Health Care Reform Update
6/12/2014

Disclaimer

The information contained herein is for general information only. It is not intended as and does not constitute legal or tax advice. The information should not be relied upon or used as a substitute for consultation with legal, accounting, or tax advisers.

Healthcare Reform – The Big Picture

The ACA was designed to provide access for all to "comprehensive and affordable" healthcare through health insurance reform.

- Individual mandate—be covered or pay a penalty.
- Small employers (with less than 50 Full-time Employees + Full-time Equivalents) are exempt from penalties.
- Large employers (with 50 or more Full-time Employees + Full-time Equivalents) must offer "minimum essential coverage" that is "affordable."
- Expansion of Medicaid in some states.
- Creation of health insurance exchanges (or marketplaces) for individuals and small group plans effective 2014 (and possibly large group plans in 2017).
- Minimum loss ratio requirements and premium rebate rules for insurance plans.
- Additional required employee notices and government reporting.
- New taxes and fees to pay for Insurance Marketplace (Exchange) premium subsidies and reimburse insurance companies for additional large claim risk.

Ultimately, the ACA creates many more duties and responsibilities for all employers, and specifically HR/Payroll Professionals.

Brief Summary of ACA Rules for *all* Employer Health Plans

- Minimum value of plan benefits is required.
- No annual and lifetime limits on the dollar value of "essential health benefits."
- Plan must provide 100% benefit coverage for certain preventive services.
- Pre-existing condition exclusions removed for all plan members.
- Children are eligible for coverage up to age 26 (unless have other coverage).
- Plan out-of-pocket maximum limits established (for 2014 - $6,350 for individual coverage, and $12,700 for family coverage).
- Initially a maximum deductible of $2000 was legislated, though that maximum was recently eliminated because lower cost "Metal" plans were unaffordable with a $2000 deductible.
- Coverage eligibility waiting period may not exceed 90 days.
- Notification of exchange options to all new and existing employees; Summary of Benefits and Coverage (SBCs) required.

ACA Taxes and Fees – All Group Plans

Additional taxes incorporated into health insurance premiums or payable to the government:

- **Insurer Excise Tax or Health Insurance Tax—**based on insurer's market share of net premiums; estimated to currently be 2.5% of premium. Funds federal subsidies and Medicaid expansion. (Applies to *all* premiums for fully insured plans; tax limited to stop loss insurance premiums for self-funded plans.)
- **Transitional Reinsurance Fee—**$63 annually per covered plan member for 2014 **calendar year**. The payment is used to reimburse individual policy insurers for high cost individuals in non-grandfathered plans due to new ACA rating rules. (Fee applies to fully insured and self-funded plans.)
- **Patient Centered Outcomes Research Institute (PCORI) Excise Tax—** now $2 per member **per plan year**; indexed annually. Funds used to explore effectiveness, risk and benefits of medical treatments. (Applies to fully insured and self-funded plans.)
- **High-Cost Plan Tax ('Cadillac' Plan Tax)—**effective 2018, tax of 40% on premium in excess of $10,200 annually for individual coverage or $27,500 for family coverage (Applies to fully insured and self-funded plans.)

Payment of ACA Taxes and Fees

- Fully Insured Plans—Typically the insurance company will include all fees and taxes in the premium rates, and pay the taxes and fees to the responsible agencies.
- Self-Funded Plans:
  - Health Insurance Tax—due on *insurance* portion of plan costs only, such as the premium for stop loss coverage (the 2.5% tax typically applies to a very small portion of total plan costs). The tax will be included in billed stop loss coverage rates and paid by the insurance company.
  - Transitional Reinsurance Fee—The employer submits 2014 calendar year enrollment count to HHS by 11/15/2014. HHS will bill the employer by 12/15/2014, and the payment is due to HHS within 30 days (by 1/14/2015).
  - PCORI Fee—Paid to the IRS *per plan year*. Due by July 31 in the calendar year *after* the end of the plan year. (For example, the fee for a *plan year ending 6/30/2014* is due to the IRS by 7/31/**2015**.) Reported the fee on IRS Form 720.

Verify with your health plan provider or insurance representative who is responsible for collecting and paying your ACA taxes and fees.

Immediate Concerns For School Districts

- Is District a "large employer" (50+ Full-time and Full-time Equivalent Employees) or a "small employer" (under 50 Full-time and Full-time Equivalent Employees) per ACA rules?
- If a ***small*** employer, when will Modified Community Rating apply?
- If a ***large*** employer, are affordable, minimum essential benefits being offered to avoid ACA penalties?
- Which Employees must be offered benefits to avoid penalties?
- What are the District's additional responsibilities and reporting requirements?
- When do the new requirements go into effect?

