Updated Summary of Benefits & Coverage (SBC)
- Individual Mandate
- Exchange Notification – Health Insurance Marketplace
- HIPAA Privacy Practices & COBRA Notices
- Wellness Options
- Health Plan Identifier – postponed
- Employer Shared Responsibility – postponed

# What Is Our Plan?

- ▶ Wood County Employees Health Benefits Plan
  - Employer Sponsored
  - Self-Insured
    - Board of County Commissioners serves as Trustees of Health Care Trust Fund
  - Non-federal Governmental (local government agency)
  - Non-ERISA (Employee Retirement Income Security Act)
  - Grandfathered – Plan existed prior to 3/23/10 with limited changes
  - Large Employer under ACA

# Wood County Employees Health Benefits Plan (health & prescription only)

- ▶ Plan Design & Financial Participation Features
  - Rich Schedule of Benefits and Wellness
  - Deductible:
    - \$150 Single, \$450 max Family
  - Co-Insurance:
    - 80/20% \$250 max Single, \$750 max Family
  - Co-Payment:
    - \$10 Professional, \$35 ER
- ▶ Plan Costs for Self-Funded Plan
  - Single Monthly Rate
    - \$469.94 Total, \$63.44 Employee
  - Family Monthly Rate
    - \$1,127.86 Total, \$149.26 Employee

# Grandfathered Health Plan

- ▶ Plan existed on March 23, 2010, continuously forward without changes in:
  - Health or Prescription Benefits
  - Cost-sharing requirements (coinsurance)
  - Deductible (permits minor increase)
  - Employer Funding
    - Permits 5% reduction
    - Medical inflation is permitted
  - Remained Self-insured
- ▶ **Wood County continues Grandfathered Status**
  - Important to review SPD for covered benefits

# Non-Grandfathered Health Plan

- ▶ Required to offer the following:
  - Patient Protections:
    - Choice of primary physician
    - No Prior Authorization for OB/GYN or ER services
    - Reimburse ER as In-Network
  - Non-Discrimination rules for highly compensated
  - Internal & External Claim Review Procedures
  - Out-of-Pocket (OOP) Maximums
  - Essential Health Benefits (10 categories – we cover)
    - First Dollar Coverage on Preventative (may limit to In-Network) – different
      - Preventative Care & Screenings (Polyp Removal/HIV/BRCA)
      - Contraceptive Methods (may limit to generics)
      - Lactation Counseling & Equipment Costs
      - Immunizations
  
- ▶ Wood County is Grandfathered – not applicable



# Benefits of Grandfathered Status

- ▶ Philosophy: Low Financial Participation Feature with a Rich Schedule of Benefits
  - Offer Wellness to our Engaged Members
  - Require members have “Skin in the Game”
  - Eliminates “Barriers to Care”
  - Encourages prompt treatment following diagnosis
  - Single Deductible (\$150) + Co-insurance (\$250) = \$400
- ▶ Department of Insurance – 6/6/13
  - Non-Grandfathered Plans projected increase from 2013 to 2014: 88%
  - Monthly Rates for Self-Funded Plan
    - Single Rate: \$469.94 Total, \$63.44 Employee
    - Family Rate: \$1,127.86 Total, \$149.26 Employee
- ▶ Employer funds insurance and salaries

# Ongoing Regulations that Apply to Grandfathered Plans eff. 1-1-14

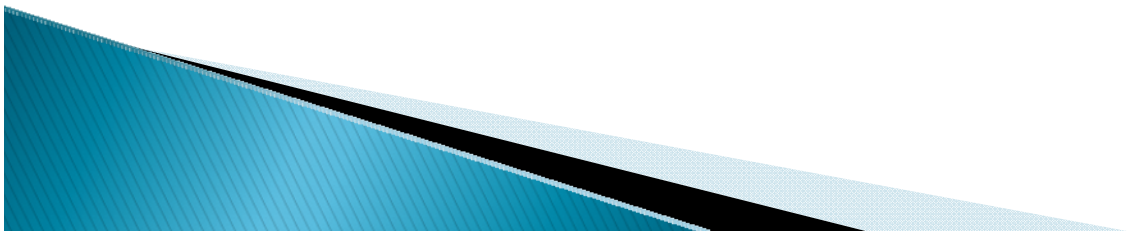
- ▶ Remove Maximum Annual Benefit on Essential services
  - Currently 2 million per person on health & prescription
- ▶ Remove Pre-existing Condition Clause for all members
- ▶ Change Dependent Eligibility:
  - Remove under Federal Law (up to 26 birthdate) for health & prescription coverage
    - If “eligible” for other employer sponsored group health plan

