

PPACA: LFUCG IMPACT ANALYSIS



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PPACA: Individual/Employee Mandate

Key Provisions

Impacting Employees/Individuals

Individual Mandate

Starting in 2014, individuals must purchase qualifying health coverage or be subject to a tax penalty.

Access to Coverage

Starting in 2014, all individuals will have the option to purchase health coverage from a state or federally run insurance exchange.

Health Plan Options

Coverage offered on the insurance exchanges will be one of four plan designs with varying actuarial values as follows:

Platinum	90%
Gold	80%
Silver	70%
Bronze	60%

Premium Subsidy

Individuals who have a household income less than 400% of the Federal Poverty Level will be eligible for a premium subsidy if they purchase health coverage from the insurance exchange and their employer does not offer “qualified” and “affordable” coverage.

PPACA: Employer Mandate

Key Provisions Impacting Employers

Employer Mandate

Employers with 50+ full time equivalent employees must offer qualifying health coverage or pay an annual, non-deductible penalty of \$2,000 per employee (in excess of 30 employees).

Minimum Value “Qualified”

Qualifying health plans must provide minimum value. To meet this requirement, a health plan must have an actuarial value of at least 60%.

Plan Affordability

An employer's health plan is considered “affordable” if the cost of single coverage for the least expensive “qualified” plan does not exceed 9.5% of an employee's W2 earnings. This is regardless of which plan or coverage type is elected.

Employers will be subject to an annual non-deductible penalty of \$3,000 for each employee that:

- 1) cannot "afford" the employer's health coverage, and
- 2) buys coverage through the insurance exchange, and
- 3) receives a premium subsidy from the exchange.

PPACA: “Qualified Plan” Scoring for LFUCG

<p>Analysis of Current Plan(s)</p> <p>Do the current plan(s) offer minimum essential benefits?</p> <p>YES</p>	<p>Exchange Plans</p>	<table><tr><td>Platinum</td><td>90%</td></tr><tr><td>Gold</td><td>80%</td></tr><tr><td>Silver</td><td>70%</td></tr><tr><td>Bronze (minimum value)</td><td>60%</td></tr></table>	Platinum	90%	Gold	80%	Silver	70%	Bronze (minimum value)	60%
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	<p>Current Plans</p>	<table><tr><td>PPO 1</td><td>87%</td></tr><tr><td>PPO 2</td><td>76%</td></tr><tr><td>HSA 1</td><td>82%</td></tr><tr><td>HSA 2</td><td>75%</td></tr></table>	PPO 1	87%	PPO 2	76%	HSA 1	82%	HSA 2	75%
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HSA 1	82%									
HSA 2	75%									

* Key assumptions and future projections based on actuarial tools developed by Reden & Anders, Verisight and HHS.

* Analysis does not factor on-site clinic or on-site pharmacy benefits.

* Plan values include HSA contributions made by LFUCG.

PPACA: Affordability Analysis

Analysis of Current Plan(s)

Does the employer meet the affordability mandate for all employees?

YES

(benefits pool eligible)

Current Plans (affordability calculation only applies to the least expensive plan option offered)	Annual cost of single coverage (Based on non-bargaining tobacco rates)	Minimum compensation for health plan affordability	
		Annual	Hourly
PPO 1	\$2,562	\$26,970	\$12.97
PPO 2	\$552	\$5,812	\$2.79
HSA 1	\$243	\$2,557	\$1.23
HSA 2	\$0	\$0	\$0
Current Workforce (LFUCG Benefits Eligible)	Comp Ranges		# of EEs
	Less than \$20,000		102
	\$20,000 - \$24,999		35
	\$25,000 - \$29,999		208
	\$30,000 - \$34,999		452
	\$35,000 - \$39,999		433
Greater than \$40,000		1,549	

* Affordability is based on the least expensive qualified plan, regardless of employee election.

PPACA: “Affordability” Impact to Employees

Projection of Future Costs	Federal Poverty Level – 400%				
	Household Size	1	2	3	4
2013		\$45,400	\$61,496	\$77,588	\$93,684
Projected 2014 (assumes annual increase of 1.6%)		\$46,132	\$62,484	\$78,840	\$95,192
Employee Eligibility for Premium Subsidies	% of workforce projected to qualify for premium subsidies			LFUCG offers a qualified and affordable option for each employee receiving a benefits pool. Coverage may not be affordable for those employees without a benefits pool.	

