Affordable Care Act (ACA)
March 2014
Disclaimer

Information provided is for general informational purposes only and does not address all of the specific rules and regulations of The Patient Protection & Affordable Care Act (PPACA). The presentation is not intended to provide legal and/or tax advice.
AGENDA

- Patient Protection & Affordable Care Act
- Highlights of the ACA Provisions
- Employer Shared Responsibility
- Challenges for Higher Education
- Oregon State University and the ACA
- Discussions, Questions, Concerns
The Patient Protection and Affordable Care Act of 2010

- Signed into Law on March 23, 2010
- Final Regulations issued February 12, 2014
- A broad spectrum of health care and insurance reforms phased in over four years and beyond

Development of Regulations
- Department of Labor, EBSA
- Department of Health and Human Services, CMS
- Department of the Treasury, Internal Revenue Service

- Creates a Health Insurance Marketplace for small employers and individuals – CoverOregon
- Health care coverage required for all individuals in 2014
Highlights of ACA

**Benefits for Women**
Providing insurance options, covering preventive services, and lowering costs.

**Young Adult Coverage**
Coverage available to children up to age 26.

**Strengthening Medicare**
Yearly wellness visit and many free preventive services for some seniors with Medicare.

**Holding Insurance Companies Accountable**
Insurers must justify any premium increase of 10% or more before the rate takes effect.
Highlights of ACA Provisions 2010-2012:

- Eliminated lifetime limits (2010)
- Extended coverage for young adults up to age 26 (2010)
- Coverage for children with pre-existing conditions (2010)
- Right to appeal health plan decisions (2010)
- Prohibits arbitrary cancelation/rescission of coverage (2011)
- Improving care for Seniors – including: preventative services, discounts on prescriptions (2011)
- Summary of Benefits Coverage (2012)
- New Preventive Care for Women (2012)
Highlights of ACA Provisions for 2013:

- Notice of Coverage Options – provide employees with notice of health benefits available under the Health Insurance Marketplace (Exchanges) and the availability of tax credits
  - Applies to employers subject to FLSA
  - Notice must be provided to all employees regardless of full-time or part-time status, benefit eligibility or insurance enrollment, temporary status or student status
  - Current employee: provided not later than October 1, 2013
  - New employees: at time of hire beginning October 1, 2013 – must be within 14 days of hire date
  - Delivery may be accomplished by first-class mail, hand delivery, or electronic disclosure
Highlights of ACA Provisions for 2013:

- Updated COBRA Model Election Notice – update for Marketplace information

- Employee Flexible Spending Account – Medical Account limit reduced to $2,500 per calendar year

- New or Additional Medicare taxes for high earners (single filers $200,000; married filing jointly $250,000)
  - Additional payroll tax of 0.9%
  - New tax on unearned income for high earners (e.g., interest, dividends, capital gains, rents, royalties, annuity distributions, etc.)

- Look-Back Period Tracking to comply with Employer Shared Responsibility can begin as early as October 2013
Highlights of ACA Provisions for 2013:

- Creation of Health Insurance Market Place

- Each state can choose between:
  - State Based Marketplace
    - 18 States in this category (California, Colorado, Connecticut, DC, Hawaii, Idaho, Kentucky, Maryland, Massachusetts, Minnesota, Nevada, New Mexico, New York, Oregon, Rhode Island, Utah, Vermont, Washington)
  - State Partnership Marketplace - partner with the Federal government to run some Marketplace functions
    - 7 States (Arkansas, Delaware, Illinois, Michigan, New Hampshire)
  - Federally Facilitated Marketplace - have a Marketplace established and operated by the Federal Government
    - 26 States in this category
Highlights of ACA Provisions for 2013: Health Insurance Market Place

- Place for qualified individuals and employers to directly compare private health insurance options (price, benefits, other factors)
- For Individuals and Small Business with fewer than 50 full-time equivalent employees
- Most individuals will be able to get a break on costs (90% of individuals who are currently uninsured will qualify for discounted or free health insurance) based on household income and family size
  - Income between 100% - 400% of the Federal Poverty Level ($23,550 - $94,200 for a family of four in 2013)
  - Ineligible for government-sponsored coverage, affordable employer-sponsored insurance, or certain other minimum essential coverage
Highlights of ACA Provisions for 2013: Health Insurance Market Place

- **Enrollment period is October 1, 2013 – March 31, 2014**
  - Coverage begins as early as January 1, 2014 if enrolled by December 15, 2013
  - Coverage begins the first of the following month if enrolled by the 15th of the previous month

- **After initial enrollment period**, may qualify for a *Special Enrollment Period* if the individual experiences a qualified event (e.g., loss of employer coverage; COBRA coverage ends)

- **Plan choices are grouped by “metal level”**
  - Bronze (60% - 40%)
  - Silver (70% - 30%)
  - Gold (80%-20%)
  - Platinum (90% - 10%)
Affordable health insurance for your whole family
Open enrollment ends March 31st

Your first step in getting coverage. Start your application now.
Did you receive enrollment information from Cover Oregon? Select your plan and complete your enrollment.

Apply now  Complete enrollment

Still not sure about where to start? No problem. Click here for details about getting covered.

