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# HealthCare Symposium2016

A PROGRAM OF LEHIGH VALLEY BUSINESS

# ACA Update

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BSI Corporate Benefits

July 27<sup>th</sup>, 2016



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# Agenda

- Health Insurance Marketplace Notices to Employers
  - Section 1411 Certifications
- ACA Reporting
- Cadillac Tax Update
- PCORI & Transitional Reinsurance Fee Reminders
- Family Embedded OOP Deductible



**AFFORDABLE CARE ACT**



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# Health Insurance Marketplace Notices to Employers

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# Marketplace Notice

## Health Insurance Marketplace

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
465 INDUSTRIAL BOULEVARD  
LONDON, KENTUCKY 40750-0001

Dear Benefits Manager:

The person listed below submitted an application for health coverage through the Health Insurance Marketplace in Pennsylvania and indicated that he or she is an employee of [redacted] at the address shown above.

This person reported that he or she:

- didn't have an offer of health care coverage from [redacted]
- did have an offer of health care coverage, but it wasn't affordable or didn't provide minimum value; or
- was in a waiting period and unable to enroll in health care coverage.

The employee has been determined eligible for advance payments of the premium tax credit (APTC) or cost-sharing reductions (CSRs) for at least one month during 2016 to help pay for Marketplace coverage and has enrolled in coverage through the Marketplace.

Employee Name	Birthday	Last 4 digits of Social Security Number (if available)	Marketplace Application ID
[redacted]	[redacted]	[redacted]	[redacted]

## Why am I getting this notice?

This notice informs you that your employee was found eligible for APTC or CSRs and that, if various conditions are met, you may have to pay an employer shared responsibility payment to the Internal Revenue Service (IRS) in the future. It also notifies you of your opportunity to appeal this eligibility determination.

Certain employers (those with at least 50 full-time employees or full-time equivalent employees, called





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# What are these Notices

Marketplace Notices will be sent to all employers with employees who received a subsidy to purchase coverage through the Health Insurance Marketplace including ALEs and non-ALEs (Applicable Large Employers) and they must:

1. Identify the employee;
2. Indicate that the employee has been determined to be eligible for a subsidy;
3. Indicate that, if the employer has 50 or more full-time employees, the employer may be liable for an employer shared responsibility penalty; and
4. Inform the employer of the right to appeal the determination.

Do Not Panic – these notices are focused on ensuring the individual listed in the notice is eligible for a subsidy.

That is it!!!!



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# Who should File an Appeal

Only employers who believe the employee was not eligible for subsidy, meaning they were offered affordable coverage which meets the essential benefit values, need to file an appeal:

Employers should file an appeal:

- Full-time employee, offered benefits that meet the ACA Requires

Employers are not required to file an appeal:

- Employee works part-time (less than 30 hours per week) and is not benefit eligible
- Employee is no longer employed and had benefits while employee
  - For most, the Marketplace will be cheaper than Cobra
- Employee never made it through their waiting period before being terminated

**APPEAL**



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# If you need to File an Appeal

Process if you need to file an appeal:

- Employers have 90 days from the date stated on the notice to file an appeal
- Complete the Employer Appeal Request Form found on the Healthcare.gov
- Submit a letter with the following information:
  - Business name and Employer ID Number (EIN)
  - Employer's primary contact name, phone number and address
  - Information from the Marketplace notice received, including date and employee information
  - The reason for the appeal
    - Affordable Justification: Employees Salary vs Contributions (9.66% rule)
    - SBC or Benefit Highlight Sheet
    - Waiver Form

**APPEAL**



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# Resources

## Resources:

- Consultant/Broker
- Marketplace Appeals Center at 1-855-231-1751
- Marketplace Appeal Website
  - [www.healthcare.gov/marketplace-appeals/employer-appeals/](http://www.healthcare.gov/marketplace-appeals/employer-appeals/)







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# ACA Reporting



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# What is ACA Reporting

ACA Employer Reporting is the Federal Government's way to check on which individuals maintain minimum essential coverage in compliance with the individual mandate as well as checking on ALE offers of coverage

