

ACA – Where are we now? & Alternative Funding!

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Who am I?

- Individual
- Business
 - Small Group
 - Large Group
 - Control Group?

...and what am I required to do?



Who am I? – Individual

...and what am I required to do?

- Obtain and carry a health insurance plan that meets Minimum Essential Coverage (MEC) from:
 1. Employer
 2. Exchange
 3. Carrier
 4. Medicaid
 5. Medicare Part A coverage and Medicare Advantage plans
 6. Children's Health Insurance Program (CHIP)
 7. Certain types of veterans health coverage administered by the Veterans Administration
 8. TRICARE



OR become subject to an Individual Tax Penalty!

2014

\$95
PER ADULT

\$47⁵⁰
PER CHILD

UP TO \$285
PER HOUSEHOLD



OR ↓

1%
OF YEARLY
HOUSEHOLD
INCOME

FLAT \$ AMOUNT OR % OF INCOME
(WHICHEVER IS GREATER)

IN 2014, individuals and families with income under approximately **\$28,500** will *pay a flat dollar penalty amount* if they fail to obtain minimum essential coverage. Individuals and families with income over **\$28,500** will *pay a penalty equal to 1 percent of their income.*

2015

\$325
PER ADULT

\$162⁵⁰
PER CHILD

UP TO \$975
PER HOUSEHOLD



OR ↓

2%
OF YEARLY
HOUSEHOLD
INCOME

FLAT \$ AMOUNT OR % OF INCOME
(WHICHEVER IS GREATER)

IN 2015, individuals and families with income under approximately **\$48,750** will *pay a flat dollar penalty amount* if they fail to obtain minimum essential coverage. Individuals and families with income over **\$48,750** will *pay a penalty equal to 2 percent of their income.*

2016

\$695
PER ADULT

\$347⁵⁰
PER CHILD

UP TO \$2,085
PER HOUSEHOLD



OR ↓

2.5%
OF YEARLY
HOUSEHOLD
INCOME

FLAT \$ AMOUNT OR % OF INCOME
(WHICHEVER IS GREATER)

IN 2016, individuals and families with income under approximately **\$83,400** will *pay a flat dollar penalty amount* if they fail to obtain minimum essential coverage. Individuals and families with income over **\$83,400** will *pay a penalty equal to 2.5 percent of their income.*



Who am I? – Business

...and what am I required to do?

Determine if you are a small business or a large business.

Determine “Full-Time Equivalent” (FTEs) Employees

- Beginning in 2014
- Full Time Employees – 30 hours or more
- Part Time Employees – (Full Time Equivalent)
 - *Total Monthly Hours Worked (all PT Employees) / 120 hours per month = Full Time Equivalents*
- Variable Employees – Average of 30 hours or more a week in a 12 month period (safe harbor)
- Seasonal Employees – Do Not Count if 120 days or less



Who am I? – Business

What is a Control Group?

The Controlled Group rules require closely related companies to be treated as a single employer for benefit plan purposes.

Parent – Subsidiaries (multiple companies)

Parent owns 80% or more of stock or profits

Brother – Sister (5 or fewer common owners)

Controlling interest – owns 80% or more of stock or profits and

Effective Control – generally owns more than 50%



Ok, so I am definitely a Small Business.

What am I required to do?

-Nothing.

Are there penalties for not offering coverage?

-Nope

AND if you have a low average income and less than 25 employees you may be eligible for premium subsidy via a tax credit!

Didn't it get more complicated?

-Oh yes. On-SHOP vs. Off-SHOP

-Member Level Billing vs. Composite Rating



Ok, so I am definitely a Small Business.

**Can I scrap my plan and let my employees go to the
Exchange and buy coverage?**

Yes, you can.

Small Groups with less than 50 FTEs have no penalties for not offering coverage or have an affordability test.

Employees will have to purchase insurance with post-tax income as opposed to tax free through employers.



Ok, so I am definitely a Small Business.

**Can I buy individual (non-group) policies on the
Exchange for my employees?**

No.

Pre-Tax vs. Post-Tax

Employers who reimburse employees for individual non-group health plans face a \$100 a day or \$36,500 per year, per employee excise tax starting July 1, 2015.



