The Affordable Care Act: What You Need to Know for 2015 And Beyond

Presented by:
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Agenda

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- Health Plan Identifiers
- Transitional Reinsurance Fees
- 2015 Out-of-Pocket Limit Requirements
- Contraceptive Mandate
- Benefits for Same-Sex Spouses
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- Employer Reporting Requirements
- Exchange Notification for Terminated Employees
- Health Plan Certification
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Today's Presenters

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POMCO Quick Facts

- Established in 1978
- Top 5% of professional administrators nationally
- Managing nearly $2 billion in premium equivalents
- Over 550,000+ members nationally
- Claims administrator and medical management provider for The New York State Co-Op, Health Republic Insurance, of New York
- Maintaining an internal compliance department providing guidance on the ACA and other mandates
- Health Care Educator Blog: POMCOGroup.com/blog

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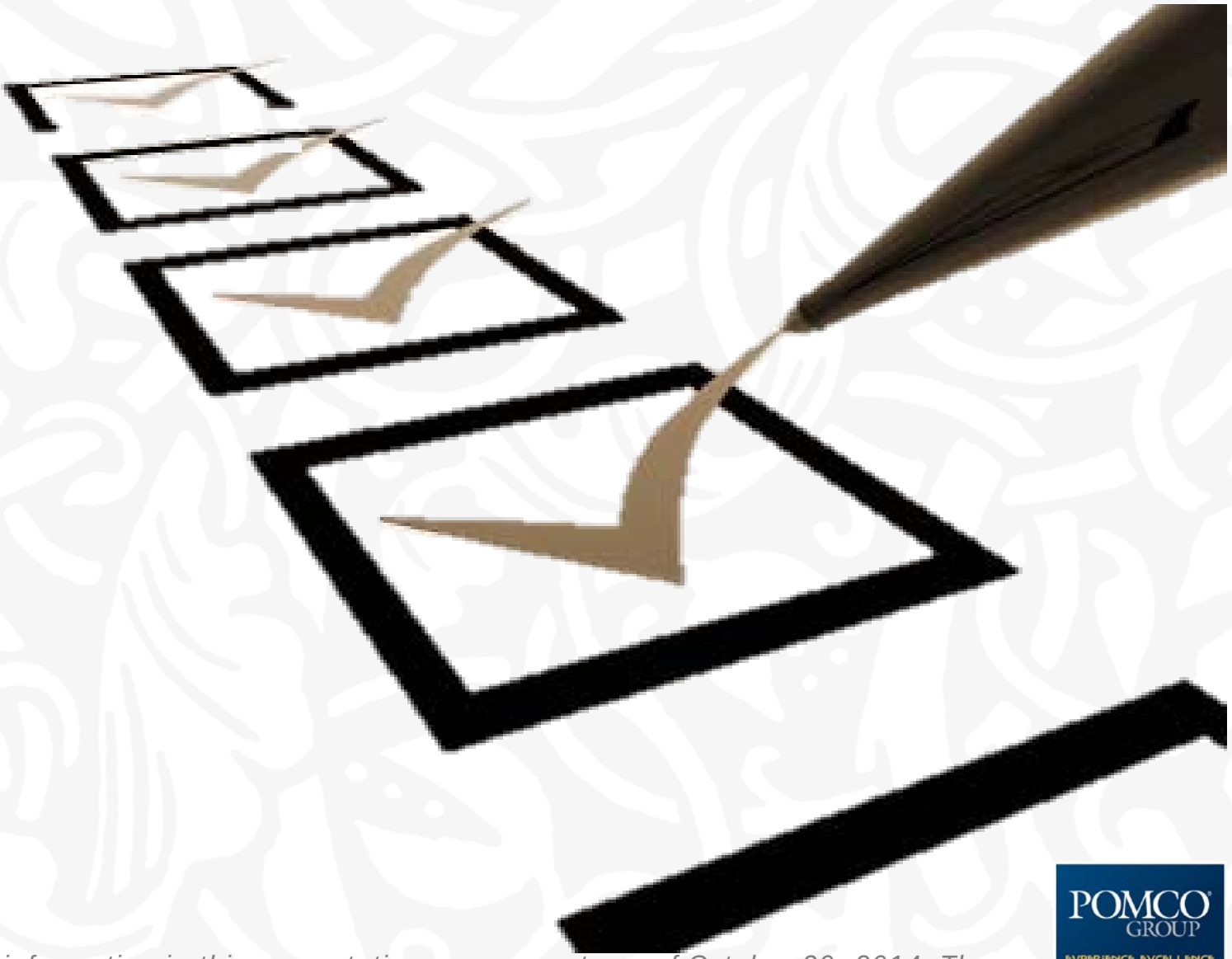
The ACA: Where We've Been



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Key Mandates Previously Implemented Since March 23, 2010

