Implications of the ACA Delay

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The Delay

• July 2, 2013 the Internal Revenue Service announced:
  • Annual reporting requirements for the employer “Play or Pay” mandate are delayed until January 1, 2015
  • There will be no enforcement of the Play or Pay penalties for 2014

• Impacts two key provisions of ACA:
  • Employers’ requirement to offer sufficient and affordable coverage
  • Any reporting requirements associated with the employer mandate
What Does the Delay Mean?

<table>
<thead>
<tr>
<th>WHAT'S DELAYED?</th>
<th>WHAT ISN'T DELAYED?</th>
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<tbody>
<tr>
<td>Employer mandate to offer coverage to employees who work on average 30 or</td>
<td>Public exchanges and expanded Medicaid (in some states) still slated for January 1, 2014 effective date.</td>
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<td>more hours per week.</td>
<td>Summaries of Benefits and Coverage and exchange notices to employees, including data on whether employer plan provides minimum value.</td>
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<td>Minimum value requirement for plan offering.</td>
<td>10/1/2013 Exchange Notice Requirements</td>
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<td>Affordable contribution requirement.</td>
<td>Update Model COBRA Notices</td>
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<td>Employer reporting to IRS on full-time employees and health coverage status.</td>
<td>Employers may still want to respond to coverage verification requests for employees attempting to enroll in public exchange coverage. Employees eligible for minimum value, affordable coverage will still be ineligible for exchange subsidies.</td>
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<td>ACA fees (PCORI, Temporary Reinsurance and Health Insurer Fees) will still apply.</td>
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<td>Plan design requirements for all plans, including maximum 90-day waiting period, no limits on pre-existing conditions or essential health benefits, expansion of wellness incentives, dependent coverage to age 26.</td>
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<td>Auto enrollment for health plans and nondiscrimination rules for fully insured, non-grandfathered plans are still to come (timing unknown). Cadillac plan excise tax in 2018.</td>
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<td>Waiver for limited medical plans still expected to expire at the end of the 2013 plan year.</td>
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</table>
What’s Delayed?

- Employer mandate to offer coverage to employees who work on average 30 or more hours per week
- Minimum value requirement
- Affordable contribution requirement
- IRS reporting requirement on full-time employees and health coverage status
What Isn’t Delayed?

• Public exchanges and expanded Medicaid (in some states) still slated for January 1, 2014 effective date
• Summaries of benefits and coverage and exchange notices to employees
  – 10/1/2013 Exchange Notice Requirements
  – Update Model COBRA Notices
• Responding to coverage verification requests for employees enrolling in public exchange coverage
What Isn’t Delayed (cont.)?

• ACA fees (PCORI, Temporary Reinsurance, Health Insurer fees)
• Plan design requirements:
  – Maximum 90-day waiting period
  – No limits on pre-existing conditions or essential health benefits
  – Expansion of wellness incentives
  – Dependent coverage up to age 26
• Auto enrollment for health plans and nondiscrimination rules for fully insured
• Waiver for limited medical plans
What’s Uncertain?

• Transitional relief for large employer status
  – For 2013, employers could choose any 6 month period to assess applicable large employer status for 2014

• Transitional relief for fiscal year plans
  – Special rules for fiscal year plans pegged assessment at December 27, 2012 & enrollment data for end of 2012

• Transitional Relief for Variable Hour Employees
  – For 2014, employers could use a 12 month stability period but use data only from July on (for the look-back period)
Next Steps

• Use this time to prepare for the mandate
• Explore options to manage costs:
  – Contract funding, plan design, employee contributions and population health management.
  – Explore private exchanges to manage costs/maximize value
• Evaluate benefits administration tools and resources
• Educate employees
  – Institute a robust and ongoing employee communications campaign
  – Educate employees on insurance options
• Work with a knowledgeable broker/consultant in order to stay on top of updates and announcements
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