# Additional Costs to the Plan

- ▶ Patient–Center Outcomes Research Institute (PCORI) Fee
  - 2012 through October 1, 2019
  - 2012: \$1 per enrollee, 2013: \$2, 2014: formula
- ▶ Calculation Methods
  - Actual Count, Snapshot Method, Form 5500
- ▶ Wood County Employee Health Benefits Payment in 2013 = \$1,321
  - Snapshot Factor Method
  - Wood Lane is additional

# Additional Costs to the Plan

- ▶ **Transitional Reinsurance Fee**
  - Provides funding for underinsured
  - 2014 through 2016
  - \$63 annually per member or \$5.25 pmpm
  - Approx. annual rate = \$108,700
- ▶ **Additional fees to insurance carriers**
  - Not self-insured employers
- ▶ **Software Expenses**
  - Data Collection for federal reporting



# Updated Summary of Benefits & Coverage (SBC)

- ▶ Requires Employers Include Two Additional Statements
  - Minimum Value
  - Minimum Essential Coverage
- ▶ Distribution Requirements
  - New hires
  - Special Enrollment
  - Summary of Material Reduction
- ▶ Post on Web for 2014 for all ongoing employees (not dependents)

# Individual Mandate

- ▶ Federal Mandate Requires All Citizens Secure Health Care Coverage or Minimum Essential Coverage under the following plans:
  - Government sponsored program (Medicare/Medicaid/CHIP/TRICARE)
  - Eligible employer-sponsored plan (including COBRA)
  - State individual market (Marketplace)
  - Grandfathered Plan
  - HHS recognized plans
- ▶ Vouchers Available for Low Income Individuals
  - Exemptions – family coverage costs over 8% annual household income
  - Short Gap Coverage (3 months) – 1 time @ beginning of year
- ▶ Individual Shared Responsibility Penalty
  - Nonexempt individuals & family members for each month without coverage
  - Formula – greater of:
    - Flat Dollar Amount, or
      - (\$95–2014, \$325 – 2015, \$695 for 2016 per person – max 3; ½ under 18)
    - Percentage of Income
      - (% of income 1% – '14, 2% – '15, 2.5% – '16, COLA beyond)
  - Federal tax return

# Exchange Notification

- ▶ Designed to inform citizens of available health insurance options
  - Ohio using Federal Exchange (16 state exchanges – 24 refused to expand Medicaid)
- ▶ Initial March 2013 deadline was postponed
- ▶ Now called: Marketplace
- ▶ Employers provide to:
  - All employees – full and part-time
  - New hires after 10/1/13 within 14 days
    - Similar to COBRA notice but employee only
  - In person, first class mail or electronically
- ▶ Notice not finalized

# Exchange Notification

- ▶ Technical Release No. 2013-2: Safe Harbor
- ▶ Part A: General Information
  - Existence of Health Insurance Marketplace – open enrollment 10/1/13
  - Exchange enrollment may result in loss of employer contribution
  - How to get more information
- ▶ Part B: Employer Information
  - Employer Name, Address, Phone, Contact Info.
  - Who is offered coverage – employees & dependents
  - Minimum Value Standard and Affordability
- ▶ Update COBRA Notices
  - Include statement about Marketplace