How Do We Determine if we're a "*Large* Employer" or a "*Small* Employer?

The determination is based on the previous plan year's employment data (e.g., during the plan year beginning in 2014.)

1. Identify and count all employees who work 30+ hours/week during each month (they are considered "Full-time" employees).
2. Add up all of the hours worked by employees who work *less* than 30 hours a week during the month and divide the total hours by 120 (this is the total number of Full-time Equivalents—aka "FTEs").
3. Add the Full-time and FTE employee count totals per 1 and 2—this is your employer size for purposes of ACA rules.

*(ACA rules vary for groups with under 50, 50-99 and 100+ Full-time Employees + Full-time Equivalent Employees—**group size is important!**)*

Example Calculation:

- Each month, district has 35 full-time employees (i.e., employees who work at least 30 hours a week)
- District also employs 20 part-time employees that work 24 hours per week (96 hours per EE per month times 20 EEs = 1920 total hours).
- Full-time Equivalent ("FTE") employees = total part-time hours/month divided by 120.

Calculate as follows:

	# EEs	Total Hours	"FTE" EEs	EE Count
Full-time EEs (30+ hours)	35	N/A	N/A	**35**
Part-time EEs (<30 hours)	20	1920	16.0*	**16**
Total Full-time + FTE EEs			*(1920/120 hours)	**51**

Conclusion: **District is a 'large' employer per ACA rules.**

Small Group ACA Provisions

- Small Group Market in Missouri now is 2-49 lives; (As of January 1, 2016, a small group will be 1-99 lives for ALL states).
- Small Group Market reforms effective in 2014 include:
  - "Essential Health Benefits" requirements.
  - "Actuarial value" plan requirements (i.e., the metal plan levels).
  - Insurance company "risk pool" and Minimum Loss Ratio requirements.
  - New fully insured premium rating rules:
    - No underwriting based on health status of plan members—Modified Community Rating premium rates may vary *only* for:
      - **Age** (max 3:1 ratio of highest to lowest rate for age);
      - **Coverage election** (employee only, and spouse and/or children)
      - **Geographic location**
      - **Tobacco use**
    - Different billed rates per *each* plan member's age—**no** composite, average rate billing for *insured* small groups.
- Self-funded Small Groups (including those in a self-funded pool of employers) can avoid the Actuarial Value "metal plan" and "Modified Community Rating" requirements.

Individual and Small Group Metal Plans

Plans are designed and priced for its benefit provisions to pay a certain percentage of eligible health care expenses on the average:

- –Bronze Plan—60% of expenses
- –Silver Plan—70% of expenses
- –Gold Plan—80% of expenses
- –Platinum Plan—90% of expenses

Minimum Essential Benefit requirements tend to expand the scope of plan benefits, and increase premiums to cover greater benefits.

Premiums increase as the value of plan benefits increases.

Small Group Modified Community Rating

- Premiums for *insured* Small Group plans will be based on *each* employee's and *each* dependent's age—and possibly on tobacco use, depending on the carrier.
  - Same premium rate from birth through age 20 (each child charged *separately* up to 4 children under the age of 21 per family)
  - Additional premium charged for *each* child 21-26
  - A certain rate is charged for *each* age from 21 up to 65
  - Same rate for all plan members age 65+

Therefore, 40 employees, each of a different age, could be charged 40 different rates for the same plan.

Some Individual and Small Group ACA Provisions *May* Be Delayed

"If you like your coverage, you can keep it"…

"Transitional Policy" allows for a delay of "Metal" plan requirements and Modified Community Rating up to the 2017 plan anniversary date, subject to:

1. Your State Insurance Dept. approves the "transitional policy," and
2. Your current insurance carrier opts to offer the transitional policy.

Benefit plans in place before 12/1/2013 *must be maintained without change* to avoid these Small Group Market reforms.

Many small groups changed plan anniversaries to December 1st to delay ACA compliance—many ACA changes are effectnni on the plan anniversary date during the calendar year in which the requirements apply.

Options for Small Employers

Strategies to *delay* or *avoid* some ACA requirements are…

- Continue to offer the *same 2013 group plans* through the current commercial insurer (if allowed by your carrier)
- Be part of a self-funded group of employers (i.e., the MEUHP)
- Offer group coverage through government Small Group Marketplace Plans (aka the SHOP Exchange.)
- No longer offer group coverage—i.e., terminate the employer sponsored health plan.

