



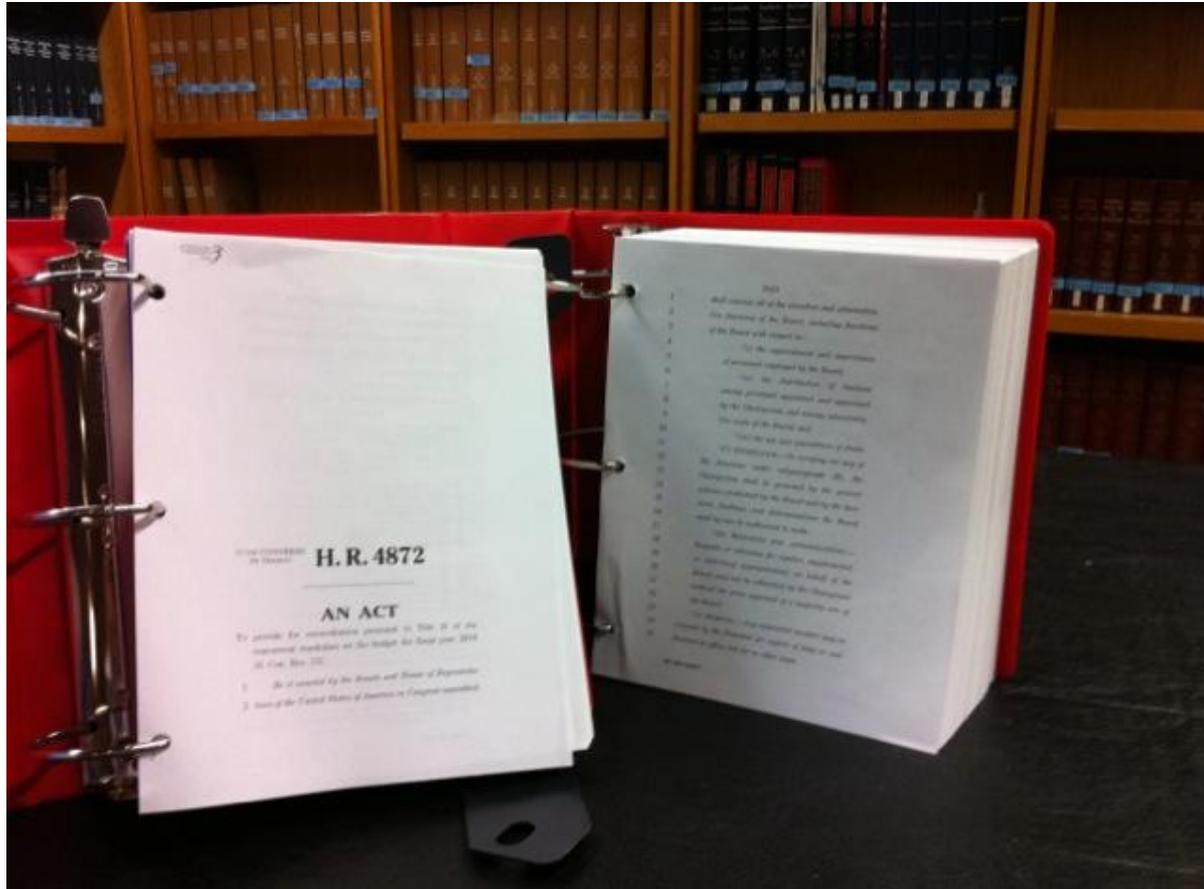
Patient Protection and Affordable Care Act (PPACA)