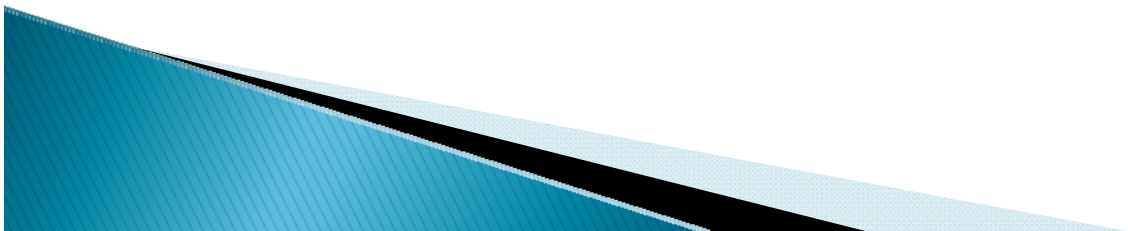


# HIPAA Privacy Practices

- ▶ Effective Jan. 25, 2013 HHS issued final rules updating:
  - Health Insurance Portability & Accountability Act (HIPAA)
  - Health Information Technology for Economic and Clinical Health Act (HITECH)
- ▶ Requires the following updates:
  - HIPAA Business Associate Agreements
    - Subcontractors held accountable
  - HITECH Breach of Notification
    - Electronic records
  - Revised Policy & Procedures
    - Electronic Information Safeguards
    - Protect for 50 years after death
    - Prohibits use of genetic information (GINA)
    - Receipt of printed version in 2014 (every 3 years)
- ▶ Post by Sept, 23, 2013 on website and distribute printed during Open Election

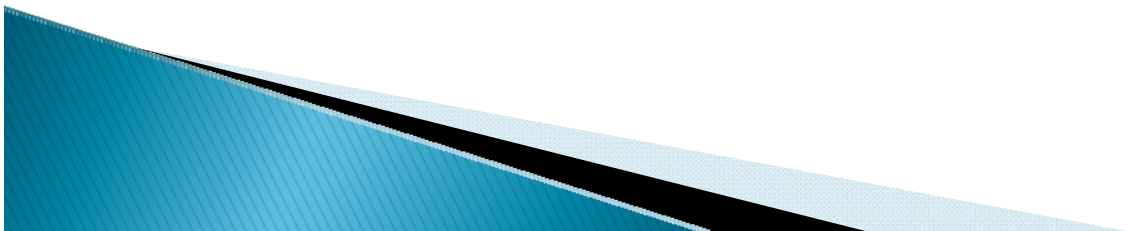
# Wellness Options

- ▶ **ACA Permits Increased Premiums**
  - 30% higher due to failure to meet outcomes
  - 50% higher for tobacco users
- ▶ **Participate in Your Health & Wellbeing**
  - Avoid increased premiums, deductibles & coinsurance
- ▶ **Continue to be Engaged Consumers**
  - Check Plan Design prior to treatment
  - Use of Network Providers
  - Early Treatment



# 90-Day Enrollment

- ▶ Must Enroll (become effective) within first 90 days of hire
- ▶ Safe Harbor for Variable hour employees
- ▶ Auto Enrollment – postponed
  - Lowest Cost Single Plan
  - Employee Waiver or Opt Out Option available



# Health Plan Identifier

- ▶ Requires Self-insured Employers Report Information to Federal Agency Annually starting 1/1/14
  - Delayed to 2015 (as of 7/2/13) – “transition relief”
    - Notice 2013-45 on July 9, 2013
- ▶ Internal Revenue Code 6055 & 6056
  - Enrollee Information
    - Name, Address and Taxpayer Id of Primary Insured and other individuals covered
  - Dates of Coverage
  - Employer Information
    - Name, Address, Employer Id
  - Portion of the Employer Premium
  - Statement to Each Individual on Coverage
  - Terms and Conditions of Coverage
  - All Full-Time Employees & Dates of Coverage

# Employer Shared Responsibility

- ▶ Originally Effective January 1, 2014
  - Transition Relief through 2015
- ▶ Notice 2013-45 on July 9, 2013
  - Encourages employers to comply with reporting requirements when rules published
    - Expected this summer
  - Encourages employers to maintain or expand offer of affordable benefits to full-time
  - Does not alter any other PPACA provisions
- ▶ Develop reporting requirements in order to assess the fees

# Employer Shared Responsibility

- ▶ Mandates Large Employers Provide:
  - 1) Coverage offered to employees & dependents employed 30 “service hours” or more per week
  - 2) Minimum Essential Coverage (MEC)
  - 3) Affordable
  - 4) Minimum Value (MV)
- ▶ Penalty applies if tax credit received by employee, if
  - 1) Fails to “offer” coverage to full time employees/dependents: Charged \$2,000 per member in Plan (exempts first 30),  
or
  - 2) Offers coverage that is unaffordable or does not provide minimum value: Charged \$3,000 per voucher (or 1 / 12 value per month)

