



10 THINGS YOU SHOULD KNOW ABOUT THE ACA

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EMPLOYEE BENEFIT SERVICES

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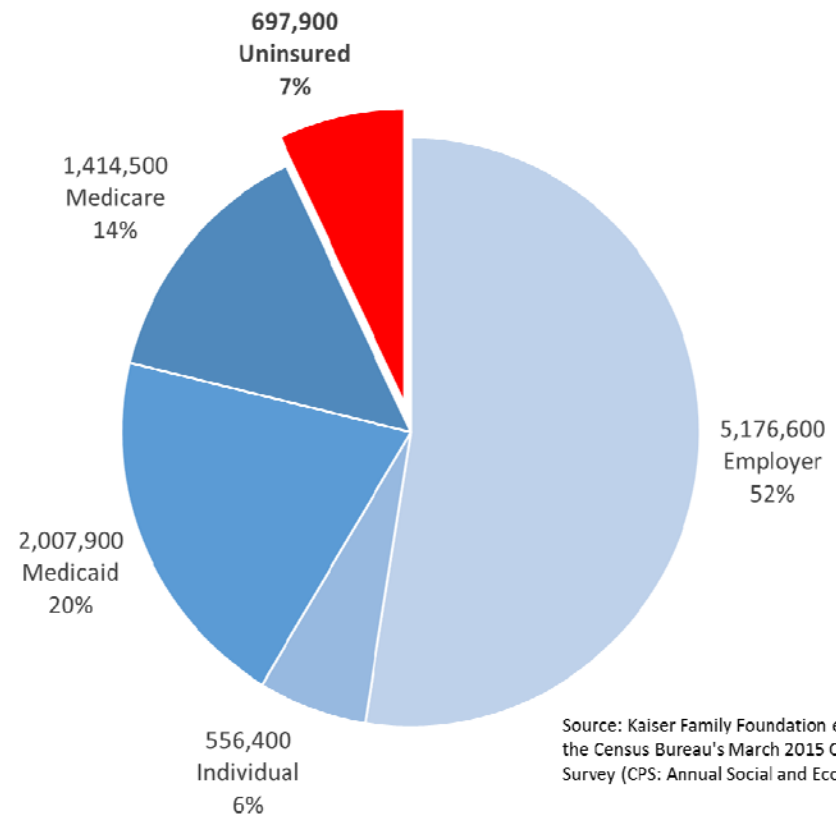
IT'S JUST GETTING STARTED

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- **Initial impact on health plans** like 26 year olds, lifetime limit restrictions, rescinded coverage, pre-existing conditions, etc.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



Source: Kaiser Family Foundation estimates based on the Census Bureau's March 2015 Current Population Survey (CPS: Annual Social and Economic Supplements).

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

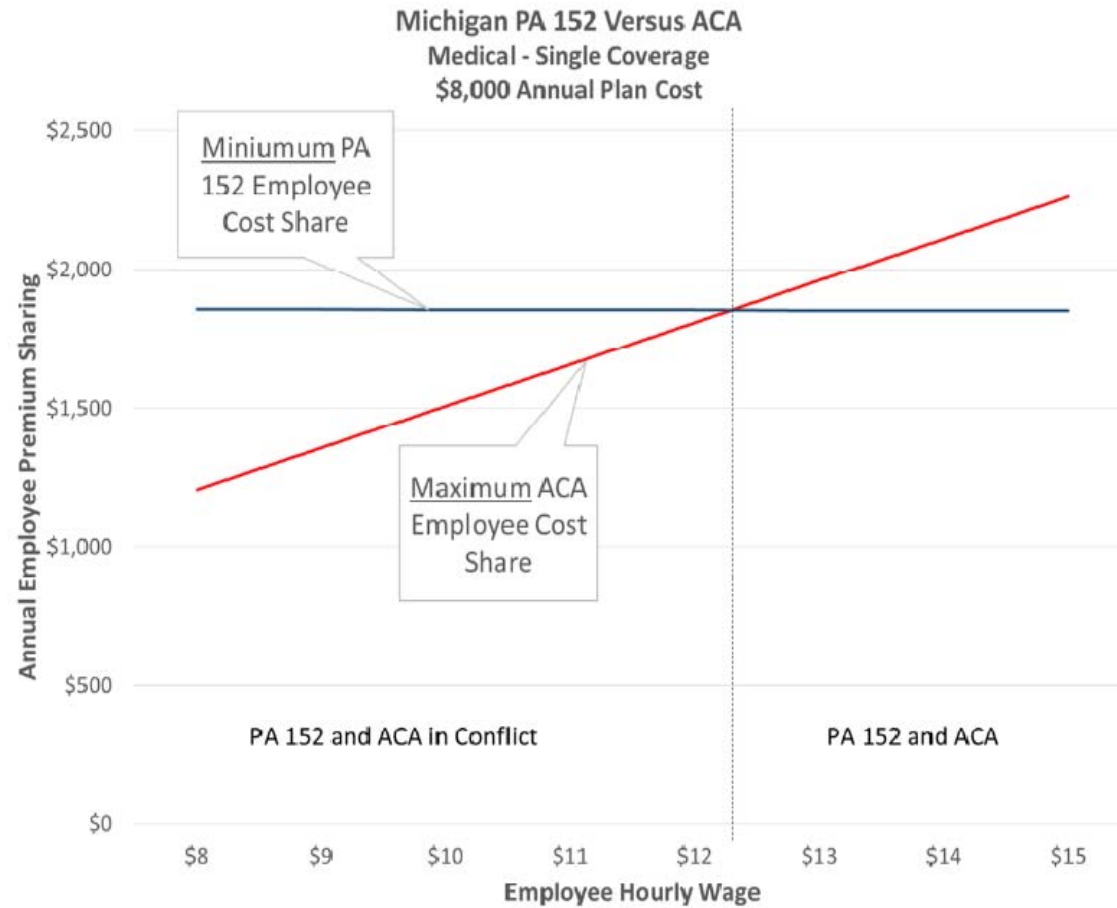
Triggered if at least one employee receives a subsidy from a Marketplace

