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Healthcare Reform Update
What Employers Need to Know

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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…

Questions?