

ACA Compliance Roundtable Series



**Transition Relief
Penalty Calculations
Transitional Reinsurance Fee
Health Plan ID**

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

ACA Compliance Continuum

Affordability

Penalty
Assessment

Tracking

Coverage
Status
Monitoring

Reporting

Agenda

- Transition Relief
 - Requirements
 - Methods
- Penalty Calculations,
- Transitional Reinsurance Fee
- Health Plan ID



Transition Relief

- Is Transition Relief available for my organization's Plan(s)?
 - Yes!!!!
- 6 different Transition Relief provisions issued
 - Nearly all employers will qualify for some type of Transition Relief if needed or desired.

Transition Relief

1. Employer Mandate Delay Transition Relief

- Applies to employers with 50-99 FTE
- Do not have to comply with Employer Mandate in 2015
- To qualify for Relief health plans:
 - May not reduce size of workforce or overall hours of service during period from 2/9/14 – 12/31/14 (May reduce for other business related reasons)
 - During “coverage maintenance period” may not eliminate or materially reduce coverage that was offered on 2/9/14
 - Employer must file certification that all criteria have been met
 - Must comply begin complying with the Mandate for the 2016 plan year

Transition Relief

1. Employer Mandate Delay Transition Relief (continued)

- During “coverage maintenance period” may not eliminate or materially reduce coverage that was offered on 2/9/14
 - Employer contribution toward “employee only” coverage must be at least 95% of the dollar amount on 2/9/14, or
 - Employer contribution toward “employee only” coverage must be the same or a higher percentage as amount on 2/9/14
 - Benefits could change if “employee only” coverage continue to offer minimum value
 - Terms of the plan cannot change to narrow or reduce class of employees or dependents to whom coverage was offered on 2/9/14

Transition Relief

1. Employer Mandate Delay Transition Relief (continued)

- “Coverage Maintenance Period”
 - If a calendar year plan, 2/9/14 – 12/31/15
 - If a plan year plan, 2/9/14 – to end of the 2015 plan year (i.e. 7/1 plan year ends 6/30/2016)

Transition Relief

2. Reduced "A" Penalty Percentage Transition Relief

- During 2015 plan year, employers must offer coverage to 70% of employees averaging 30 or more hours per week
 - Would still pay "B" penalty if individual purchased coverage on the Exchange and received a premium credit AND plan did not meet affordability or MV requirements
 - Percentage will increase to 95% in 2016 plan year
- Applies to all groups not utilizing Employer Mandate Relief

Transition Relief

3. Measurement and Stability Period Transition Relief

- Employer may use any 6 consecutive month Measurement Period
- Corresponding Stability Period must be at least 6 months up to 12 months
- Only permitted during plan year preceding 2015 plan year

Transition Relief

4. ALE Determination Mandate Transition Relief

- Employers can determine if they are an Applicable Large Employer (ALE) by utilizing any 6 consecutive months period during the previous plan year (rather than 12 months)
 - Affects employers who may have 49 or less FTE or 99 or less FTE
 - Had been available for 2014 plan year

Transition Relief

5. Non-Calendar Year Plans Transition Relief

- Compliance with Employer Mandate begins on plan anniversary date after January 1, 2015 (e.g.. For July 1 plan years compliance would begin on 7/1/15).
- Cannot change plan year to delay compliance

Transition Relief

6. Dependent Coverage Transition Relief

- Employers not offering dependent coverage will not be penalized if steps are being taken to begin offering coverage
- May not eliminate dependent coverage that was previously offered

Group Discussion

Penalty Calculations

- Penalty calculated each month!!!
- Penalties assessed after reporting has been completed
- Percentages affected by
 - Wage increases
 - Wage decreases
 - New hires
 - Staff reductions/terminations
 - People completing measurement periods
 - Employee classification changes

Penalty Calculations

Don't PLAY? PAY \$2,000 per year per FT EE (Less 30)

You PAY if as an Employer you:

DO NOT offer health coverage

Offer health insurance plan(s) that DO NOT meet minimum essential coverage (MEC)

Offer qualifying coverage to less than 95% (70% in 2015) of your full-time employees and at least one full-time employee receives a premium tax credit

Determined on a monthly basis during the employer's "plan year"