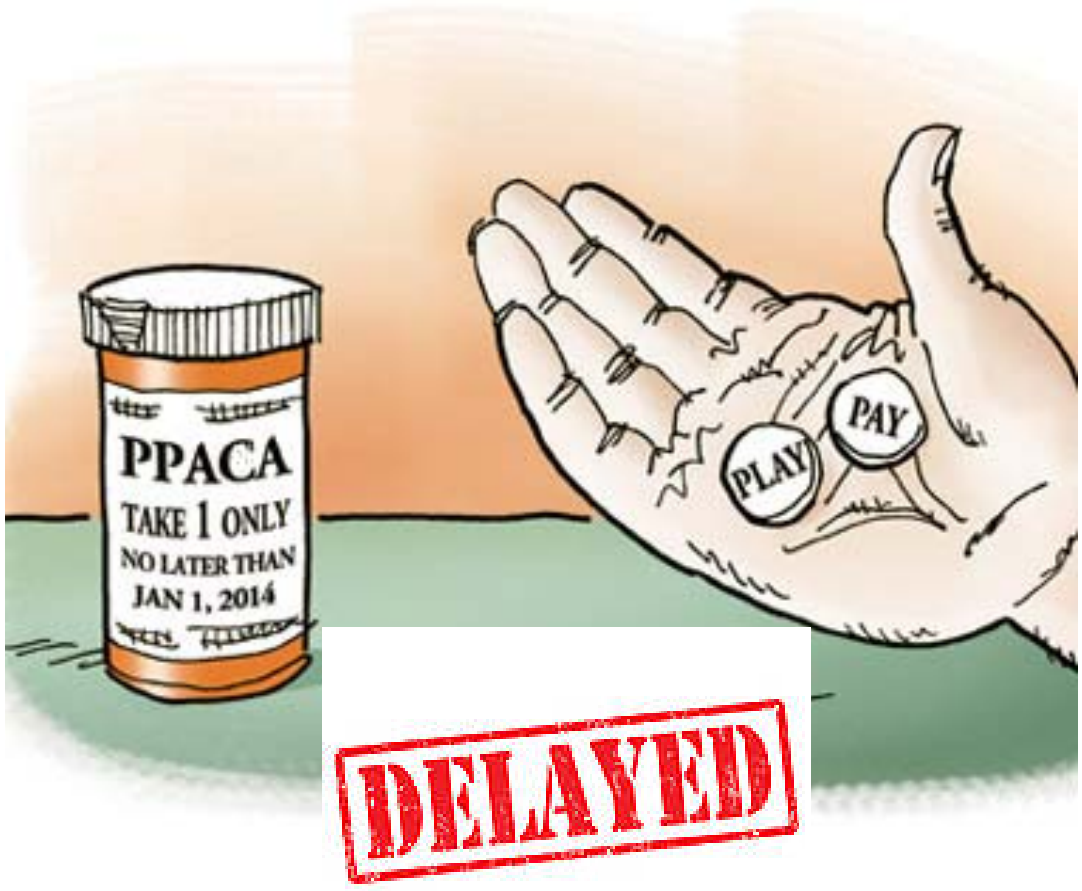
Or adopt an ACA-compliant plan with a commercial insurance carrier.

*In any event, small employers are **not** subject to the "Employer Mandate" (a.k.a., the "Play or Pay" penalties)—to be discussed later.*

Rules for Employers in a Consortium

- Per the ACA, an *association* of employers (including a trade association, a consortium, a cooperative, or a MEWA) must be a formal "bona fide group or association of employers" under ERISA, for *all* participating employers (regardless of group size) to be subject to ACA large employer rules.
- Requirements for a "bona fide" association include:
  - *Not* established solely to provide health insurance coverage to its members;
  - In existence for at least 5 years;
  - Formed and maintained for purposes other than obtaining insurance;
  - Health status factors are not a condition of membership;
  - Benefits are guaranteed issue.
- If *not* a bona fide association, then ACA rules will apply to *each employer* based on their size, benefit plans, employer contributions, plan funding arrangement, etc., *regardless of their participation with a group of employers*.
- Therefore, small groups in a *fully insured* consortium will be subject to that carrier's small group benefits, modified community rating, minimum loss ratio determination, etc, like any other small group commercial client.