# Employer Shared Responsibility:

## 1) Coverage Offering

- ▶ Offer to Full-time Employees and their Dependents (spouses not required)
  - Full-time is an annual average of 30 “service-hours” per week (or 130 hrs/mo for 12 months – 1,560 hrs/yr)
  - Service Hours – Counts any paid time or entitled to payment, e.g. SL, V, holiday, lay-off, jury duty or FMLA
- ▶ Immediate Offer:
  - If employee is reasonably expected to work full-time hours
  - Change to full-time status
- ▶ Delayed Offer:
  - If employee cannot be reasonably expected to be employed on average at least 30 hours of service per week or for limited period of time
    - Variable Hour/Seasonal Employee Safe Harbor

# Employer Shared Responsibility:

## 1) Coverage Offering

- ▶ Measurement, Administrative, Stability Period
  - Timeframes used may differ but must be consistent based on:
    - Bargaining/non-bargaining, salaried/hourly, entities, states
  - 5% margin of error permitted for employer
- ▶ Standard and Initial Measurement Periods
  - Standard: Ongoing employees employed for one complete standard measurement period
  - Initial: New hire Variable Hour or Seasonal employees
  - Tracking in more than one Measurement Period at the same time is required
    - (Initial/Standard or Standard/Standard)



# Employer Shared Responsibility:

## 1) Coverage Offering – 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.

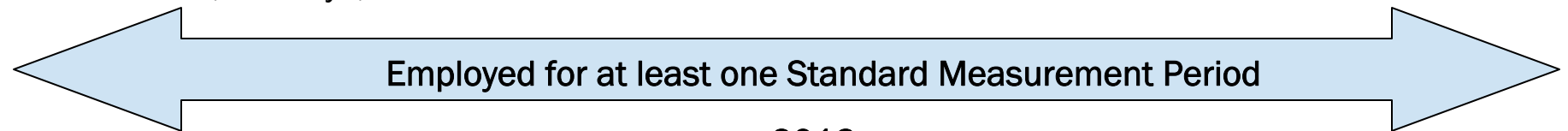
Service Hours include all hours actually worked in addition to any vacation, sick leave, holidays, etc.

### 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.



2013

Oct 20 (Year 2) to Dec 31 (Year 2)

Review service hours to determine eligibility & notify employees

Open Enrollment -  
Nov. 15 to Dec 15

2012 - 2013

Oct 21 (Year 1) to Oct 19 (Year 2)

Using 26 Payroll Periods

Avg of 30 service hr/wk for 52 wk  
or 130 hr/mo for 12 m

2014

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

Coverage eligible even if reduced to part-time

Provided employee payment received (employee notification & 30 day grace)

# Employer Shared Responsibility:

## 1) Coverage Offering – 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.



2014

May 9 (Year 2) to June 8 (Year 2)  
Review hours to determine eligibility & notify employees

2013 - 2014

May 10 (Year 1) to May 8 (Year 2)  
Avg of 30 service hr/wk for 52 wk  
or 130 hr/mo for 12 m

2014 - 2015

July 1 (Year 3) to June 30 (Year 3)  
Coverage eligible  
1<sup>st</sup> of mo following  
Administrative Period

# Employer Shared Responsibility:

## 1) Coverage Offering

- ▶ **Common Owner:** used standard for taxes
  - County Auditor is fiscal agent for all
- ▶ **Permanent Full-time for Wood County**
  - Must complete 30 day waiting period
  - Coverage effective on the first day of the next month
- ▶ **Short-Term Employees**
  - No requirement to offer benefits if hired three months or less even with 30+ hours
- ▶ **Temporary Staffing Agencies**
  - Who provides W-2?
  - Anti-abuse rule prohibits employer's use of temp agency to place same employee at Wood County
    - All hours would count in Measurement Period

# Employer Shared Responsibility:

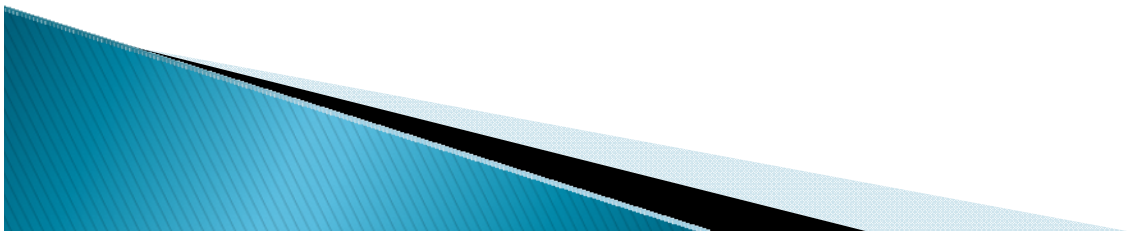
## 1) Coverage Offering

- ▶ Rehired Employee if:
  - Rehired within the same Stability Period
  - Coverage must be offered as of the first day of service
  - First day of next month for Wood County
- ▶ Not Rehired Employee if:
  - At least 26 weeks without an hour of service, or
  - If less than 26 weeks with no credited hours
    - At least four weeks long, and
    - Longer than the employee's period of employment immediately preceding that period