- Dependent coverage to 26
- No lifetime dollar limits
- No annual dollar limits
- No pre-existing condition limitations
- No health FSA/HRA/HSA reimbursement for non-prescribed drugs
- $0 member cost share for routine/preventive care in-network (non-grandfathered plans)
- Insurers subject to medical loss ratio rules
- Distribution of summary of benefits and coverage documents
- Form W-2 reporting for health coverage
- Coverage for additional women's preventive care services begins (non-grandfathered plans)

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Key Mandates Previously Implemented (continued)

- $2,500 per plan year health FSA contribution cap
- PCORI fees
- Establishment of Marketplace Exchanges
- Change in Medicare retiree drug subsidy tax treatment
- Individual coverage mandate
- Individual state Medicaid expansion
- Increase in wellness limit
- No waiting period over 90 days
- Limits on out-of-pocket (OOP) maximums (non-grandfathered plans)
- Provider nondiscrimination
- Coverage of routine medical costs of clinical trial participants
- Health insurance industry fees begin

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Health Plan Identifiers

- All health plans must obtain a Health Plan Identifier (HPID) by November 5, 2014
- No cost to the employer plan
- As of November 7, 2016, health plans, medical providers, health insurers, and all covered entities must use their HPID for all transactions in which the health plan is identified

- Small health plans (total claims paid of less than $5 million) not required to comply until November 5, 2015

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Transitional Reinsurance Fees

- Levied on insurers and group health plans to stabilize premiums in the individual market
- Contributing entities must submit enrollment counts by November 15 of the benefit year, and schedule their payment dates
- Payment made in one or two installments
- Four step process:
  (1)Register in Pay.gov
  (2)Access the form
  (3)Upload Supporting Documentation
  (4)Schedule payment dates.
- 2015 contribution rate: $44

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2015 Out-of-Pocket Limit Requirements

- 2015: annual limits applied on out-of-pocket expenses for non-grandfathered group health plans: $6,600 for self-only coverage & $13,200 for family coverage

- Must decide to segregate or aggregate limits

- If segregating: consider percentages based on spend differential

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Contraception Mandate Update

A Non-ACA Regulatory Change

- Supreme Court ruled that closely held for-profit corporations that hold religious views are not required to provide contraceptive services under the ACA mandate.

- Employers seeking to remove benefits from their plan based on the Hobby Lobby decision should seek the advice of legal counsel

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Benefits for Same-Sex Spouses

- The Supreme Court Ruling on the Defense of Marriage Act—unrelated to requirements under the Affordable Care Act
- In June 2014 the Obama Administration extended more federal benefits to same-sex spouses
- The DOL proposed a rule to extend FMLA to all eligible employees with same-sex spouses, regardless of the state in which they live

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Employer Mandate: Large Employer Transition Rule

- Pay or play penalties only apply to applicable large employers:
  - An employer with at least 50 full-time (FT) and full-time equivalent (FTE) employees in the preceding calendar year

- Transitional Rule Note:
  - 2015 only, employers with less than 100 FTs/FTEs will not be subject to Employer Mandate penalties provided that the employer does not:
    - Reduce its workforce or overall number of hours
    - Eliminate or materially reduce any health benefits in effect on 2/9/14

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Pay or Play: Defining Full-Time Employees

- FT = an employee who works an average of at least 30 hours per week (or 130 hours per month)

- Applicable large employer will be deemed to have offered health coverage to substantially all of its FTs if it offers health coverage to at least 70% of its FTs in 2014, and at least 95% of FTs in 2015

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Pay or Play: No Offer Penalty

- Imposed when an applicable large employer fails to offer health coverage to substantially all FTs (and their children) and one or more FTs purchases health coverage on an exchange with premium assistance (subsidy)

Monthly penalty = 1/12 x $2,000 x each FT employed for that month (less the first 30 FTs (80 for 2015)

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Pay or Play: Unaffordable / Inadequate Coverage Penalty

- Imposed when an applicable large employer offers medical coverage that is unaffordable or inadequate (does not provide minimum value) and one or more FTs purchases health coverage on an exchange with premium assistance

Monthly penalty = 1/12 x $3,000 x each FT employee that obtains premium assistance on the exchange

- In order to trigger this penalty, the employee's household income must be less than 400% of the federal poverty limit and the employee can not be eligible for Medicaid

- Benefits are deemed unaffordable if employee contributions are greater than 9.5% of household income

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Employer Reporting

- Plans must comply with reporting requirements for coverage provided on or after January 1, 2015
  - First information returns must be filed in 2016

- Two categories for health benefit plan reporting:
  - Minimum essential coverage
  - Available coverage
- Self-funded employers will combine their reporting
- Must submit combined reports on Form 1095-C

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Exchange Notification – COBRA

- Employers must notify terminated workers of insurance options available to them in the Marketplace Exchange – an alternative to purchasing COBRA
- Must communicate via COBRA notice
- Terminated employees may be eligible for federal subsidy dollars which would off-set the cost of the exchange premiums

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Health Plan Certification

- ACA originally required certification by December 31, 2013
  - New deadline **December 31, 2015**.
  - Final guidance is still being developed.