* Key assumptions and future projections based on actuarial tools developed by Reden & Anders and Verisight.

PPACA: Exchange Subsidized Premiums

Projection of Future Costs

How many employees will qualify for a Premium Subsidy?

Potentially only those with no benefit pool.

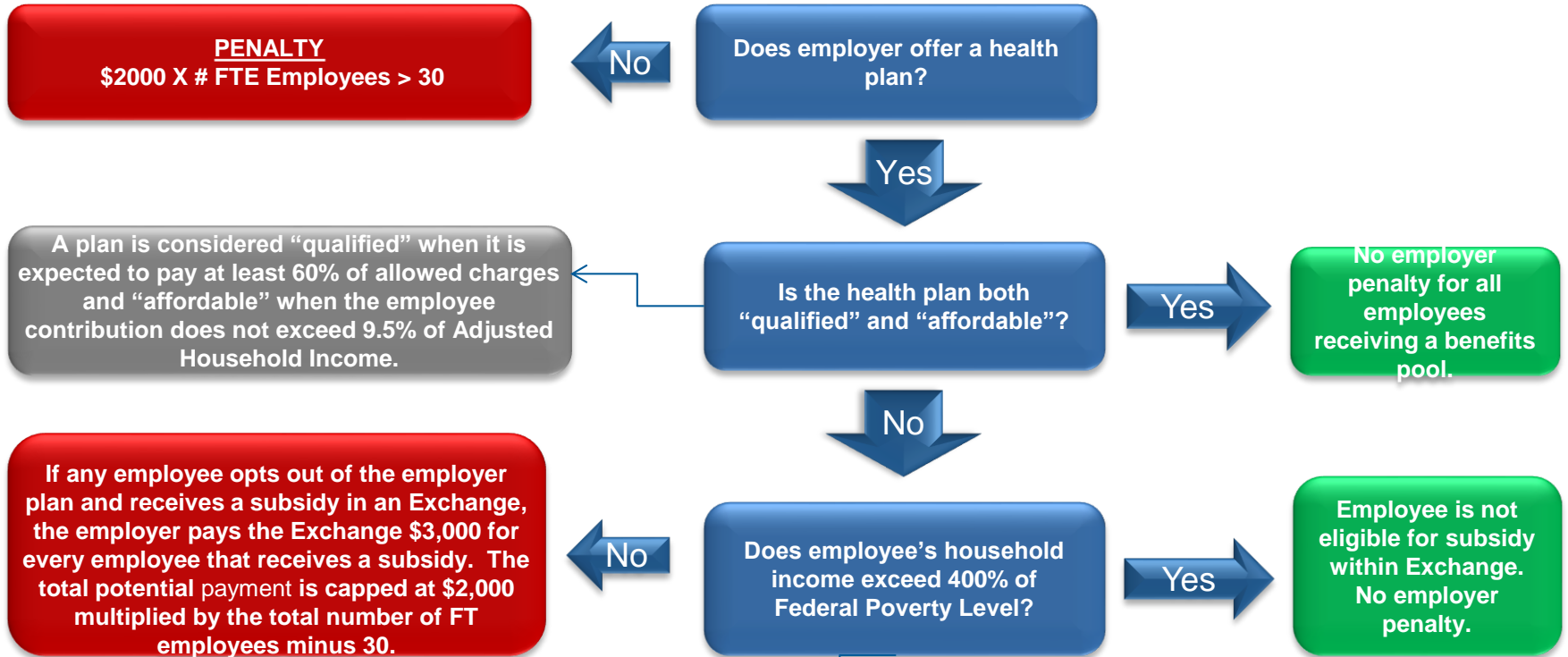
	Household Income Levels	% of Fed Poverty Level (proj 2014)	Exchange Premium (Silver)			Current Annual EE cost ("HSA 2" plan)
			% income	\$ after tax (20% tax rate assumed)	\$ pre-tax	
Single	\$17,300	150%	4.00%	\$692	\$865	\$0
	\$23,066	200%	6.30%	\$1,453	\$1,816	
	\$28,833	250%	8.05%	\$2,321	\$2,901	
	\$34,599	300%	9.50%	\$3,287	\$4,109	
Family (4)	\$35,697	150%	4.00%	\$1,428	\$1,785	\$3,165
	\$47,596	200%	6.30%	\$2,999	\$3,748	
	\$59,495	250%	8.05%	\$4,789	\$5,987	
	\$71,394	300%	9.50%	\$6,782	\$8,478	

*Plan cost is based on non-bargaining tobacco rates .