I am Large Business...

Why do I care?

PENALTIES!

Not offering Minimum Essential Coverage (MEC) plans to all full time employees could result in a \$2,084 penalty per employee per year (not tax deductible)

Not offering Minimum Value Plans (MVP) on an affordable basis to all full time employees could result in a \$3,126 penalty for every employee that gets a subsidy on the Exchange



I am a Large Business...

What am I required to do?

- Offer an affordable* health benefit plan that meets both Minimum Essential Coverage (MEC) and Minimum Value Plan (MVP) requirements on a non-discriminatory basis to your full-time (30+ hours) employees.
- What is affordable?
 - Your lowest compensated full-time employee should not pay more than 9.56% of their income towards the cost of single coverage of your least expensive health benefit plan that meets MVP requirements.

• OR ...



ACA – Where are we now?

Individuals (citizens & legal residents) must get coverage or pay a penalty.

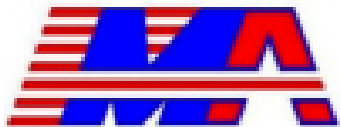
Small Groups don't have to offer group coverage.
(but that can lead to additional complications)

Large Groups (frequently Control Groups) are required to offer an ACA compliant medical benefit plan offering or pay penalties.





Alternative Funding



Alternative Funding

■ Premium

Case Example:

Small group of 45 employees, Effective 2016
-30 Individuals – 15 Families-

Plan: Fully Insured Platinum PPO 250

Deductibles: \$250/500

Benefit: \$250/500

Annual Premium: \$621,388

Total Cost: \$621,388



Platinum PPO 250



Alternative Funding

■ HRA

■ Premium

Case Example:

Small group of 45 employees, Effective 2016
-30 Individuals – 15 Families-

Plan: Fully Insured Gold PPO 750

Deductibles: \$750/1,500

HRA: \$500/1,000

Benefit: \$250/500

Annual Premium: \$534,688

Annual HRA Promise: \$30,000

Total Cost: \$564,688



Gold PPO 750



Alternative Funding

■ Premium

■ HRA

Case Example:

Small group of 45 employees, Effective 2016
-30 Individuals – 15 Families-

Plan: Fully Insured Silver PPO 3500

Deductibles: \$3,500/7,000

HRA: \$3,250/6,500

Benefit: \$250/500

Annual Premium: \$340,198

Annual HRA Promise: \$195,000

Total Cost: \$535,198



Silver PPO 3500



Alternative Funding

■ Premium

■ HRA

Case Example:

Small group of 45 employees, Effective 2016
-30 Individuals – 15 Families-

Plan: Fully Insured Bronze PPO 6350

Deductibles: \$6,350/12,700

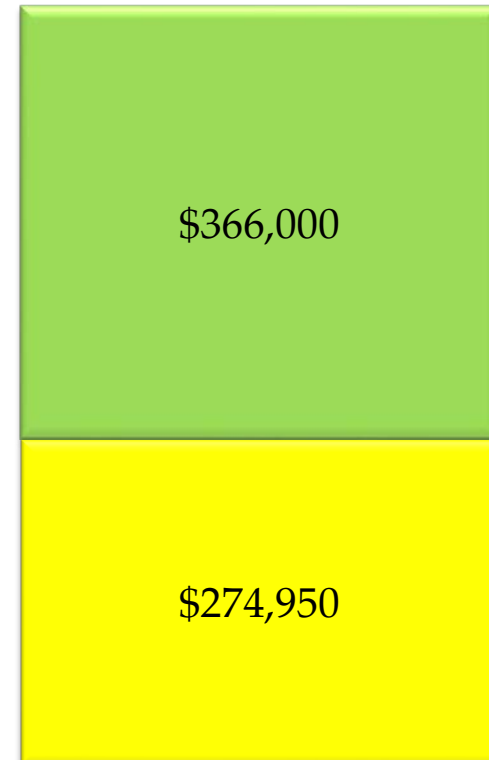
HRA: \$6,100/12,200

Benefit: \$250/500

Annual Premium: \$274,950

Annual HRA Promise: \$366,000

Total Cost: \$640,950



Bronze PPO 6350



Alternative Funding

■ Premium

■ Claims Fund

Case Example:

Small group of 45 employees, Effective 2016
-30 Individuals – 15 Families-

Plan: Self-Funded PPO 250

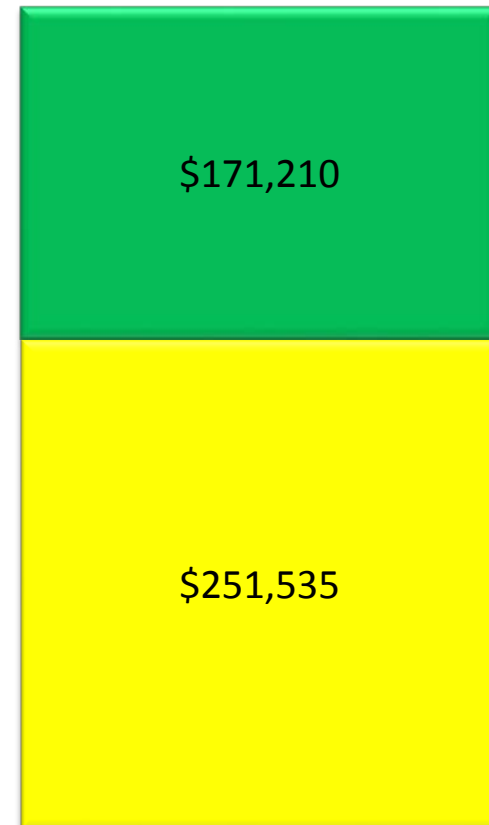
Deductibles: \$250/500

Benefit: \$250/500

Annual Premium: \$251,535

Annual Claims Fund: \$171,210

Total Cost: \$422,745



Self-Funded PPO 250



Alternative Funding

■ Premium

■ Claims Fund

■ HRA

Case Example:

Small group of 45 employees, Effective 2016
-30 Individuals – 15 Families-

Plan: Self-Funded QHDHP 5,000

Deductibles: \$5,000/10,000

HRA: \$4,750/9,500

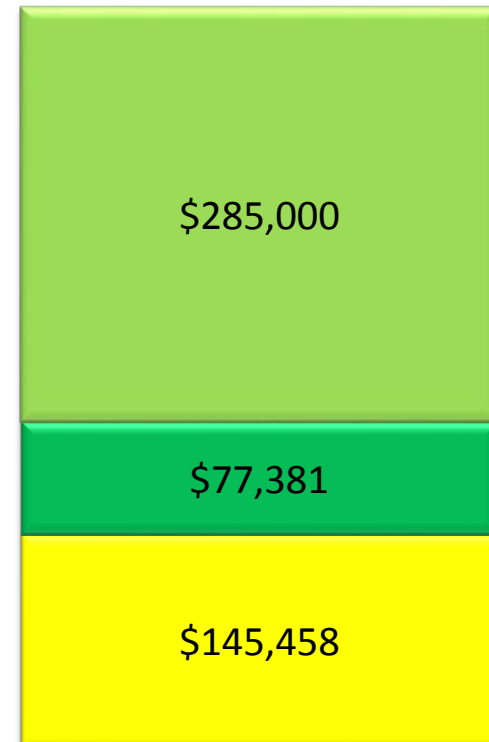
Benefit: \$250/500

Annual Premium: \$145,458

Annual Claims Fund: \$77,381

Annual HRA Promise: \$285,000

Total Cost: \$507,840

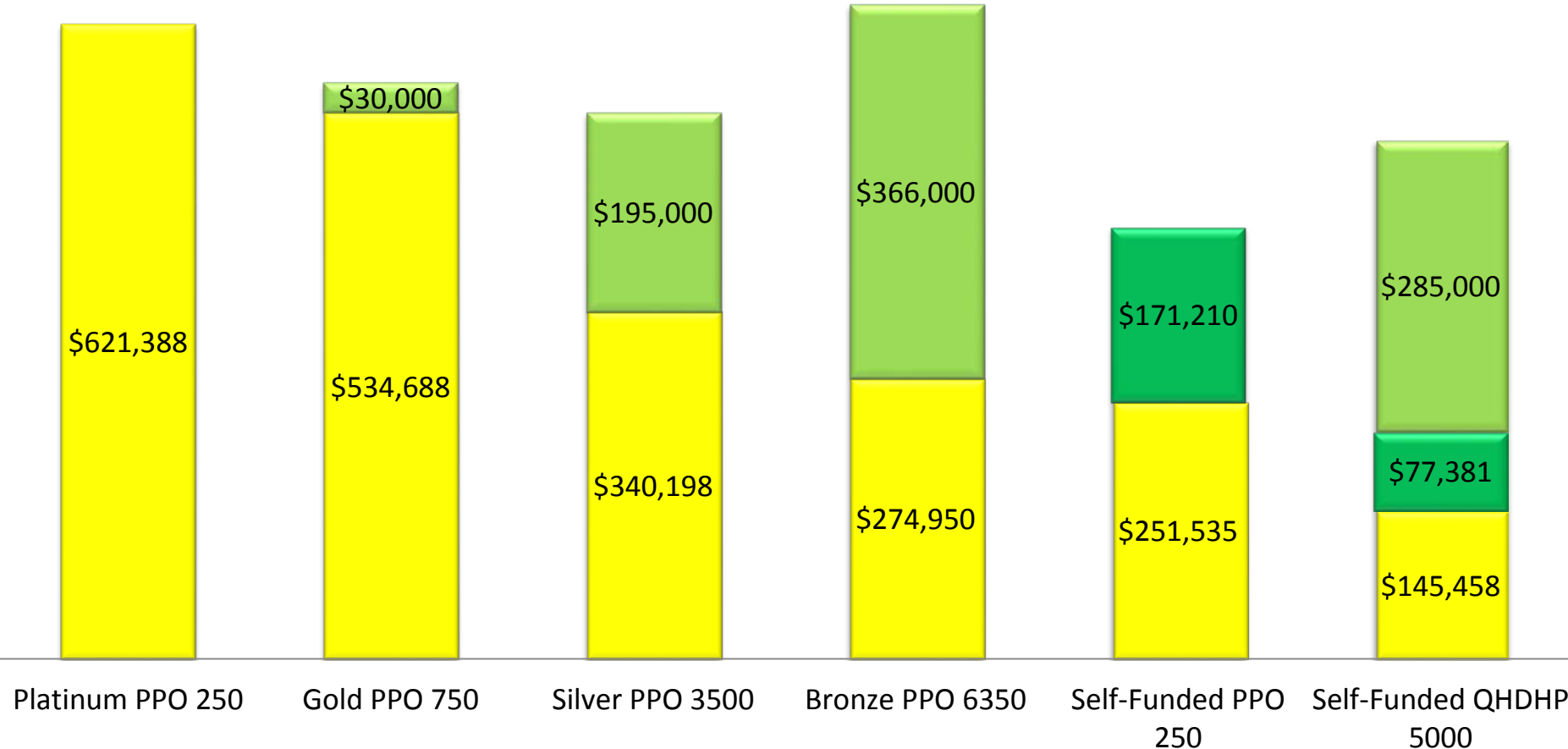


Self-Funded QHDHP 5000



Alternative Funding

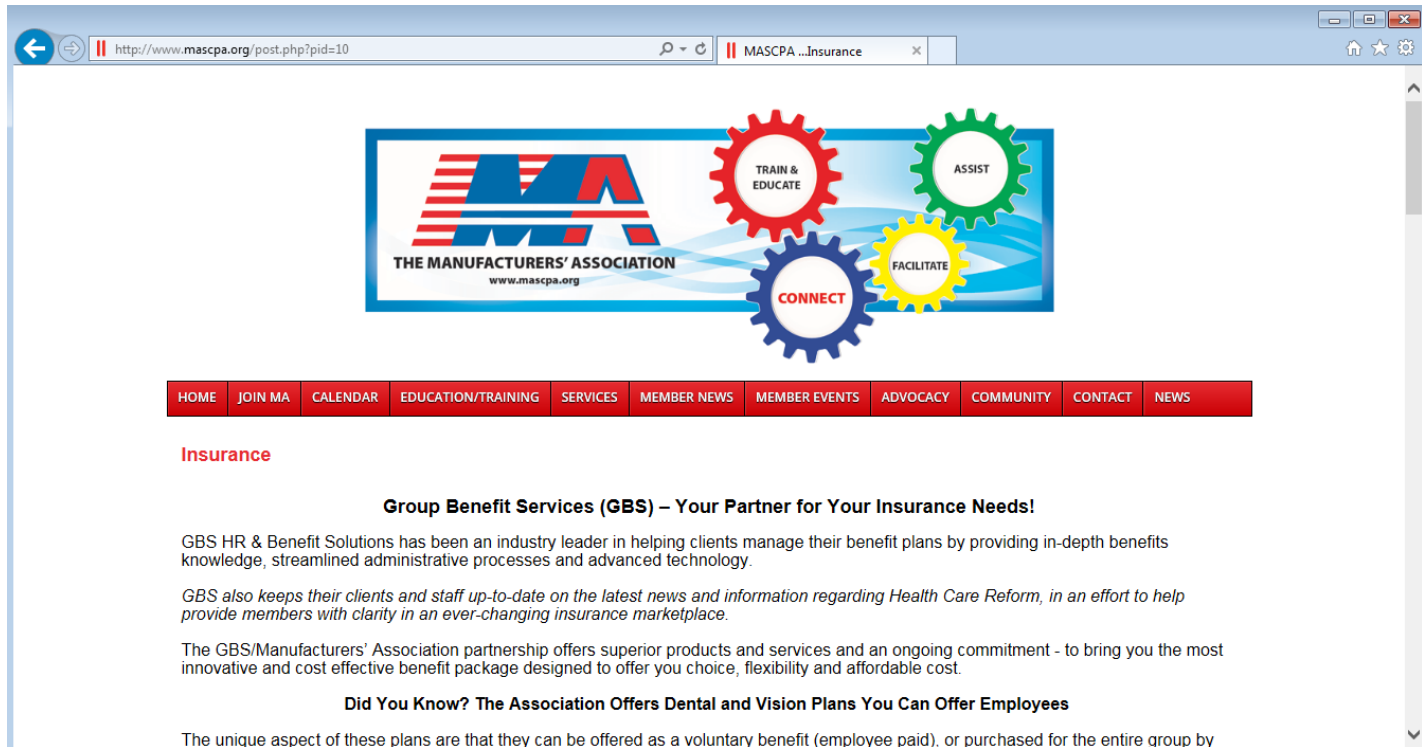
■ Premium ■ Claims Fund ■ HRA





Where can I find the resources I need?

www.mascpa.org



The screenshot shows a web browser window with the URL <http://www.mascpa.org/post.php?pid=10>. The page features the MASCPA logo and a graphic with four interlocking gears labeled "TRAIN & EDUCATE", "ASSIST", "FACILITATE", and "CONNECT". Below the graphic is a red navigation bar with the following links: HOME, JOIN MA, CALENDAR, EDUCATION/TRAINING, SERVICES, MEMBER NEWS, MEMBER EVENTS, ADVOCACY, COMMUNITY, CONTACT, NEWS. The main content area is titled "Insurance" and contains the following text:

Group Benefit Services (GBS) – Your Partner for Your Insurance Needs!

GBS HR & Benefit Solutions has been an industry leader in helping clients manage their benefit plans by providing in-depth benefits knowledge, streamlined administrative processes and advanced technology.

GBS also keeps their clients and staff up-to-date on the latest news and information regarding Health Care Reform, in an effort to help provide members with clarity in an ever-changing insurance marketplace.

The GBS/Manufacturers' Association partnership offers superior products and services and an ongoing commitment - to bring you the most innovative and cost effective benefit package designed to offer you choice, flexibility and affordable cost.

Did You Know? The Association Offers Dental and Vision Plans You Can Offer Employees

The unique aspect of these plans are that they can be offered as a voluntary benefit (employee paid), or purchased for the entire group by



Where can I find the resources I need?

Contact [Group Benefit Services](#) MASCPA's preferred provider for group benefits, clarify the Affordable Care Act and your responsibilities as an employer for you.

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