10 THINGS YOU SHOULD KNOW ABOUT THE ACA

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IT’S JUST GETTING STARTED

• Passed in 2010, affirmed in 2012

• **Initial impact on health plans** like 26 year olds, lifetime limit restrictions, rescinded coverage, pre-existing conditions, etc.

• **Many delays**, including “if you like your plan, you can keep it,” IRS form requirements, Cadillac Tax

• **2016 is the first year of primary employer impact**, coverage requirements, IRS forms due
ITS APPROACH IS MULTIFACETED

- **Big goal** – every American to have health coverage
- **Individual mandate** – require everyone to have coverage or pay a penalty
- **Medicaid Expansion** – grow eligibility requirements
- **Insurance companies** – reduce restrictions
- **Employers** – offer coverage to all employees

Source of Michigan Citizens' Health Insurance

- 5,176,600 Employer 52%
- 1,414,500 Medicare 14%
- 2,007,900 Medicaid 20%
- 556,400 Individual 6%
- 697,900 Uninsured 7%

EMPLOYERS MUST OFFER COVERAGE

4980H – A

• Employers with more than 50 “full-time” employees and equivalents
• 95 of “full-time” employees
• $2,120 per employee if they don’t
• (Used to be $2,000 penalty – changed in December)

Example:
280 “full-time”
$540,000 liability
Triggered if at least one employee receives a subsidy from a Marketplace
COVERAGE MUST BE AFFORDABLE

4980H – B

- Employees have option to buy insurance from Marketplace and get subsidy
- $3,240 assessment each time this happens
  - Used to be $3,000 penalty – changed in December
- “Minimum value”: the plan has to cover 60% of average medical costs
- “Affordable”: based on household income
  - Safe harbors – 9.66% of income (new! used to be 9.5%)
  - Cash-in-lieu counts as employee cost, employee must forgo cash-in-lieu first
Michigan PA 152 Versus ACA
Medical - Single Coverage
$8,000 Annual Plan Cost

Minimum PA 152 Employee Cost Share

Maximum ACA Employee Cost Share

PA 152 and ACA in Conflict
PA 152 and ACA

Employee Hourly Wage

A NOTE ABOUT PA 152 COMPLIANCE
THE ELECTION MAY CHANGE THINGS (or not)

“It was called HillaryCare before it was Obamacare!”
– Hillary Clinton

“We're gonna end Obamacare, we're gonna terminate it. It's going to be repealed and it's going to be replaced by something much better.”
– Donald Trump

“Obamacare was a good start, but Medicare for all is the goal.”
– Bernie Sanders

What will really happen?
IRS FORMS ARE DUE SOON – AND COMPLICATED

• 1095-C to employees by March 31

• 1094-C to IRS by May 31 (paper) or June 30 (electronic)
HEALTHCARE AFFORDABILITY REMAINS PROBLEMATIC

- There has been more progress *shifting* cost than *reducing* it
- Rising premium contributions and deductibles
- Opportunity for both bargaining sides to collaborate
NO EASY ANSWER TO U.S. HEALTHCARE

- Health spending consumes raises and funding
- Intrinsic economic incentive issues in industry
- Role of the consumer?
- Moral & ethical issues
- All in this together

Sources: Kaiser Family Foundation; Bureau of Labor Statistics
By The New York Times
INNOVATION WILL HELP (hopefully)

• Technology
• Population health
• Competition
• Accountable Care Organizations
• Role of employers
• Role of politics & government
“You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete.”

-Buckminster Fuller
IT’S A FACT OF LIFE

• Organizational structure to optimize in light of “full-time” definition

• Continuous business systems to determine which employees are “full-time”, and whether coverage is affordable

• How are we doing relative to 95%?
  o Are we at risk for a $2,120 per employee assessment?

• Does everyone have affordable insurance?
  o How many $3,240 assessments are okay?

• Are we getting ready to file 1095-C and 1094-C forms next year
  o Business systems?
  o Staffing?
QUESTIONS?