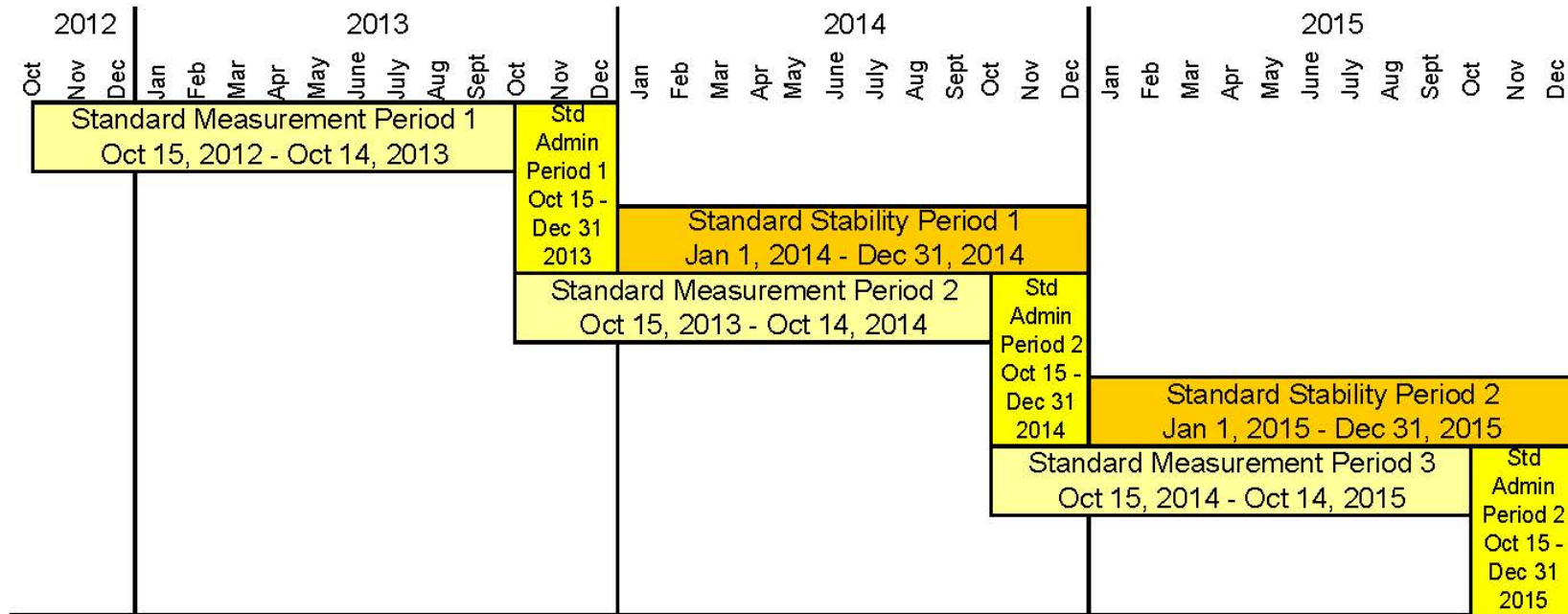
# Employer Shared Responsibility:

## 1) Coverage Offering

- ▶ **Special Unpaid Leave when Measuring: FMLA, USERRA and jury duty**
  - The employer may elect either averaging method when calculating the Measurement Period (MP)
    - Option 1: Avg service hours per week during MP, excluding the special unpaid leave period, and use that avg as the avg for the entire MP; or
    - Option 2: Credits hours of special unpaid leave at a rate equal to the average weekly rate that are not special unpaid leave