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

A NOTE ABOUT PA 152 COMPLIANCE



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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)

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HEALTHCARE AFFORDABILITY REMAINS PROBLEMATIC

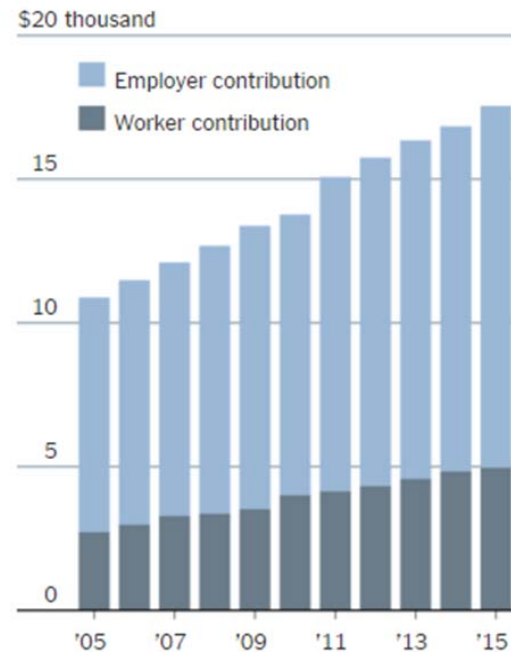
- There has been more progress **shifting** cost than **reducing** it
- Rising premium contributions and deductibles
- Opportunity for both bargaining sides to collaborate



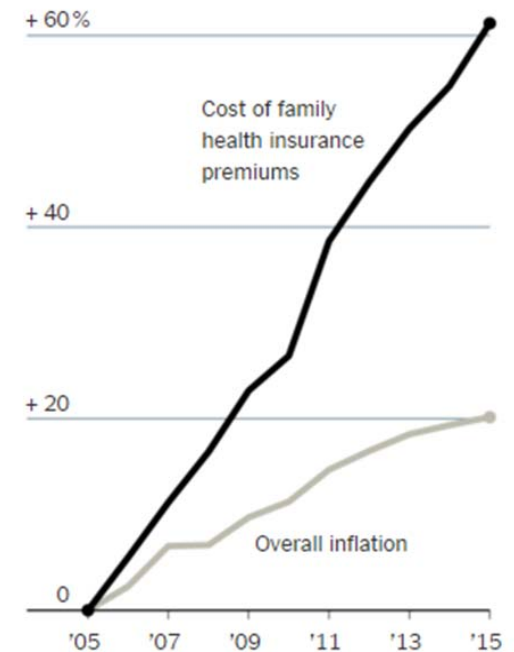
NO EASY ANSWER TO U.S. HEALTHCARE

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

Average annual cost of health insurance premiums for family coverage



Cumulative increase since 2005



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%?
 - Are we at risk for a \$2,120 per employee assessment?
- Does everyone have affordable insurance?
 - How many \$3,240 assessments are okay?
- Are we getting ready to file 1095-C and 1094-C forms next year
 - Business systems?
 - Staffing?



QUESTIONS?