Health Care Reform

Large Group Impact

• Benefits & Coverage
• Pay or Play
• Guarantee Issue/Renewability
• Group Size/Exchanges
• Automatic Enrollment
Benefits & Coverage

- Insured & Self-Funded Plans *not* required to offer “Essential Health Benefits” (“EHBs”)
- If an EHB is covered by large group, then no annual or lifetime dollar limits (one year safe harbor)
- Effective 1/1/14, no preexisting condition exclusions
- Out-of-pocket cost for EHB benefits are limited to HSA limits ($16,350/$12,700)
- At least 60% AV- or pay penalty

Employer Mandate

- *Delayed one year – until 1/1/15*
- No enforcement against insurers and employers for not reporting on group coverage for the 2014 year
- No penalties on employers for not providing coverage during 2014
- Parties still encouraged to comply during 2014
- Regulations to be issued re: reporting requirements
Employer Mandate

- “Large group” defined as employing an average of at least 50 “full time” employees during preceding calendar year.
- “Full-time” means work an average of 30 hours/week.
- “Full-time” also means full time equivalence.
- Divide aggregate number of hours worked by part time employees per month by 120.

Employer Mandate

- Provide “affordable” coverage or pay penalty.
- Only a penalty if employee enrolls in exchange and receives a premium tax credit.
- No penalty on dependents.
- Note: Even if an employer meets the “50 full-time equivalent” definition, no penalty will be imposed on an employer who employs 30 or fewer full time employees.
Two Types of Penalties

I. Employer Does Not Offer Coverage

- Penalty imposed even if only one full time employee enrolls in Exchange and receives a tax credit.
- Penalty = $2,000/full time employee or 1/12th of $2,000/month.
- Penalty is not imposed on full-time equivalents.
- First 30 employees not included in assessed penalty.

(continued)

II. Employer Offers Coverage

- If coverage is “unaffordable” and a full time employee qualifies for a tax credit, a penalty will be imposed.
- "Unaffordable" means the premium contribution for self only coverage exceeds 9.5% of household income.
- Actuarial value must also be 60%.
- Penalty = $3,000 per full-time employee who receives tax credit.
- Penalty cap = $2,000/employee (in aggregate can not exceed no coverage penalty).
Penalty

Guarantee
Issue/Renewability

- 12 month open enrollment.
- Guarantee renewal.
- Most underwriting rules to exclude coverage prohibited.
- Minimum participation/contribution prohibited, except upon renewal.
Group Size/Exchange

- Effective 1/1/16 = large group goes from > 50 to > 100.
- 1-100 will be small group.
- Employer Mandate still > 50.
- Effective 1/1/17 = states can opt to have large groups on Exchange.

Automatic Enrollment

- Employer with over 200 employees must:
  - Automatically enroll new employees in one of the plans offered.
  - Must maintain coverage of current employees.
- Effective upon adoption of HHS regulations; could be prior to 1/1/14.
Exchange Update

- Planned to be operational 10/1/13.
- Brand – “New York State of Health” – and participating plans announced and available on website
- Many IT issues remain.
- Product discontinuance notices going out.
- Broker training has begun; Navigator and CAC training scheduled to begin in September

Questions?