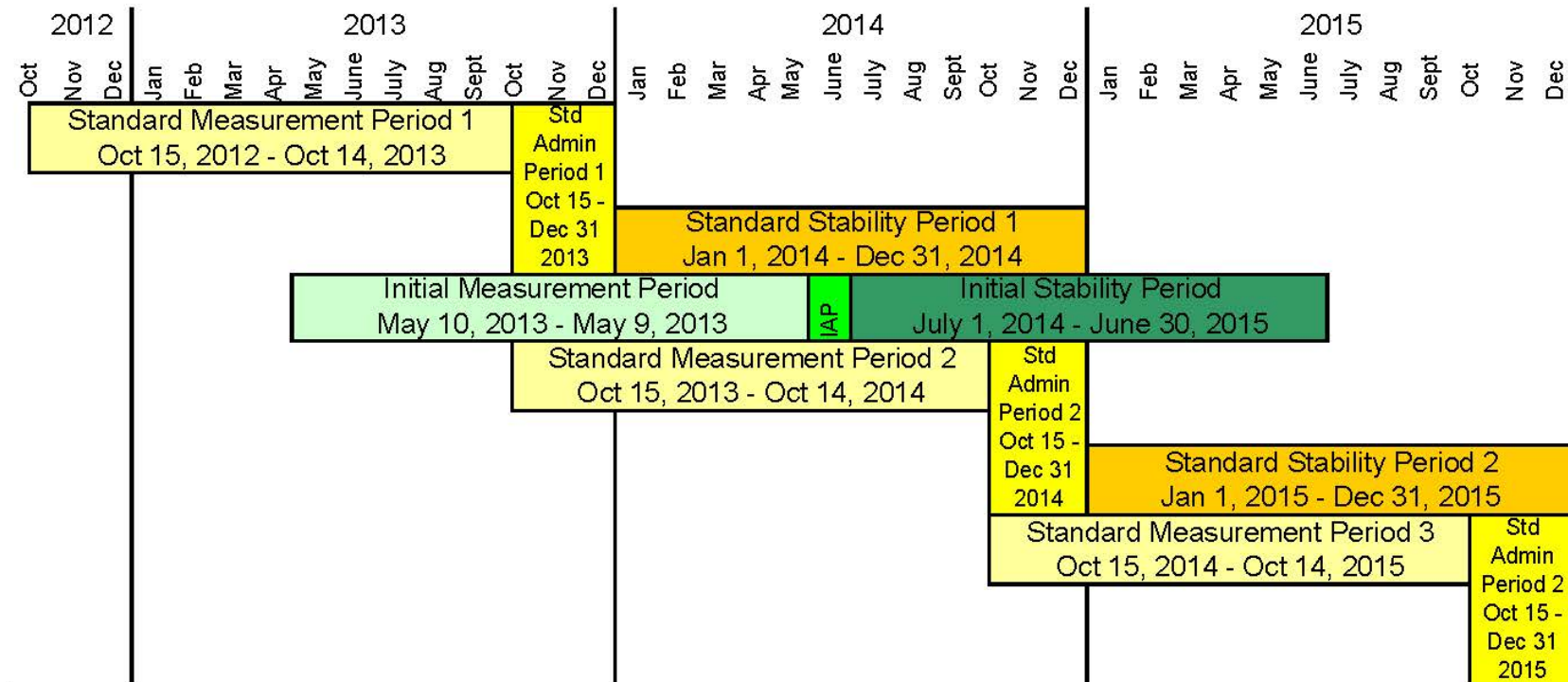
# Standard (Ongoing)



- 1) If eligible (avg svc 30 hrs) in Measurement Period 1 = Coverage during Stability Period, even if less than 30 svc hours in Stability Period 1.
- 2) If not eligible in Standard Measurement Period 2 = Coverage terminates the end of Standard Stability Period 1.
- 3) If change to PT = Coverage terminates at the end of the Stability Period.
- 4) If change to FT at any time = Coverage begins per Plan rules.



# Initial (New Hire Variable Hour)



Variable Hour New Hire = Coverage is not offered during SMP1.

Coverage is measured during Initial Measurement Period AND in first complete SMP.

- 1) If not eligible in IMP = No Coverage in ISP. If eligible in SMP2 = Coverage 1/1/15.
- 2) If eligible in IMP = Coverage begins in ISP without loss of eligibility in ISP even if hours drop to below 30. If not eligible in SMP2 = Coverage terms 6/30/15.