The Employer Mandate—**New Rules**



The "Employer Mandate" 50-99

What the *Final* Regulations Say

- If you employ between 50 and 99 Full-time + FTE Employees, then you will ***not*** be penalized for failing to comply with the employer mandate until the first day of your 2016 plan year, *but only if:*
  - Between February 9, 2014 and December 31, 2014, you did ***not*** (1) reduce your workforce (i.e., lay people off) or (2) reduce your employees' hours to fall below the 100 Full-time Employee + FTE threshold (unless you had a "bona fide business reason" to do so).
  - Between February 9, 2014 and December 31, 2015, you did ***not*** (1) reduce, by more than 5%, the amount of the employer contribution for employee-only coverage that was made available on February 9, 2014; (2) make changes to any benefits that would cause the plan to fail the "minimum value" test; and (3) change your plan's eligibility requirements that excludes employees who were eligible for coverage on February 9, 2014.
  - You did NOT change your plan year after February 9, 2014 to begin on a later calendar date (e.g., change the plan year from March 1 to December 1).

The "Employer Mandate" 100+

What the *Final* Regulations Say

- Employers with 100 or more Full-time Employees + FTEs ***must*** comply with the employer mandate on the first day of your 2015 plan year.
  - For example, if your plan year begins July 1, your compliance date is July 1, 2015 to avoid a penalty tax.
- For 2015 only, an employer with 100 or more Full-time + FTE Employees is required to offer health coverage to at least 70% of its "Full-time Employees" and their dependent children (under age 26), to avoid the "no coverage" penalty under the employer mandate.
- By 2016, this employer must offer coverage to at least 95% of its "Full-time Employees" and their dependent children (under age 26).
  - ***Note***—for "Full-time Employees" who are ***not*** offered health coverage, the employer will be subject to a $3,000 penalty for each "Full-time Employee" that (1) purchases a health plan through the ACA Insurance Marketplace (State Exchange) ***AND*** (2) accesses a premium subsidy.

Avoiding the Penalty – Offering an "Affordable" Plan

- Part 1: The "Affordability" Test

  To be "affordable," the required *employee* contribution for lowest cost, self-only plan cannot exceed 9.5% of the employee's household income. Instead of using household income, an employer can use one of three "safe harbor" benchmarks for determining affordability:

  1. Benchmark affordability to employee's W-2 wages reported in Box 1.

  2. Pay Rate Monthly Equivalent—Employee's rate of pay X 130 hours. (Ex: $12/hr x 130 hrs. = $1,560 monthly X 9.5% = $148.20 max.)

  3. The Federal Poverty Level – Benchmark affordability to 9.5% of individual minimum federal poverty level, which is $11,670 for 2014. (Ex. $11,670 annually = $972.50 monthly X 9.5% = $92.38 max.)

Avoiding the Penalty – Offering a "Minimum Value" Plan

- Part 2: The "Minimum Value" Test
  - To meet the "Minimum Value" ("MV") test, the plan must pay for at least 60% of the cost of the benefits provided under the plan
    - Note that Congress did *not* impose the "Essential Health Benefits" ("EHB") on fully-insured large group and self-insured plans, and the HHS and the Treasury Dept. effectively imposed the EHB requirements on these plans by proxy through the Minimum Value test.
    - For example, a plan's anticipated spending for benefits provided under any particular "Essential Health Benefit"-benchmark plan for any State counts towards the plan's Minimum Value.
  - How are wellness incentives treated for purposes of the MV test?
    - Wellness incentives CANNOT be counted toward meeting the MV test (except for incentives related to tobacco use).
    - Wellness incentives related to tobacco use CAN count toward the MV test, BUT, the employer must treat everyone the same way, regardless of whether the employees are participating in the program.

Avoiding the Penalty – *Who* Must Be *Offered* Coverage?

- Part 3: Identifying Full-time 30+ hour Employees
  - If you can reasonably determine that a new hire or existing variable hour employee will work 30 or more hours a week, they are "full-time" and you ***must*** offer them health coverage within 90 days or possibly be subject to the penalty provisions.
  - If you cannot reasonably determine that someone will work 30 or more hours a week, you can treat them as a "variable hour" employee and utilize the 'look back/stability period' safe harbor method:
    - Variable hour employees evaluated during "measurement period" which is a defined period of time over which you determine whether the employee averaged at least 30 hours of service per week. (Min. 3 months, max. 12 months.)
    - If the employee were determined to be a full-time employee during the measurement period, the employee would be treated as a full-time employee during a subsequent "stability period," regardless of the employee's number of hours of service during the stability period, so long as he or she remained an employee. (Min. 6 months and no shorter than measurement period.)

Measurement/Administrative/Stability Periods

Initial Measurement Period:
- Minimum 6 months
- Starts no later than 7/1/14
- Ends no earlier than 90 days before the 2015 plan anniversary date.