Health Care Reform

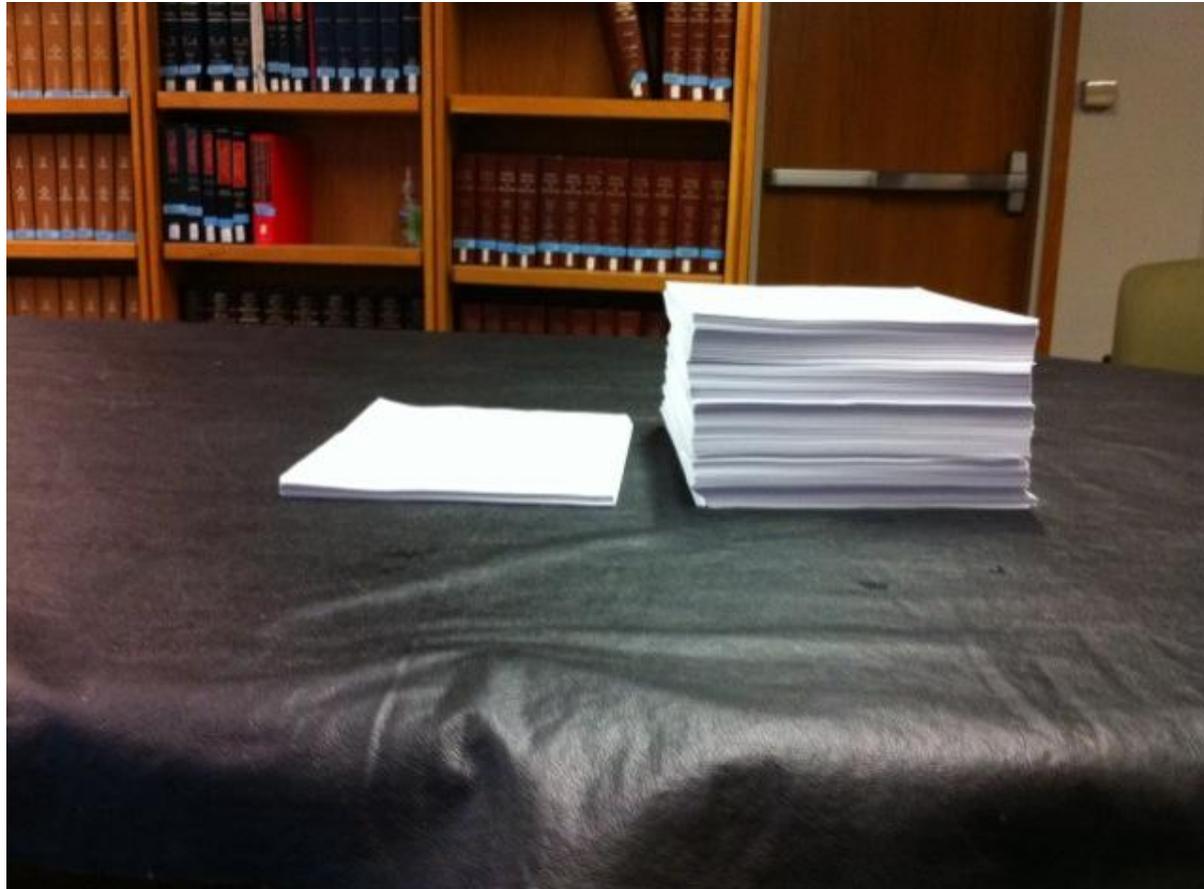


President Obama signed the PPACA on March 23, 2010

All 2407 pages



And, Another View





Six Significant Features of Health-Care Reform

- ❖ Requires everyone to have health insurance - the individual mandate
- ❖ Employer Mandates
- ❖ Health Insurance Exchanges
- ❖ Provides subsidies or Medicaid to individuals who cannot afford health insurance.
- ❖ Requires insurance companies to cover all takers
- ❖ Creates minimum coverage and first-dollar preventive care requirements

The Individual Mandate

- What happens if a person doesn't have the required coverage?
 - The person will have to pay a tax, which will be collected with their federal income tax. The tax is being phased in. It will be:
 - 1 percent of income or \$95, whichever is greater, in 2014
 - 2 percent of income or \$325, whichever is greater, in 2015
 - 2.5 percent of income or \$695 (indexed), whichever is greater, in 2016 and later years
 - There is a family maximum of three times the individual adult tax.
 - If an individual is without coverage for a short period (three straight months or less) during a year, no penalty will apply.



The Individual Mandate

- Premium tax credits (which may be claimed during the year, rather than waiting until the person files their federal income tax return) are available to help pay a person's premium if:
 - They obtain coverage through an exchange; and
 - Their income is between 100 percent and 400 percent of the federal poverty level (FPL).