# Coverage Offering Questions

- ▶ Is the employee Permanent full-time?
  - Yes: Immediate Offer per current eligibility rules (30 days then first of next mo.)
- ▶ Is the employee re-employed at Wood County government within the same Stability Period?
  - No Service Credit within 26 weeks or more?
  - No Service Credit at least 4 weeks and period of break longer than period of service?
    - Yes: New Hire, No: Coverage first day of next mo. (no 30 days)
- ▶ Is there a defined ending date of 3 months or less for the full-time employee?
  - Yes: No coverage offered

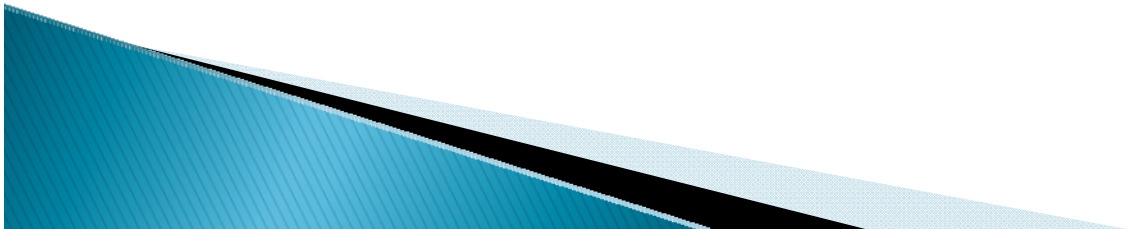


# Coverage Offering Questions

- ▶ Is the employee regularly scheduled to work less than 30 hours per week?
  - Yes: Delayed Offer – Initial Measurement Period & full SMP
- ▶ Has the employee worked for employer via a temp agency?
  - Yes: Count temp hours during Measurement Periods
- ▶ Employee changes part-time to full-time status?
  - Yes: Immediate Offer per current eligibility rules
- ▶ Employee changes full-time to part-time status during Standard Measurement Period?
  - Yes: Change eligibility at the beginning of the next Standard Stability Period if avg less than 30 hrs

# Departmental Reporting

- ▶ Understanding of new eligibility requirements
- ▶ Requires additional tracking of hours
  - Work with Payroll Officers & Schedulers
- ▶ Report additional information on Monthly Enrollment Reports
- ▶ Provide Estimated No. for Newly Eligible Employees in August 2014 for rate calculations



# Employer Shared Responsibility:

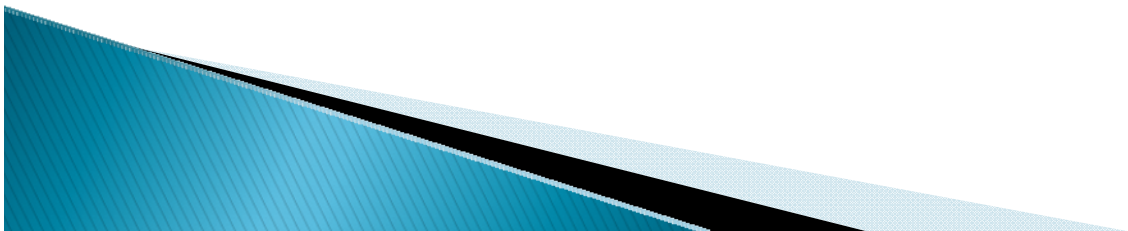
## 2) Minimum Essential Coverage

- ▶ Wood County Employee Health Benefits Plan is a Grandfathered health plan
  - Provides Minimum Essential Coverage 26USC 500A(f)(D)
- ▶ Not Essential Health Benefits
  - Requires Non-Grandfathered Health Plans to provide 10 general categories:
    - Ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health and substance use disorder services, including behavioral health treatment; prescription drugs; rehabilitative and habilitative services and devices; laboratory services; preventative and wellness services and chronic disease management; and pediatric services including oral and vision care.