Standard Measurement Period: Annual period of 3 to 12 months

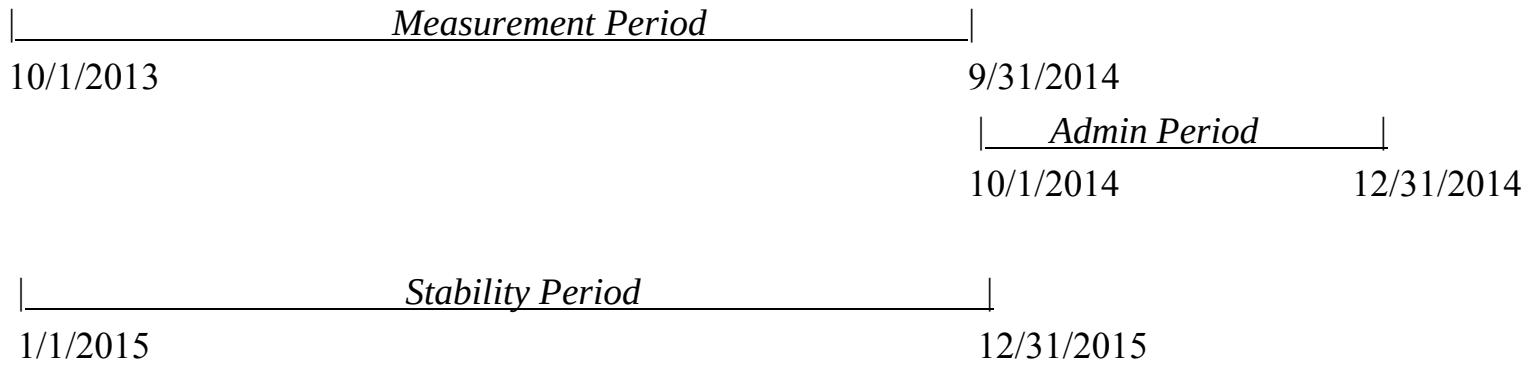
Optional Administrative Period: Up to 90 days for making full-time determinations and offering and implementing full time coverage for the stability period

Stability Period: An annual period of not less than 6 months, and not less than the corresponding measurement period, during which the employer must offer minimum essential health coverage to all full-time employees or face potential penalties

Note: If an employee is determined to be full-time based on a measurement period, that employee must be offered coverage during the next stability period—even if the employee does not work full-time during the stability period. In other words, the employee status is "locked in" based on the status earned during the measurement period.

Calendar Year Plans – Suggested Measurement /Administrative/Stability Periods For "Current Employees"

"Initial" Measurement Period for "*Current Employees*" for Calendar Year Plans for Compliance Beginning January 1, 2015

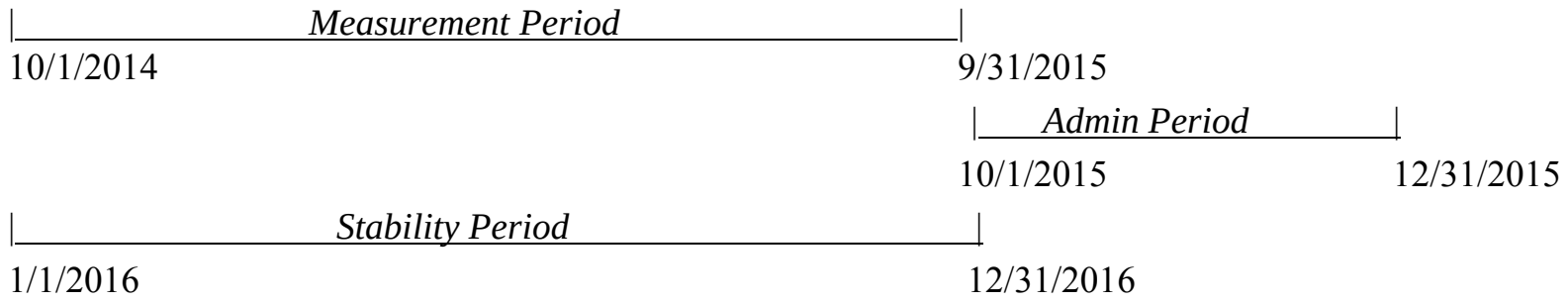


- The "Initial" Measurement Period for employees who were already employed as of 10/1/2013 (i.e., "current employees") would begin 10/1/2013, and last 12 months until 9/31/2014.

- A 90-day Administrative Period may be adopted beginning 10/1/2014, which could coincide with "open enrollment" for 2015.

- Then, a 12-month Stability Period would begin 1/1/2015.