Penalty Calculations

- 4980h(a) Penalty Formula

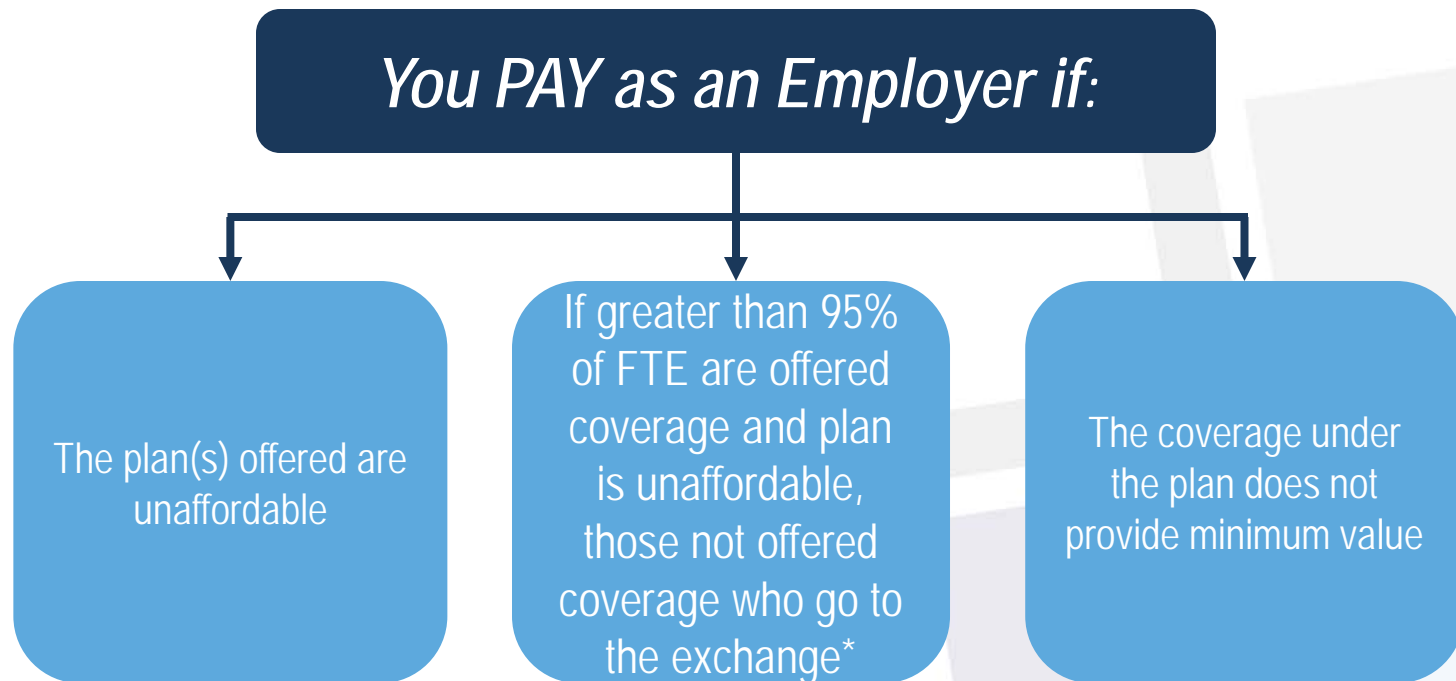
Total number of employees eligible for coverage during the month – 30
(80 in 2015) x \$166.67 = Total fine for the month

150 benefit eligible employees – 30 = 120 x \$166.67 = \$20,000.40 for the month

- Penalty can be avoided if coverage is offered to 95% (70% in 2015) or more of employees who qualify

Penalty Calculations

*PLAY, but not all the way, then PAY
\$3,000 per year; or \$250 per month Penalty*



* 70% in 2015

In any given month, an employer can never be liable for a penalty under both Sec 4980(H)(a) and (b)

Penalty Calculations

- 4980(b) Penalty Formula

Total number of employees offered non-affordable coverage who received coverage from the Exchange during the month x \$250.00 = Total fine for the month

50 employees offered non-affordable coverage; 25 receive coverage through the Exchange – $25 \times \$250 = \$6,250$ for the month

- Penalty can be avoided by ensuring that coverage offered meets minimum value and affordability requirements for all employees

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

■ Counting covered individuals

1. **Actual Count Method** . Total number of individuals covered for each day of the first 9 months of the year/number of days in the first 9 months of the year

Number of individuals during first 9 months

273

2. **Snapshot Method**. Total number of individuals covered on specified dates during the first 9 months of the year/number of dates used.

Number of covered individuals on 1/1/14, 4/1/14 and 7/1/14

3

Transitional Reinsurance Fee

■ Counting covered individuals

3. **Snapshot Factor Method.** On specified dates in the first 9 months of the year assign those with single coverage a value of 1 and those with non-single coverage a value of 2.35. Add together and divide by the number of days used
4. **Form 5500 Method.** Use figures from Form 5500

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
 - Total number of covered lives on this form,
 - Counting method used,
 - Names of the plans being reported
 - Any other required information.
- HHS will calculate the amount due and notify the employer

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

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

- Employers should apply for an HPID as soon as possible.
- The application itself is a 6-step process that must be completed on-line through the Center for Medicare and Medicaid Services' (CMS) Health Insurance Oversight System
(<https://portal.cms.gov/wps/portal/unauthportal/home/>).

Health Plan Identifier

- Users will need to register in the enterprise portal and obtain a user ID and password before beginning the application.
- Please Note: The application requests a Payer ID number, but CMS has advised that self-funded employers who do not have these numbers may enter “not applicable” in this field on the application and will still be able to apply for their HPIDs successfully.

Health Plan Identifier

- Help is available on the CMS website.
- Full explanation of the requirement to obtain a HPID
 - Video,
 - PowerPoint,
 - Other material designed to assist with the application process.
- <http://www.cms.gov/Regulations-and-Guidance/HIPAA-Administrative-Simplification/Affordable-Care-Act/Health-Plan-Identifier.html>.

Group Discussion

How Will You Handle ACA Compliance...

Affordability

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

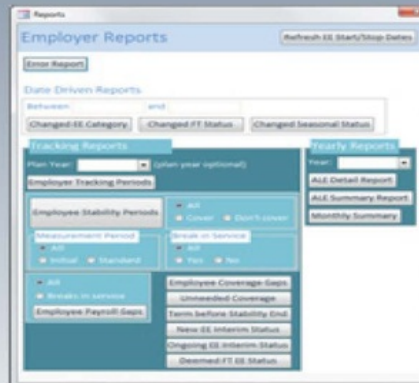
Tracking

- 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