Free application assistance
You can find certified health insurance agents and community partners throughout the state who can help you fill out your application and complete

Tools and resources
Browse medical plans
Browse dental plans

At Cover Oregon, we believe health insurance should be affordable, flexible and available to all Oregonians
Highlights of ACA Provisions for 2014:

- **Most Individuals must have health coverage**
  - If don’t have a certain level of health coverage you may have to pay a fee with your tax return (e.g., employer coverage, Medicare, Medicaid, CHIP, TRICARE, certain VA coverage, individual policy, or plan through the Marketplace)
  - Fee for non-coverage will begin with the 2014 Federal tax return filed in 2015
  - Some individuals may qualify for an exemption

- **No more than 90 day waiting period for coverage** – waiting period is measured in calendar days including weekends

- **Coverage of recommended preventive services without cost**
  - Immunizations
  - Preventive care and screenings for infants, children, adolescents
  - Preventive care and screenings for women
Highlights of ACA Provisions for 2014:

- Elimination of annual and lifetime dollar limits on essential health benefits
  - Ambulatory patient services
  - Emergency services
  - Hospitalization
  - Maternity and newborn care
  - Mental health and substance use disorder services, including behavioral health treatment
  - Prescription drugs
  - Rehabilitative and habilitative services and devices
  - Laboratory services
  - Preventive and wellness services and chronic disease management
  - Pediatric services, including oral and vision care

- Small Employers are **not** subject to the Employer Shared Responsibility Act (*less than 50 full-time equivalent employees*)
- Large Employers **are** subject to the Employer Shared Responsibility Act (*less than 50 full-time equivalent employees*)

- How to Calculate full-time equivalency:
  - Add up all employees working 30 hours or more per week
  - Add up all part-time employees (excluding seasonal) who work less than 30 hours per week; divide by 30 and add to the total employees working more than 30 hours per week

- Employer Shared Responsibility penalties are delayed until 2015
Employer Shared Responsibility

- Large employers may be assessed a penalty if one employee enrolls in coverage and receives financial assistance through the Health Insurance Marketplace

- Large employers must offer affordable coverage to “full time” employees or pay a penalty

- Each employer is responsible for how it measures, records, and applies hours of service to identify full time employees entitled to coverage
Employer Shared Responsibility

ACA Full Time Coverage Concepts

• Employees include: regular, student, and temporary

• ACA defines “full-time” as either 30 hours in a week or 130 hours in the month

• Employers will determine employee eligibility status as “full-time” and administer benefits using the following periods:
  o Standard Measurement Period (SMP): New hires and ongoing employees’ average hours determine entitlement to coverage in the next year
  o Administration Period: Up to 90 days to count hours and offer coverage
  o Stability Period: Employees with 130 hours/month in the SMP are entitled to coverage for a period following and equal to the SMP
Look-Back Period

- Standard Measurement Period (SMP) is 3-12 months
- Administrative Period – optional, up to 90 days
- Stability Period is the greater of 6 months or SMP
Challenges for Higher Education

- Special rules exist for employment break periods in educational institutions
  - An employment break period is a break of at least 4 consecutive weeks during which an employee is not credited with an hour of service
    - Special unpaid leave for FMLA, USERRA, or jury duty is not counted as a break in employment
  - Break rules apply only to an employee who is treated as a continuing employee upon resuming service.
  - Break rules do not apply to an employee who is treated as terminated and rehired.
Challenges for Higher Education – Final Regs Provides some Clarifications (Feb 2014)

- Seasonal Employees – defined as positions where customary annual employment is six months or less, will not be considered full-time employees
- Student Employees – excludes all hours worked under Federal and/or State work-study programs
- Adjunct Faculty
  - Account for classroom, preparation time, and other duties using reasonable methods
  - Safe Harbor
    - 2.25 hours for each hour in classroom
    - 1 hour for each hour of service outside the classroom (office hours, meetings, etc.)
Challenges for Higher Education

- Employees previously ineligible for coverage may qualify

- Must develop and document the method of determining hours of service for variable and seasonal employees
  - May vary by discipline
  - Must meet discrimination testing

- Administrative Overhead
  - Monthly worked hours analysis for new hires and ongoing employees
  - Programming custom HRIS forms to uniformly capture/report hours of service
  - Develop audit-ready documentation of adjunct faculty hours of service methods
  - Annual reporting of all employees and eligibility and plans offered
OSU & the ACA

- Look-Back period = 12 months (October – September)
- Electing to use of 130 hours per month
- EmpCenter and Banner is the system of record and hours reported will be used to calculate eligibility
- PEBB eligibility (20 hours/week) is more generous than ACA requirements
- PEBB is creating a health plan for ACA eligible employees
  - Employees that do not qualify under PEBB guidelines, but do under ACA
  - Medical only plan (no vision, no dental, no employee basic life)
  - Employee only coverage in 2015 (dependents cannot be enrolled)
  - Employer cost would be less than for PEBB eligible employees
OSU & the ACA – Possible Issues...

- Adjunct Instructors (Term by Term)
  - Must determine hours will be measured
    - Safe Harbor or other reasonable method
    - Must be documented
    - Must be defendable

- Student Employees
  - Supervisors and Departments are responsible for monitoring hours of student employees
  - GRAs/GTAs have employer paid coverage through the Student Health Center (Pacific Source)
  - Recommending the RAs be part of 5% of employee population not offered/tracked for health insurance
  - Should not exceed the 130 hours per month for the Look-back period if the student is kept to the 20 hours per week during the school year
OSU & the ACA – Possible Issues...

- Employees may now be eligible for health insurance
  - Retired Classified employees returning in TS positions
  - Returning Unclassified employees in positions less than .50 fte
  - Employees in TS positions if meet hours requirement
  - Employees on unpaid leaves (e.g., OFLA)
  - Employees that reduce FTE after meeting eligibility requirements in SMP

- Administration and reporting complexities – need resources for programming, etc.

March 17, 2014
Resources

• www.coveroregon.com
• www.healthcare.gov
• www.irs.gov/aca
• www.dol.gov/ebsa/healthreform
• www.sba.gov/healthcare