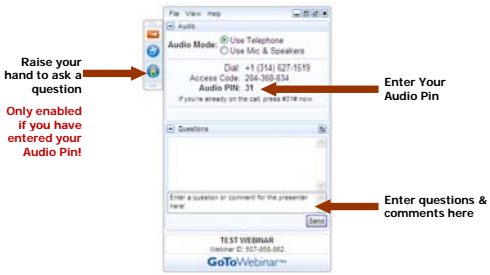



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Healthcare Reform Update
What Employers Need to Know
 Presented By
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Healthcare Reform

Agenda:

1. Delays and Changes
2. Provisions and Obligations that Remain
3. Employer "Play or Pay" Mandate Overview
4. What Employers Should be Doing Now

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Delay of Enforcement of Employer "Play or Pay" Mandate to 2015:

- What Now?
- Initial IRC 6055/6056 Reporting Guidance Issued
- Recent Other Delays and Changes
- Future Guidance on Employer "Play or Pay" Mandate
- What Happens to Transition Rules?
- How Much Room to Simplify?
- Possible Legislative Changes?
- Effect on Employees...

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2014 Provisions and Obligations that Remain:

- Individual Mandate
- Exchange ("Marketplace") Coverage
- 90-Day Waiting Periods
- Elimination of Pre-Existing Condition Limitations
- Essential Health Benefits
- Prohibition on Annual Limits
- Cost-Sharing and Deductible Limits
- New Fees
- New Wellness Program Rules

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Current Provisions and Obligations that Remain:

- Providing SBCs
- MLR Rebates
- W-2 Reporting of Cost of Coverage
- Coverage Mandates
- Employer Exchange Notice

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Employer “Play or Pay” Mandate—

- Now effective January 1, 2015
- Applies to “large employers”
 - 50 or more “full-time” employees (including full-time equivalents)
 - “Full-time” means 30 or more hours per week
- In order to “play” and avoid the possibility of “paying,” an employer must offer adequate and “affordable” group health plan coverage to substantially all full-time employees and their dependents
 - Plan covers at least 60% of the cost of benefits (minimum value)
 - Employee premium cost for lowest cost employee-only coverage must not exceed 9.5% of “household income”

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Employer “Play or Pay” Mandate—

- If an employer fails to “play” by not offering coverage to substantially all full-time employees and their dependents AND at least one full-time employee receives Federal premium assistance for purchasing coverage through an insurance exchange, then the employer will “pay” an annual penalty tax of \$2,000 per full-time employee, excluding the first 30 full-time employees.
 - An employee may qualify for Federal premium assistance if his or her income is less than 400% of the Federal poverty level (approximately \$94,000 for a family of four)

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Employer “Play or Pay” Mandate—

- If an employer fails to fully “play” by offering inadequate and/or unaffordable coverage AND at least one full-time employee receives Federal premium assistance for purchasing coverage through an insurance exchange, then the employer will “pay” an annual penalty tax equal to the lesser of (i) \$3,000 per full-time employee receiving assistance OR (ii) \$2,000 per full-time employee, excluding the first 30 full-time employees.
 - An employee may qualify for Federal premium assistance if his or her income is less than 400% of the Federal poverty level (approximately \$94,000 for a family of four)

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Proposed Employer “Play or Pay” Mandate Guidance—

- “Substantially all” = 95%
- “Dependents” do not include spouses
- 9.5% affordability “safe harbors”
- Application of controlled group rules
- Measurement and stability periods for determination of full-time status
- Transition Rules

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Beyond the Employer “Play or Pay” Mandate—

Automatic Enrollment Implementation

- Applies to “large employers” of more than 200 full-time employees
- Informal guidance indicates that requirement will not be implemented until sometime after 2014

Delayed Implementation of Nondiscrimination Requirements for Insured Plans

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What Employers Should be Doing Now:

1. Modeling the impact of the Employer “Play or Pay” Mandate
 - Does it Apply?
 - How Much Will it Cost?
 - Impact on Employees
2. Addressing ongoing compliance obligations
3. Watching for new near-term guidance:
 - Revised/Final Employer Mandate Guidance
 - Revised/Final IRC 6055/6056 Reporting Guidance

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What Employers Should be Doing Now:

4. Following developments in the law as other new guidance is issued:
 - Nondiscrimination Requirements
 - Automatic Enrollment
 - Plenty more to come...

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