## Who has to report?

	Under 50 – Insured	Under 50 – Self-Funded	50-99 - Insured	50-99 – Self-Funded	100+ Insured	100+ Self-Funded
Form 1094-B IRC 6055 – MEC Reporting	Insurer	Employer	Insurer	N/A	Insurer	N/A
Form 1095-B IRC 6055 – MEC Individual Statement	Insurer	Employer	Insurer	N/A	Insurer	N/A
	Under 50 – Insured	Under 50 – Self-Funded	50-99 - Insured	50-99 – Self-Funded	100+ Insured	100+ Self-Funded
Form 1094-C IRC 6056 – Employer Mandate Reporting	N/A	N/A	Employer	Employer	Employer	Employer
Form 1095-C IRB 6056 – Employer Mandate Reporting – Employee Statement	N/A	N/A	Employer – Parts I & II	Employer	Employer – Parts I & II	Employer



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# Penalties

Description	Old Penalty Amount	New Penalty Amount
Penalty for filing incorrect returns (per return)	\$100	\$250
Penalty for incorrect returns if corrected within 30 days (per return)	\$30	\$50
Penalty for incorrect returns if corrected by August 1 (per return)	\$60	\$100
Penalty for intentionally disregarding to file timely and correct returns	\$250	\$500
Maximum penalty per calendar year	\$1,500,000	\$3,000,000
Maximum penalty per calendar year if corrected within 30 days	\$250,000	\$500,000
Maximum penalty per calendar year if corrected by August 1	\$500,000	\$1,500,000



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# Deadlines

Action Required	2016 Original Deadlines	2016 Final Deadlines	Current 2017 Deadlines
Distribute forms to employees (1095-c)	1/31/16	3/31/16	1/31/17
Employers filing Form 1094-C and Form 1095-C by paper	2/29/16	5/31/16	2/28/17
Employers filing Form 1094-C and Form 1095-C electronically	3/31/16	6/30/16	3/31/17

Do not plan for another extension this year but the current odds in Vegas are 2 to 1 there will be an extension







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# Resources

## Resources:

- Consultant/Broker
- Payroll Vendor
- Third Party Vendor





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# Cadillac Tax Update



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# Cadillac Tax Update

Cadillac Tax is a 40% excise tax on high-cost employer-sponsored health plans starting in 2020.

- The thresholds for high-cost plans are currently \$10,200 for individual coverage, and \$27,500 for family coverage
  - These thresholds will be updated before the tax takes effect in 2020 and indexed for inflation in future years
  - 40% excise tax is applied to the amount above the thresholds
- Cost of coverage includes the total contributions paid by both the employer and employees, but not cost-sharing amounts such as deductibles, coinsurance and copays

Who calculates and pays:

- Fully-Insured Employers: Employer calculates and insurance carrier pays
- Self-Funded Employers: Employer calculates and employer pays



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# What should an employer do now?

Do not wait, start now and do not bank on the tax going away

- Complete a 2020 Cadillac Tax Projection
- Focus on plan design changes over employee cost share
- Implement meaningful Wellness Progress
- Educate employees:
  - PCP and Urgent instead of the ER
  - Annual physical
  - Encourage participation in carrier provided coaching and DsM resources
- Union negotiations – add Cadillac Tax language to union contracts







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# PCORI & Transitional Reinsurance Fee Reminders

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# PCORI Fee

PCORI FEE **DUE**  
*July 31*

PCORI fees help fund the Patient-Centered Outcomes Research Institute, a nonprofit, nongovernmental organization which researches the best health-care options for patients

Fees due July 31<sup>st</sup>, 2016:

- For plan years ending on or after Oct. 1, 2015: \$2.17 per covered life
- For plan years ending before Sept. 30, 2015: \$2.08 per covered life

Fee to begin phase out starting in 2019



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# Who has to pay the fee?

