

When Do Various ACA Requirements Go Into Effect?

November 20 & 21, 2013



When Do Various ACA Requirements Go Into Effect?

- Welcome! We will begin at 3 p.m. Eastern
- There will be no sound until we begin the webinar. You can listen to the audio portion through your computer speakers or by calling into the phone conference number provided in your confirmation email.
- You will be able to submit questions during the webinar by using the “questions” box located on your webinar control panel.



When Do Various ACA Requirements Go Into Effect?

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Effective Dates Overview



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Already
Effective

- Patient-Centered Outcomes Research (PCOR) Fees
- W-2 reporting: cost of employer-sponsored health coverage
- Exchange notice

2014

- Health FSA \$500 Rollover
- Small business health care tax credit
- Cost-sharing and waiting period limitations
- Small group underwriting and rating rules (modified community rating)
- Reinsurance Fee
- Shared responsibility for individuals (individual mandate)

2015

- Shared responsibility for employers (play or pay penalty tax)
- Determining applicable large employer status
- Optional measurement period for defining full-time employees
- Reporting of health insurance coverage [Code §§ 6055 and 6056]

2018

- Tax on high-cost health coverage ("Cadillac tax")

Eff. Date
Uncertain

- Nondiscrimination rules for insured plans
- Automatic enrollment



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Already In Effect

- Patient-Centered Outcomes Research (PCOR) Fees
 - \$2 per participant per year (\$1 for plan years ending prior to 10/1/13)
 - Applies to policy and plan years ending after October 1, 2012 and before October 1, 2019
 - Fully-insured plans – carrier pays fee
 - Self-funded plans - plan sponsor must pay fee (on IRS Form 720) by July 31st in year after end of plan year
 - Example: Plan year 5/1/2013 - 4/30/2014, must pay fee by July 31st 2015



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Already In Effect

- W-2 Health Cost Reporting
 - Effective for large employers for 2012 tax year
 - Reporting requirement delayed until further notice for employers who filed fewer than 250 W-2s the prior year
- Exchange Notice
 - Sent to all employees by October 1, 2013
 - Provided to all new hires going forward
 - Also includes part-time, short-term hires and others not eligible for employer-sponsored plans



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2014

- \$500 Health FSA Rollover
 - Can be offered for plan years beginning in 2013
 - Plan must be amended by 12/31/2014
 - Special rule for 2013 plans with an existing grace period - must be amended by 12/31/2013
- Small Business Tax Credit
 - Tax credit for small employers with up to 25 FTEs and average annual wages less than \$50,000
 - Up to 35% credit 2010-2013
 - Up to 50% in 2014 - but only for small group plans purchased through a public (state or federal) SHOP exchange
 - Tax exempt orgs eligible for partial credit
 - IRS website - <http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers>



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2014

- Cost-Sharing Limitations - cost sharing cannot exceed HSA/HDHP limits
 - Applies to non-grandfathered plans effective first plan year in 2014
 - 2014 limits - \$6,350 for self-only, \$12,700 for family
- Waiting Period Rule
 - Waiting period of no more than 90 calendar days effective for first plan year in 2014 (applies to grandfathered plans)



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2014

- SHOP and Small Group Insurance Rules
 - Group plans available to small employers
 - For 2014 & 2015, small employer is <50
 - Beginning in 2016, small employer is <100 in all states
- Small Group Rating and Underwriting Rules
 - Effective first plan year in 2014
 - ACA small group reform rules apply to all small group plans both inside and outside the exchange
 - No medical underwriting or pre-existing limitations
 - Modified Community Rating
 - No rating based on claims experience
 - Age rate spread of no more than 3:1



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2014

- Reinsurance Fee - calendar years 2014 – 2016
 - Approximately \$60 per year per participant
 - Enrollment reported Dec. 2014 and payment due early 2015
 - Fully-insured plans - carriers will pay on behalf of employer's plan
 - Self-funded plans - TPAs "may" pay on behalf of employer
- Individual Mandate
 - Delay of penalty applicable for 2014 only
 - Enrolled by 3/31/2014, even if coverage is not in effect 4/1
 - Eligible for an employer-sponsored, non-calendar plan year and not able to enroll until 2014 open enrollment