- Health plans must certify compliance with HIPAA administrative simplification operating rules (eligibility & claim status and EFT/ERA).

- Two options for certification – regulators are still developing guidance on these methods.
  - CAQH CORE certification
  - HIPAA credential certification

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FSA & Excepted Benefits

- Employer's may not use a stand-alone health FSA or other tax-favored arrangements to help employees pay for individual health policies on a tax-free basis

- Health FSAs must meet two tests to be offered in compliance with ACA requirements:
  1) The Maximum Benefit Test
  2) Availability Test

- If the health FSA fails either of these conditions, it is subject to ACA's market reforms (i.e.: no cost sharing for preventive services; prohibition against annual limits)

- By definition, the health FSA will not meet these ACA requirements and thus can not be offered

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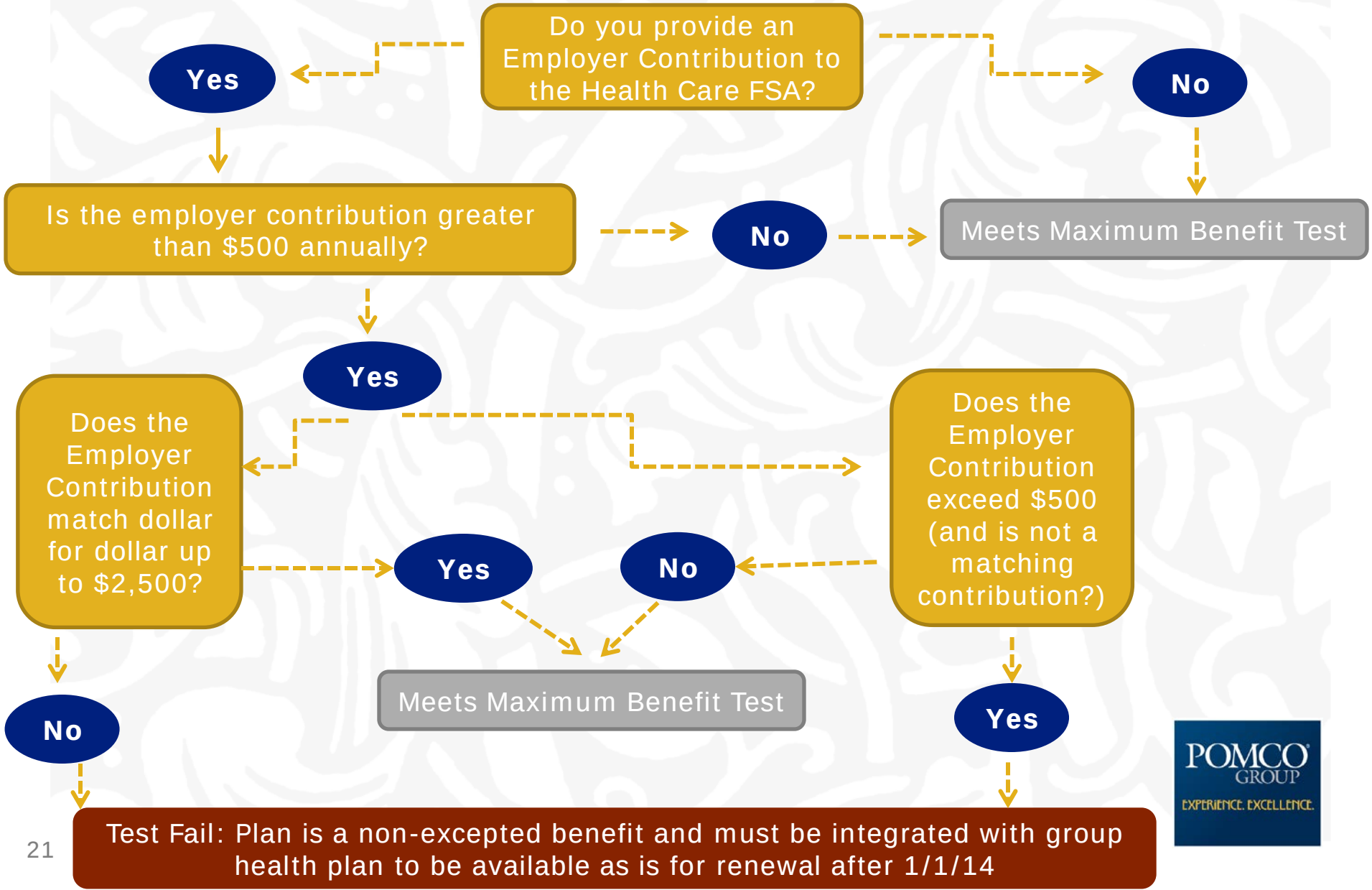
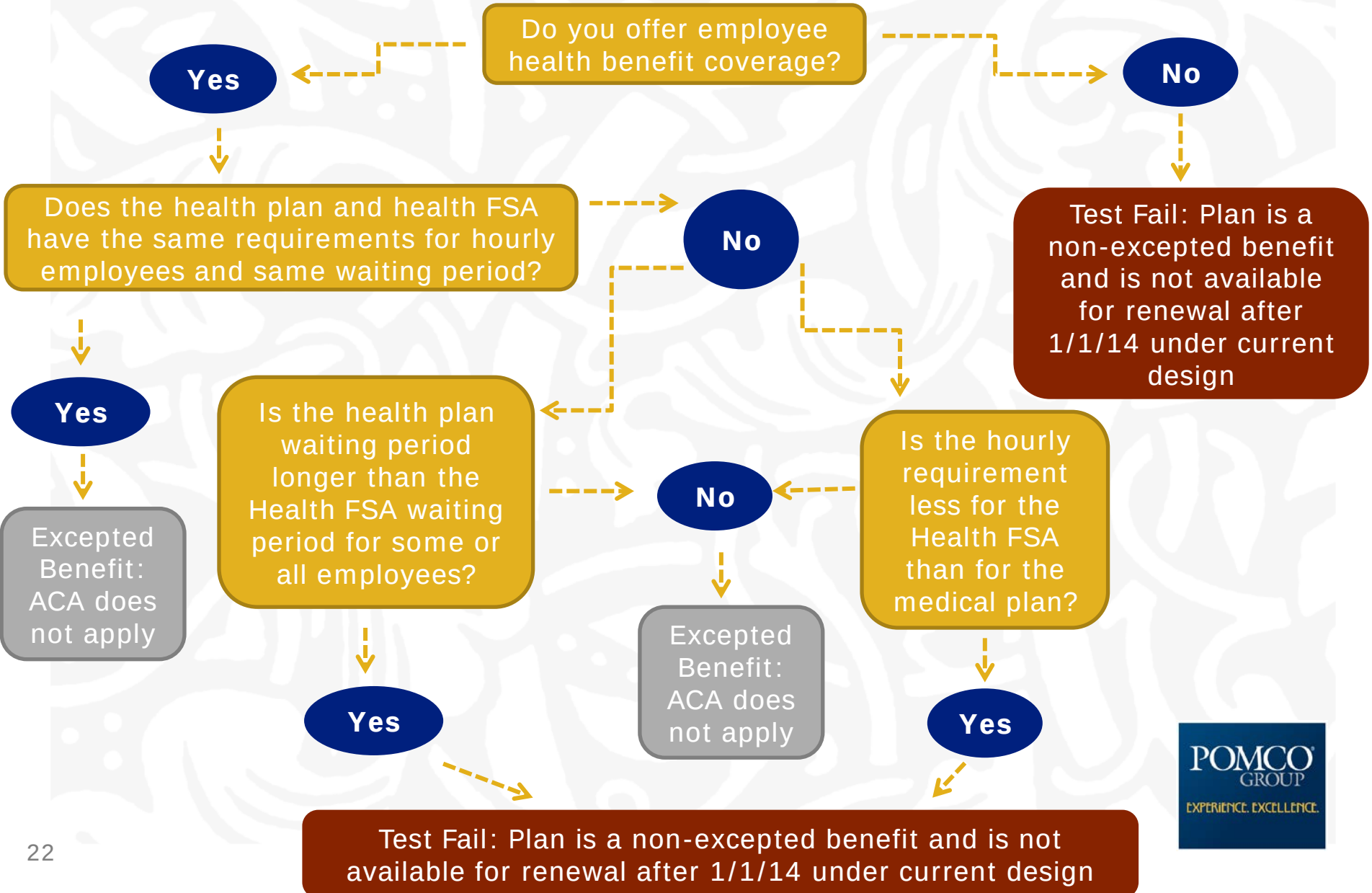
Health FSA Maximum Benefit Test

Source: Employee Benefits Corporation



Health FSA Availability Test

Source: Employee Benefits Corporation



Immediate Next Steps

- Health Plans: register for an HPID by November 5
- Submit enrollment counts to CMS for the 2014 Transitional Reinsurance Fee by November 15
- Decide to segregate, or aggregate out-of-pocket limits for 2015 as soon as possible
- Large employers: ensure 2015 compliance with employer mandate
- Obtain updated COBRA notice for use moving forward
- Employers with a Health FSA: Complete maximum benefit and availability test prior to 2015 to ensure compliance

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Questions?

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