"Standard" Measurement Period for Employees for Calendar Year Plans for Compliance in 2016 and for Each Subsequent Year



- After the "Initial" Measurement Period, employers are required to measure the hours of their employees on an ongoing basis. This will be done by establishing a "Standard" Measurement Period for employees who were already employed as of 10/1/2013. This "Standard" Measurement Period can be 12 months, beginning on 10/1/2014 through 9/31/2015. This same "Standard" Measurement Period would begin for each subsequent year on 10/1 of the respective year.

- A 90-day Administrative Period may be adopted beginning 10/1/2015, which could coincide with "open enrollment" for 2016. Again, this same Administrative Period can be adopted in each subsequent year on 10/1 of the respective year, which could coincide with "open enrollment" for that particular year.

- Then, a 12-month Stability Period would begin 1/1/2016. Or, on 1/1 of any subsequent year.

Calendar Year Plans – Suggested Measurement /Administrative/Stability Periods For "New Employee" Who Is Found to Work "Full-Time"

"Initial" Measurement Period for a "New Employee" Hired In 2015 – *Ex. Hire Date: April 10, 2015*

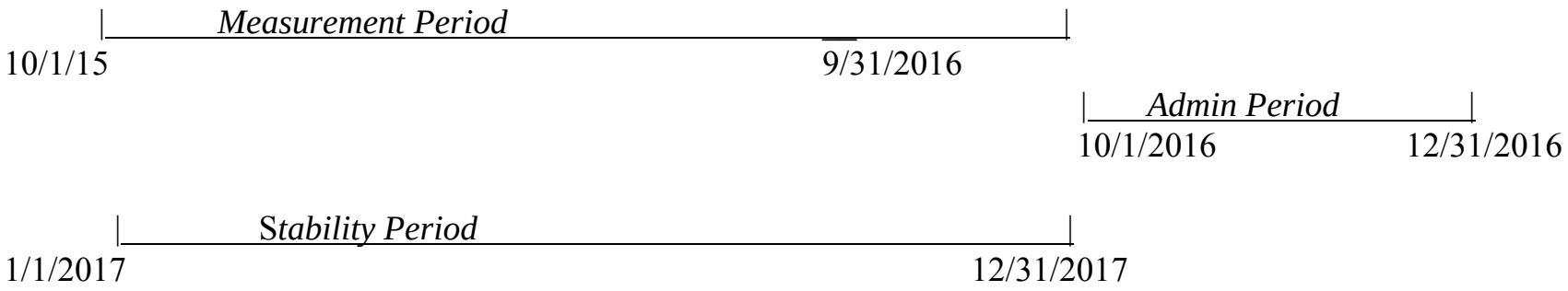
| *Measurement Period* |
4/10/2015 4/9/2016

| *Admin Period* |
4/10/2016 5/31/2016

| *Stability Period* |
6/1/2016 5/31/2017

- The "Initial" Measurement Period for a "new employee" who may or may not be "full-time" (based on a reasonable assumption) would begin on the first day he/she is hired (here, 4/10/2015), and last 12 months.
- In this case, the employer may only adopt an Administrative Period that extends until the last day of the 13th month after the employee's initial hire date (here, 5/31/2016).
- Then, a 12-month Stability Period would begin 6/1/2016.

"Standard" Measurement Period for This "New Employee" Beginning in 2015 and For Each Subsequent Year



- A "new employee" working during the "Initial" Measurement Period must also be tested based on the "Standard" Measurement Period adopted by the employer. Here, the "Standard" Measurement Period would begin on 10/1/2015, and last 12 months.
- A 90-day Administrative Period may be adopted beginning 10/1/2016, which could coincide with "open enrollment" for 2017.
- Then, a 12-month Stability Period would begin 1/1/2017.
  - Note, that the regulations permit an employer to have overlapping Measurement, Administrative, and Stability Periods. Such overlapping Periods are necessary to ensure that an employee that is determined to be "full-time" will always be offered health insurance coverage during a Stability Period. In our example, this "new employee" was considered "full-time" as of 4/9/2016.
  - Although this "new employee's" Stability Period lasts through 5/31/2017, an employer may decide to allow the employee – who is now considered "full-time" – to select health coverage during the 90-day Administrative Period that begins in the middle of this employee's "Initial" Stability Period (here, 10/1/2016). In other words, the employer may allow this employee to select coverage during "open enrollment" for 2017 instead of allowing the employee to finish out their "Initial" Stability Period and select coverage that would be effective 6/1/2017.
- If the employee selects coverage during this Administrative Period (i.e., "open enrollment"), the employee's Stability Period would begin 1/1/2017. In this case, the "new employee" (who is now considered as "full-time") will be treated like all other employees and would be subject to the same Measurement, Administrative, and Stability Period on a going forward basis.