Exchanges

- An exchange is an entity set up in each state to make it simpler for people and small businesses to compare health insurance options.
- The exchanges will not provide insurance, but they will oversee the insurance options available through the exchanges and provide resources to individuals such as plan summaries to help them choose a plan.

The Employer Mandate

- To avoid the shared responsibility penalty (the employer taxes), employers that have 50 or more full-time or full-time-equivalent employees must provide medical coverage that:
 - Provides "minimum essential coverage"; and
 - Is "affordable" and provides "minimum value."
- Coverage is "affordable" if it costs less than 9.5 percent of the employee's W-2 income.
- Minimum value coverage is coverage that is expected to cover at least 60 percent of expected claims costs.

The Employer Mandate

- **If a large employer does not offer minimum essential coverage** to its full-time (30 hours per week) employees and any full-time employee receives a premium or cost-sharing credit through an exchange, the employer must pay a fee of \$2,000 per year for each full-time employee, excluding the first 30 employees. The fee is calculated on a monthly basis.
- **If a large employer offers coverage that does not provide "minimum value" or is not "affordable,"** the employer must pay a \$3,000-per-year fee (calculated monthly) for each employee who is eligible for a premium credit and who purchases coverage through an exchange.



The Employer Mandate

- If an employer offers even one plan option that provides the required 60 percent minimum value and costs less than 9.5 percent of the employee's W-2 income, no penalty will apply to the employer if an employee elects to purchase coverage through an exchange.

To Do:

Between Now and 1/1/2014

- Expand the definition of first-dollar preventive care to include a number of women's services, including contraception
- Distribute medical loss ratio rebates, if any were received from the insurer
- Begin issuing summaries of benefits and coverage (SBCs) to all enrollees
- Reduce the maximum employee contribution to \$2,500, if the employer sponsors a health flexible spending account (FSA)
- Provide information on the cost of coverage on each employee's W-2, if the employer issued more than 250 W-2s in 2011
- Provide a notice about the upcoming exchanges to all eligible employees

Effective in 2014

- Work with exchanges to identify those employees eligible for premium tax credits
- Amend the plan to:
 - Remove all annual limits on essential health benefits
 - Provide coverage for those in clinical trials for services outside the trial
 - Limit cost-sharing
 - Remove pre-existing condition limitations for adults
- Limit eligibility waiting periods to 90 days
- Begin reporting to the IRS on coverage offered and available

Employer Notifications

Summary of Benefits & Coverage Notification (SBC)

- A plan summary per the federal template, for each medical plan offered
- Must provide at initial enrollment and open enrollment
- Penalty for Noncompliance: \$1,000 per failure

Material Modification of Plan Provision Notification

- Notice of material changes must be provided to enrollees
- Provide no later than 60 days prior to the date on which changes will be effective
- Penalty for Noncompliance: \$1,000 per failure

Notification due describing State Exchange

- Existence of & description of services
- Exchange contact information
- Possible tax credit (if employer plan < 60% of actuarial value) and coverage purchased through the exchange
- Must be send to current employees by 3/1/13 and given to new hired by date of hire

Employer Filings

January 1, 2014 (Report to Employees and Treasury)

- # of months during year that employee had “minimum essential” coverage
- Name, address, tax ID # for each enrollee
- Dates of coverage for each
- Identify any employees who purchased coverage through exchange
- Employer Information and portion of premium paid by employer
- Penalty: \$50 for each “missed” employee (max \$100,000)

January 1, 2014: (Report to IRS)

- Name, address, EIN of employer sponsoring plan
- Certification of “minimum essential” coverage
- Waiting period
- Period (# months) coverage offered
- Monthly premium of each option for each tier
- Employer’s share of cost by option and tier
- # of full time employees by month
- Name, address, tax ID for each full time employee
- # of months each full time employee covered under plan
- Penalty: \$50 for each “missed” employee (max \$100,000)



More to come

- We will update the Board more in the future, as deadlines and requirements come closer to effect.
- Implications for meet and confer process, procurement, and open enrollment for FY 14