# Employer Shared Responsibility:

## 3) Affordable

- ▶ Unaffordable if the employee's share of premium (lowest single) is more than 9.5% of household income
- ▶ Three Safe Harbors
  - Form W-2
    - Employee's Form W-2 wages as reported in Box 1: Wages minus:
      - Section 125 (POP) Insurance Premiums, Employees' OPERS contributions (10%), Deferred Comp contributions (varies), and Other Pre-taxed deductions, e.g. AFLAC
  - Rate of Pay
    - Hourly rate of pay as of the beginning of the Plan year (Jan. 1) times 130 hrs/mo for 12 mo
      - Prospective Review and does not include extra hours for Variable Hour staff such as call in or OT hrs
  - Federal Poverty Line
    - FPL for a single individual



# 2013 Affordability Examples:

## **Prospective Example - Rate of Pay:**

Wage (as of 1/1)	\$ 8.78
Variable Hour (130 hr/mo/12)	<u>x 1,560</u>
Excludes OT	\$13,697

Minus OPERS	(\$ 1,368)
2013 Family Ins Ded	(\$ 1,827)
Deferred Comp ??	<u>(\$ 260)</u>
<b>Annual W-2 Wages</b>	<b>\$ 10,242</b>

**Lowest 2013 Single Ins Rate \$ 761**

$$\$761 / \$10,242 = 7.4\%$$

**Affordable Safe Harbor: 7.4%**

## **Retrospective Example - Form W-2:**

Wage (state min.)	\$ 7.85
Actual Hours (30hr/wk*52wk)	<u>x 1,560</u>
Includes OT	\$12,246

Minus OPERS	(\$ 1,225)
2013 Family Ins Ded	(\$ 1,827)
Deferred Comp ??	<u>(\$ 260)</u>
<b>Annual W-2 Wages</b>	<b>\$ 8,934</b>

**Lowest 2013 Single Ins Rate \$ 761**

$$\$761 / \$8,934 = 8.5\%$$

**Affordable Safe Harbor: 8.5%**

Wood County Employees Health Benefits Plan provides affordable coverage under either safe harbor

# Employer Shared Responsibility:

## 4) Minimum Value

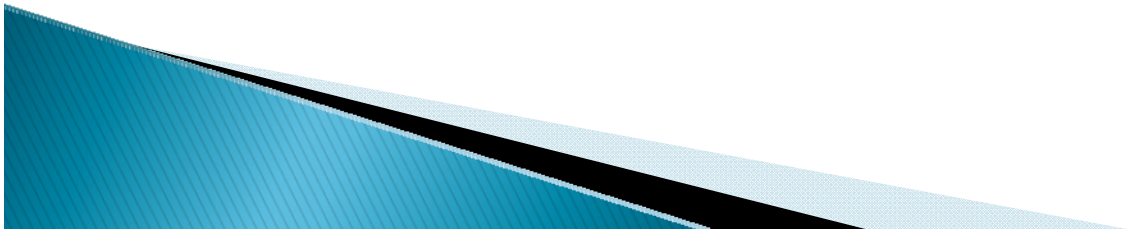
- ▶ Plan's share of payment for the total allowed costs of benefits is 60% or greater of such costs
  - Minimum Value Calculator,
  - Design-based Safe Harbor Checklists, or
  - Actuarial Value Calculator
- ▶ Actuarial Value also used for non-grandfathered plans which assigns metal levels
  - Platinum 90%, Gold 80%, Silver 70%, & Bronze 60%

# Eligibility & Payments

- ▶ Election Locked for Plan Year (calendar year), unless
  - Qualifying Event, or
  - Open Election
- ▶ If unable to have Employee Contributions collected via Payroll Deduction twice per month
  - Requires employee
    - Notify intent to continue coverage no later than 5 working days before the month of coverage
    - Pay monthly premium by the last day of the month prior to the month of coverage, e.g. Aug coverage due by July 31
  - 30 day grace period for FMLA, COBRA, USERRA
    - Not for LOA without pay
  - FMLA requires a 15-day termination notice for failure to pay monthly premium if not received by due date

# Next Steps

- ▶ Communicate Eligibility to:
  - Appointing Authorities participating via Joinder Agreements
  - Elected Officials and Department Heads
  - Insurance Group Representatives
  - Payroll Officers/HR
- ▶ Develop Measurement Processes
  - Standard (Ongoing)
  - Initial (New Hire – Variable Hour)
- ▶ Update written procedures and forms for compliance





# Questions????

- ▶ Stay Tuned Disclaimer:
  - Power Point accurate through date of presentation
- ▶ Additional Meetings
  - July 19 @ 9:30 a.m. – Department Heads
  - July 25 @ 10 a.m. – HR & Insurance Representatives
  - Aug 21 @ 9:30 a.m. – Ins Reps & Payroll Officers
- ▶ Commissioners' Office Staff:
  - Cheryl Albrecht, Janese Diem, Steve Puffer and Pamela Boyer