Calendar Year Plans – Suggested Measurement /Administrative/Stability Periods For
"New Employee" Who Is *Not* Found to Work "Full-Time"
"Initial" Measurement Period for a "New Employee" Hired In 2015 – *Ex. Hire Date: April 10, 2015*

| *Measurement Period* |
4/10/2015 4/9/2016

| *Admin Period* |
4/10/2016 5/31/2016

| *Stability Period* |
6/1/2016 5/31/2017

- The "Initial" Measurement Period for a "new employee" who may or may not be "full-time" (based on a reasonable assumption) would begin on the first day he/she is hired (here, 4/10/2015), and last 12 months.

- In this case, the employer may only adopt an Administrative Period that extends until the last day of the 13th month after the employee's initial hire date (here, 5/31/2016).

- Then, a 12-month Stability Period would begin 6/1/2016.

"Standard" Measurement Period for This "New Employee" Beginning in 2015 and For Each Subsequent Year

| *Measurement Period* |
10/1/2015 9/31/2016

| *Admin Period* |
10/1/2016 12/31/2016

| *Stability Period* |
1/1/2017 12/31/2017

- A "new employee" working during the "Initial" Measurement Period must also be tested based on the "Standard" Measurement Period adopted by the employer. Here, the "Standard" Measurement Period would begin on 10/1/2015, and last 12 months.
- A 90-day Administrative Period may be adopted beginning 10/1/2016, which could coincide with "open enrollment" for 2017.
- Then, a 12-month Stability Period would begin 1/1/2017.
  - In this example, the "new employee" is *not* found to be "full-time" after their "Initial" Measurement Period. Regardless, for administrative ease, it is advisable to start measuring this employee's hours during the "Standard" Measurement Period that applies to all other employees.
  - Although the employer is not required to offer this "new employee" health coverage during the "Initial" Stability Period (i.e., 6/1/2016 through 5/31/2016), the employer may in effect truncate this "Initial" Stability Period with an overlapping Measurement, Administrative, and Stability period in an effort to place all of its employees on the same Measurement, Administrative, and Stability Period on a going forward basis. This should be permissible because if this "new employee" was found to be "full-time" during the "Standard" Measurement Period, the employee may select coverage before the "Initial" Stability Period would have otherwise run its course (effectively accelerating the employee's eligibility for coverage).
  - If this employee is still considered not "full-time" after the "Standard" Measurement Period, then the employer is not required to offer this employee health coverage during the "Standard" Stability Period (i.e., 1/1/2017 through 12/31/2017). This measuring process can be repeated for each subsequent year.

Summer Break? - Special Rules For Educational Organizations

- Because the academic year for a school district employee is typically less than 12 full months, special provisions for measuring variable hour educational employees were developed. During the measurement period:
  - Measure the hours worked during a period of months over which the variable hour employee logged at least 1 service hour without any employment breaks, and **exclude** from the average any employment breaks of 4 consecutive weeks without any service hours. (Service hours include actual hours worked or hours for which payment is due or made for vacation, holiday, illness, incapacity [including disability], layoff, jury duty, military duty or leave of absence.)
  - Alternatively, the district can assume that the variable hour employees worked the same number of hours during the employment breaks and **credit** them the average number of hours they worked during the period of time when actual service hours were logged.

Variable Hour Employee Measurement Period – Exclude or Credit?

- *Example*: Paraprofessional A works on average 38 hours a week during the school year. (September 1st through May 31st.) Para A does not log any service hours over the summer break when school is generally not in session. (June, July, August) Para A resumes work the following September 1st, when the new school year begins.
  - Here, the district may treat Para A as having worked an average of 38 hours per week during the period of September 1st through May 31st, and **exclude** from the calculation the 3 month employment break over which Para A did not log any service hours.
  - Alternatively, the district can assume that Para A worked 38 hours per week during the 3 month employment break period and **credit** them the 38 hours per week average for the employment break period when calculating the measurement period average.

Summary of Employer Mandate Penalties

- **Under 50** Full-time + Full-time Equivalent Employees—NONE!
- **50-99** Full-time + Full-time Equivalent Employees—Penalties are *not* enforced until the first day of the 2016 plan year *if transition rules are satisfied*.
- **100+** Full-time + Full-time Equivalent Employees—Gradual enforcement (offer coverage to at least 70% of Full-time Employees on first day of 2015 plan year, and to 95% of Full-time Employees in 2016).
- **"No Coverage" Penalty** (Fail to offer coverage to minimum percentage of Full-time Employees)**:**

  For 2015—Number of Full-time Employees minus 80, times $2,000

  For 2016—Number of Full-time Employees minus 30, times $2,000

- **"Substandard Plan" penalty** (fails to meet affordability or minimum benefits)**:**

  $3,000 for each Full-time Employee *who receives* a premium subsidy through the Marketplace (to a maximum of the "No Coverage" penalty amount above).