## Who has to pay the PCOR Fee?

- All group health plans regardless of funding status, grandfathered status, size, etc.
- Fully Insured Employers:
  - Insurance Carriers will pay the fee
  - **Very Important Note: If the employer offers an HRA and FSA, they might be required to pay the PCORI fee as well**
- Self-Funded Employers:
  - The Employer is responsible for the fee



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# Resources

## Resources:

- Consultant/Broker should be providing employers who need to pay the PCORI Fee the following:
  - Reminders the fee is due
  - Instructions how to file (Form 720)
  - Lowest Cost Participant Count
    - 3 Acceptable Methods
- Form: [www.irs.gov/pub/irs-pdf/f720.pdf](http://www.irs.gov/pub/irs-pdf/f720.pdf)
- Instructions: [www.irs.gov/pub/irs-pdf/i720.pdf](http://www.irs.gov/pub/irs-pdf/i720.pdf)







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# Transitional Reinsurance Fee

The Transitional Reinsurance Fee is a \$25 billion in assessments to be paid annually over a three year period to partially reimburse commercial insurers writing policies for individuals with high health care costs.

## Deadlines:

- Deadline to report participant counts: November 15<sup>th</sup>, 2016
- Deadline to pay the fee:
  - Paying the fee all at once: January 15, 2017
  - Paying the fee in two installments:
    - Initial Payment: January 15, 2017
    - Final Payment: November 15, 2017

**2016 Fee:** \$26 per participant

All participant counts and payments must be done electronically through the federal government website: [www.pay.gov/public/home](http://www.pay.gov/public/home)

This is scheduled to be the final year for the Transitional Reinsurance Fee



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# Who has to pay the fee?

## Who has to pay the Transitional Reinsurance Fee?

- Fee applies to all major medical plan
- Fully Insured Employers:
  - Insurance Carriers will pay the fee
  - There are no special HRA and FSA Rules
- Self-Funded Employers:
  - The Employer is responsible for the fee



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# Resources

## Resources:

- Consultant/Broker should be providing employers who need to pay the Transitional Reinsurance Fee the following:
  - Reminders the fee is due
  - Instructions how to file
  - Lowest Cost Participant Count
    - Four acceptable methods
- Website: [www.pay.gov/public/home](http://www.pay.gov/public/home)





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# Family Embedded OOP Deductible



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# Family Embedded OOP Deductible

Effective Jan 1, 2016, non-grandfathered health plans cannot allow any individual, including those with family coverage, to spend more than the individual out-of-pocket (OOP) maximum established under Patient Protection and Affordable Care Act (PPACA). Commonly referred to as an embedded individual OOP maximum, this rule could impact a family's total health care expenses, especially if only one family member incurs high medical expenses.

The 2016 ACA OOP maximum amounts are \$6,850 individual and \$13,700 family.

		2015 Plan: \$13,200 Family Limit (individual limits not typical)		2016 Plan: \$6,850 Individual Limit \$13,700 Family Limit	
Family members & their total expenses		Customer OOP Expenses	Plan pays after limit is reached	Customer OOP Expenses	Plan pays after either limit is reached
 Employee	\$14,000	\$13,200 <i>Family Limit reached</i>	\$800 paid by the plan	\$6,850 <i>Individual Limit reached</i>	\$7,150 paid by plan
 Spouse	\$1,000	\$0	\$1,000 paid by the plan	\$1,000 <i>\$7,850 paid toward Family Limit</i>	\$0 paid by plan
 Child 1	\$250	\$0	\$250 paid by the plan	\$250 <i>\$8,100 paid toward Family Limit</i>	\$0 paid by plan
 Child 2	\$250	\$0	\$250 paid by the plan	\$250 <i>\$8,350 paid toward Family Limit</i>	\$0 paid by plan
		<b>\$13,200 Total</b>	<b>\$2,300 paid by plan</b>	<b>\$8,350 Total</b>	<b>\$7,150 paid by plan</b>

Largest Impact

Bigger impact when one person has most of the expenses





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# Resources

## Resources:

- Consultant/Broker and Insurance Carrier to ensure your benefit plan is compliant
- Mostly will impact plans with higher deductibles and higher family OOP maximums





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# Thank You