

ACA Compliance Roundtable Series



Health Plan ID Update

Transitional Reinsurance Fee Update

Cadillac Tax

Reporting on Behalf of Another Entity

Welcome to the ACA Compliance Roundtable Series!!!

- Monthly discussion of specific health care reform related topics
- Small group discussions
- Address individual questions or concerns
- Possible session topics:
 - ☑ Transition Relief
 - ☑ Change in Employment Status
 - ☑ Related Entity Status
 - ☑ Offers of Coverage
 - ☑ Break in Service rules
 - ☑ Tracking/recordkeeping Application

Agenda

- Health Plan ID Update
- Transitional Reinsurance Fee Update
- Cadillac Tax
- Reporting on Behalf of Another Entity



Health Plan Identifier

- PPACA requires that all health plans obtain a Health Plan Identifier (HPID)
- HPID is intended to streamline electronic transactions between carriers, administrators, health care professionals and financial institutions.

Health Plan Identifier

- The list of health plans that are required to obtain an HPID is quite long and very broad and includes:
 - Employer sponsored group health plan,
 - Federal Employees Health Benefit (FEHB) programs,
 - Governmental Health Plans

Health Plan Identifier

- The deadline varies depending on the size of the health plan.

Plan	Compliance Date
Annual receipts of \$5 million or more	Must obtain HPIDs by November 5, 2014
Annual receipts of \$5 million or less	Must obtain HPIDs by November 5, 2015
All plans must use HPID in electronic transaction	November 7, 2016

Health Plan Identifier

- September 24, 2014 – National Committee on Vital and Health Statistics (advisory board to Health and Human Services) recommended that covered entities not use HPID in HIPAA Transactions
 - Lack of clear need for HPID in health care transactions
 - Confusion about HPID use
 - Confusion regarding plans that are required to obtain a HPID
 - Cost to plans, providers, etc for software modifications to accommodate HPID.

Health Plan Identifier

- October 31, 2014 – CMS announced that the enforcement of the regulations pertaining to the use of HPID has been delayed indefinitely!!!
 - November 5 deadline to obtain an HPID for entities over \$5 million in receipts has been delayed indefinitely as well
- What if you have already obtained an HPID?
 - Not addressed in announcement
 - May want to retain in case use of HPID is required later

Group Discussion

Transitional Reinsurance Fee

- Used for high cost claims for individuals on the Exchange
- Collected only for 2014, 2015 and 2016
- Must be paid for each covered life (employee, spouse, dependents, COBRA participants, retirees “for whom Medicare is not primary”)
- Plan year is not considered
 - All employers must report on a calendar year basis

Transitional Reinsurance Fee

- Certain types of plans are excluded:
 - Stand-alone dental or vision plans,
 - Retiree medical plans that provide benefits secondary to Medicare,
 - Health reimbursement accounts (HRAs) that are integrated with major medical coverage,
 - Health savings accounts (HSAs),
 - Health flexible spending accounts (FSAs),
 - Employee assistance plans (EAPs),
 - Wellness programs, or
 - Prescription drug-only plans.

Transitional Reinsurance Fee

■ Clarifications released:

■ Excepted benefits

- If insured, benefit provided by different carrier
 - If self-funded, separate independent election (can take dental or vision coverage without taking medical or visa versa);
 - If self-funded, claims are administered under a contract separate from claims administration for any other benefit
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- Do not have to make double payment for the same individual (however, a person covered under both insured and self-funded may require double payment)

Transitional Reinsurance Fee

- Counting covered individuals

1. Actual Count Method
2. Snapshot Method
3. Snapshot Factor Method
4. Form 5500 Method



Transitional Reinsurance Fee

■ Paying the Fee

- Go to Pay.gov
 - Access the "ACA Transitional Reinsurance Program Annual Enrollment and Contributions Submission Form."
- Complete the Form
- Site will automatically calculate amount due
- Provide payment information and schedule payment(s)
 - One or two payments
 - Payment may be made on any date before applicable deadline

Transitional Reinsurance Fee

■ Paying the Fee

- Must attached file showing documentation in specified format
- Documentation includes:
 - One line per entity reported
 - Name, address, tax ID number
 - Domicile state
 - Benefit year
 - Annual enrollment count
 - Type of Contributing Entity
 - Self-insured
 - Multiple Group Health Plan

Transitional Reinsurance Fee

■ Reinsurance Fee

- 2014 assessment - \$63 per participant
 - To be paid in two installments
 - \$52.50 per enrollee due in January 2015
 - \$10.50 per enrollee due in December 2015
- 2015 Assessment - \$44
 - To be paid in two installments
 - \$33 per enrollee due in January 2016
 - \$11 per enrollee due in December 2016
- 2016 fee amounts not yet determined