Annual Employee Notifications Required – Document Everything!

- Grandfathered status notice.
- ACA Compliant Summary of Benefits and Coverage (SBC).
- ACA Compliant Notice of Insurance Marketplace Coverage Options.
- ACA Compliant COBRA notification.
- Summary of material modifications to the plan.
- Women's Health Cancer Rights Notice.
- HIPAA Privacy Notice.
- Creditable Coverage Certificates.

Reporting Requirements Transition Relief

- NO PENALTIES for failure to comply with information reporting provisions for 2014.
- Information reporting essential to enforcement of Individual & Employer Mandates and for identifying individuals that might qualify for subsidies or tax credits through the exchanges.
- Section 6055 - annual information reporting required by health insurance issuers, self-insuring employers, government agencies and other providers of health coverage.
- Section 6056 - annual information reporting required by employers subject to the employer mandate relating to the health insurance that the employer offers to its full-time employees.

Section 6056 - Delayed Until 2016 & Subject to Change

- (1) The name, address, and employer identification number of the employer, the name and telephone number of the applicable employer's contact person, and the calendar year for which the information is reported;
- (2) a certification as to whether the employer offered to its full-time employees (and their dependents) the opportunity to enroll in minimum essential coverage under an eligible employer-sponsored plan, by calendar month; and whether the employee had the opportunity to enroll his or her spouse in the coverage;
- (3) whether an employee's effective date of coverage was affected by a waiting period
- (4) number of full-time employees for each month during the calendar year;
- (5) for each full-time employee, the months during the calendar year for which coverage under the plan was available;
- (6) for each full-time employee, the employee's share of the lowest cost monthly premium (self-only) for coverage providing minimum value offered to that full-time employee, by calendar month;
- (7) the name, address, and taxpayer identification number of each full-time employee during the calendar year and the months, if any, during which the employee was covered under an eligible employer-sponsored plan.

2016 Section 6056 Reporting Timeline

- Because Notice 2013-45 provided transition relief for section 6056 reporting for 2014, the first section 6056 returns required to be filed are for the 2015 calendar year and must be filed no later than March 1, 2016 (February 28, 2016, being a Sunday), or March 31, 2016, if filed electronically.

- Section 6056 employee statements must be furnished annually to full-time employees on or before January 31 of the year immediately following the calendar year to which the employee statements relate. This means that the first section 6056 employee statements (meaning the statements for 2015) must be furnished no later than February 1, 2016 (January 31, 2016, being a Sunday).

Individuals Have More Options

- Open enrollment for individual policies through the State Exchange is late each fall, for coverage effective January 1.
- Coverage can be adopted at any time during the year for certain qualifying events:
  - Losing minimum essential coverage
  - Getting married
  - Divorce
  - Relocating
  - New child
  - Change in income
  - Medicaid or CHIP eligibility change
  - COBRA expiration
  - Health plan de-certified

Other Impacts of Health Care Reform

- Employers reducing workers' hours to under 30 hours/week to avoid additional medical plan benefits costs and/or ACA penalties.
- Employers eliminating or restricting spouse eligibility—reduces plan's claim risk and allow spouses the possibility to qualify for an Exchange plan premium subsidy.
- Reduced need for COBRA—Individual health policies, either on or off the State Exchange, are now a coverage option due to no health questions and no pre-existing condition exclusions.
- More Baby Boomer retirements—Working for an employer's health benefits until Medicare eligibility was necessary for some. Individual policies, on or off the Exchange, are now a stop-gap coverage option.
- Future premium rates for individual policies—Insurance plans must now accept all enrollees regardless of health, which increases risk for higher claims. The individual coverage mandate's intent is to also enroll younger, healthier people to mitigate higher claim risk. Are current premium rates sufficient to cover actual plan costs?
- The Administration unilaterally delayed ACA provisions due to unpopular public reaction for out-of-pocket cost and premium rate increases . ("If you like your plan you can keep it.") Will the individual mandate be repealed?

Develop a Strategy and Plan NOW!

- In spite of delays and proposed legislation changes, the ACA is still the law of the land and the regulations and requirements will soon be enforced. There will likely be more changes and required additional Transitional Relief guidance as we get closer to deadlines.
- Be prepared. Consult with legal counsel, insurance brokers or other trusted advisors to develop a plan in time to adapt to changes and implement any necessary procedures.
- Document, document, document!