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- Shared responsibility for employers (play or pay penalty tax)
- Determining applicable large employer status
- Optional measurement period for defining full-time employees
- Reporting of health insurance coverage [Code §§ 6055 and 6056]



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2015

- Employer Shared Responsibility Rules (Pay or Play) Requirements Delayed to 2015
 - Applicable large employer (50+ FTEs) required to offer coverage to full-time (30+ hours of service) - originally effective for plan years beginning 1/1/2014, but delayed until 2015
 - Employer reporting requirement also delayed
 - IRS plan information reporting for all applicable large employers and coverage reporting for self-funded employers
 - Originally scheduled to go into effect beginning January 2015 (for 2014 plan year), but has been delayed until 2016 (for 2015 plan year)



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2015

- Employer Shared Responsibility Rules (Pay or Play) Requirements Delayed to 2015
 - Transition Rule
 - IRS issued transition rule for employers with non-calendar plan years – rules did not apply until first plan year in 2014
 - IRS has not yet re-issued transition rule for 2015
 - Still unclear if rules will apply to all plans 1/1/2015 or on first plan year beginning in 2015



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2015

- Applicable Large Employer Determination
 - Average of 50 or more full-time equivalents (FTEs) in prior calendar year
 - 2014 transition rule allowed employer to use 6 months of 2013 data to determine large employer status for 2014 – this rule has NOT yet been re-issued for 2015
 - IF not re-issued, then employment totals for all 12 months in 2014 will determine 2015 applicable large employer status



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2015

- Measurement Period Approach to Defining Full-Time
 - ACA defines full time as 30 hours of service per week
 - To avoid 4980(H) penalties, employer must choose to measure eligibility on a monthly basis or opt for optional “measurement period” approach
 - Optional IRS “safe-harbor” measurement period basics
 - 130 hours/month equivalent to 30 hours/week
 - Employers have option to use a “look back” measurement period to determine full-time status for benefits purposes
 - Look-back “measurement period” of 3-12 months
 - Initial measurement period applies to new hire variable hour and seasonal employees (more later)
 - Standard measurement period applies to all employees in a category



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2015

- Measurement Period Approach to Defining Full-Time
 - Employers planning to use measurement period starting 1/1/2015
 - There was a 2014 transition rule that allowed employer to use 6 months of 2013 employment data to determine full-time status for 1/1/2014
 - With the delay, the transition rule has not been re-issued
 - If no new transition rule is released, then a full 12 months of hours of service will need to be used to determine 1/1/2015 full-time status
 - Hours of service Nov. 2013 – Oct. 2014 may need to be used



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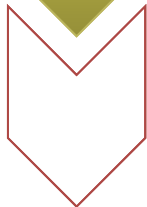
2015 – Employer Reporting

- 6055 Coverage Reporting
 - To assist the IRS in determining if individuals carry health insurance coverage for purposes of the individual mandate
 - Large employers & health insurers must provide coverage details to the IRS, and a statement to each covered individual
 - Fully-insured plans - insurance carrier responsible
 - Self-funded plans – plan sponsor (usually employer) responsible
- 6056 Employer Plan Reporting
 - All “applicable large employers” must report plan and employee information to the IRS and provide employees with a statement
 - Employer is responsible for the reporting whether the plan is fully-insured or self-funded



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- Tax on high-cost health coverage ("Cadillac tax")



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2018

- Tax on high-cost health coverage ("Cadillac tax")
 - Effective 2018 tax year (calendar year) - Not based on employer plan year
 - Excise tax of 40% of excess cost over specified applicable annual premium
 - \$10,200 for self-only coverage, and \$27,500 for coverage other than self-only will be adjusted for inflation and group's age/sex demographics
 - Regulations not expected until 2015 or 2016



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- Nondiscrimination rules for insured plans
- Automatic enrollment



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Effective Date Uncertain

- Nondiscrimination Rules for Fully Insured Health Plans
 - Fully-insured plans prohibited from discriminating in favor of highly compensated individuals (HCIs)
 - Rules will be similar to existing §105(h) rules already applicable to self-funded health plans
 - IRS has delayed enforcement until plan years beginning sometime after official guidance is released
- Automatic Enrollment for Employers with >200 Employees
 - DOL has delayed rule until after guidance is released



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