Transitional Reinsurance Fee

Key Deadlines for 2014 - 2015

Date	Activity	Fee
No later than: November 15, 2014	Submit annual enrollment count	None
No later than: January 15, 2015	Remit first installment of fee	\$52.50 per covered life
No later than: December 15, 2015	Remit second installment of fee	\$10.50 per covered life

Group Discussion

Cadillac Tax

- Applies to first plan year after 12/31/2017
- 40% excise tax on amounts over thresholds
- Insured coverage – carrier responsible for tax
- Self-insured – employer responsible for tax

Cadillac Tax

- Thresholds:
 - Based on employer and employee premium contributions for applicable coverage (COBRA rate)
 - Individual coverage - \$10,200
 - Family Coverage - \$27,500
 - Retirees included
 - Retirees over 55, high risk professions and workers employed to repair or install electrical or telecommunication lines receive additional funds
 - \$1,650 for individual coverage
 - \$3,450 for family coverage

Cadillac Tax

- Increases in threshold indexed to Consumer Price Index For All Urban Consumers (CPI-U)
- Entire amount over threshold taxed at 40% rate
 - Individual coverage costing \$12,000/year
 - $12,000 - \$10,200 = \$1,800 \times 40\% = \$720$ per
 - Calculated monthly
 - Calculated on each individual employee

Cadillac Tax

- Coverage includes:
 - Major medical
 - Pharmacy
 - Account based plans (both if employer contributes and if employee contributions are pre-tax)
 - Gap coverage
 - Fixed indemnity, specific disease and hospital indemnity plans if contributions are pre-tax
 - Certain wellness benefits may also be included

Cadillac Tax

- 48% of employers expected to incur tax in 2018
- 82% expected to incur tax by 2023
- 70% actuarial (silver) plans expected to be incur tax by 2020

Cadillac Tax

- Actions being taken to reduce cost
 - Eliminate spousal coverage
 - Reduce benefits
 - Disease management
 - Wellness



Group Discussion

Reporting on Behalf of Another Entity

- Individual statements
 - similar to W-2 reporting
 - required for each full-time employee or former employee
 - Use IRS Forms 1094-C and 1095-C
 - Must be provided no later than January 31
- Single transmittal to IRS for all returns filed during the year
 - Must be filed electronically if 250 or more returns are filed during the year
 - Must be filed with IRS no later than February 28 (March 31 if filed electronically)

Reporting on Behalf of Another Entity

- A governmental unit or agency may report on its own behalf or may designate filing to another person if that person is related to or part of the same governmental unit
 - Optional
 - Do both entities have the ability to file IRS Forms
- **Governmental unit** is defined as the government of the United States, any State or political subdivision of a State, or any Indian tribal government (as defined in section 7701(a)(40)) or subdivision of an Indian tribal government

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Reporting on Behalf of Another Entity

- Reporting could be done by several different governmental units if different categories of employees are covered under different plans
- Reporting Entity would be responsible for filing required reports and would be responsible for any penalties for failure to properly comply with requirements
- Non-Reporting Entity would maintain responsibility for penalties incurred under Employer Mandate
 - \$2,000/\$3,000

Reporting on Behalf of Another Entity

- Non-Reporting Entity must “designate” that Reporting Entity will report on their behalf
- Designation must be in writing and must be signed by both parties prior to the filing deadline
- When filing applicable forms the Reporting Entity must indicate that it is reporting on behalf of a separate entity

Reporting on Behalf of Another Entity

- Designation Form can be must include:
 - Name and EIN of Reporting Entity
 - Name and EIN of the Non-Reporting Entity
 - Language appointing the entity as responsible for reporting on the Non-Reporting Entities behalf
 - Indicate if the Reporting Entity is reporting all employees of the Non-Reporting Entity or, if not, which categories of employees are being reported
 - Language indicating that the Reporting Entity recognizes that it is responsible for reporting on behalf of the Non-Reporting Entity, is aware that it is subject to the reporting requirements and would be responsible for any penalties for not complying with those requirements

Reporting on Behalf of Another Entity

- Organizations may contract with a third party for reporting services
 - Payroll company
 - Carrier
- Non-Reporting Entity maintains responsibility for all the accuracy of the filing and ALL penalties

Group Discussion

How Will You Handle ACA Compliance...

Affordability

- 95% Rule
- Hours of Service
- Potential Liability Calculation
- Month-by-month Calculation

Tracking

- Variable Hour Employee
- Standard Measurement Period
- Initial Measurement Period
- Month-by-month Calculation

IRS Reporting

- 6055/6056 Reporting
- Indicator Codes
- Potential Audit
- Month-by-month Calculation

One Solution for all Employer
Mandate Requirements



If you are ready to be ready for the Employer Mandate,
contact Cornerstone Municipal Advisory Group at 248.878.2100 for a solution

 **Cornerstone**municipal info@cmuni.us
www.CornerstoneMunicipal.us

Questions