*HSA 2 is a 75% actuarial value plan.

Employer Mandate Flowchart

(Applies to Employers with > 50 Full Time Employees)



Persons in Family	400% of Federal Poverty Level
1	\$43,320
2	\$58,280
3	\$73,240
4	\$88,200

PPACA: Eligibility Impact to Planning/Costs

Key Provisions Eligibility

Full Time Employees

Under PPACA, anyone working 30+ hours weekly on average during a standard measurement period is considered be a full time employee and must be made eligible for employer sponsored health insurance. No eligible employee must be required to wait more than 90 days for coverage eligibility.

Counting Employees

LFUCG must continually evaluate all employee's individual hours worked during what is called the "accounting period". This is a timeframe of up to 90 days for which you must evaluate hours worked per employee during your "measurement period" (any 3 to 12 month period leading up to the accounting period). Any employee averaging 30+ hours per week during the measurement period, must be offered health insurance during the "stability period". This is the timeframe beginning after the accounting period has ended and for a length of time equal to the measurement period. This method of counting employees is a simultaneous and continuous process year over year. If an employer chooses, they may use different measurement & stability periods for different classes of employees (i.e. hourly, salary, collective & non-collective bargaining)

PPACA: Eligibility Impact to Planning/Cost

Key Provisions Eligibility

Current Eligibility

Based on the census from March (one month):

- 7 employees are working over 30 hours per week and not eligible for benefits
- 106 employees are working less than 30 hours and are eligible for benefits
- 41 employees are working less than 30 hours and are not eligible for health insurance (This is allowable under PPACA)

Financial Implications

LFUCG currently has some employees working 30+ hours per week who are not eligible for benefits. These occurrences present the potential for \$2,000 penalties for each employee not offered coverage who should be eligible under PPACA. LFUCG has some employees who are benefits eligible and do not receive a benefits pool. This is a potential risk for a \$3,000 fine if coverage is unaffordable and the employee elects subsidized coverage through the exchange.

PPACA: Benefit Plan Design Impact

Key
Provisions

Plan Design

**Benefit
Changes**

LFUCG's plans are currently scored as "affordable" and "qualified". Therefore, no changes are necessary to accommodate these provisions.

For 2012 and 2013, benefit plans were designed to accommodate updates for mandated PPACA coverage. Minimum essential benefits, women's health, and 100% wellness benefits, among other provisions, have been added to maintain compliance with PPACA.

PPACA: Related Employer Fees

Key Provisions Taxes/Fees	Comparative Effectiveness Fee \$10,804	<p>Paid under PPACA to support federally-sponsored research into the clinical effectiveness, risks, and benefits of medical treatments, services, drugs and medical devices. \$2 Per Member Per Year</p>
	Reinsurance Fee \$340,326 - \$411,632	<p>Paid under PPACA to stabilize rates for high risk individual health insurance policyholders. This will be collected from 2014 through 2016. The Federal Government's fee has been proposed from \$5.25-\$6.35 per member per month.</p>

PPACA: Notices / Reporting

March 1, 2013 (INITIAL DATE, EXTENDED TO THE FALL)

Employer Notification due describing State Exchange

- Availability to individuals
- Description of services
- Exchange contact information
- Possible tax credit (if employer plan < 60% of actuarial value) and coverage purchased through the exchange

January 1, 2014 (Self Funded Plans)

Report (from insurers or self funded plans) that provide minimum essential coverage:

- # of months during year that employee had “minimum essential” coverage
- Name, address, tax ID # for each enrollee
- Dates of coverage for each
- Identify any employees who purchased coverage through exchange
- Name, address & EIN of employer
- Portion of premium paid by employer

PPACA: Notices / Reporting

January 1, 2014 (Employer)

Required information (to IRS):

- Name, address, EIN of employer sponsoring plan
- Certification of “minimum value” coverage
- Waiting period
- Period (# months) coverage offered
- Monthly premium of low cost option for each tier
- Employer’s share of cost
- Plan option for which employer pays largest portion of cost
- Portion of cost employer pays by tier (low cost option)
- # of full time employees by month
- Name, address, tax ID for each full time employee
- # of months each full time employee covered under plan
- Name, address, & contact information for submitting employer

Penalty: \$50 for each “missed” employee (max \$100,000)

Employer can enter into agreement with claim payor to coordinate above reporting

Questions/Observations

