



# WELCOME !



**ACA "Physical Exam" - Specialist Panel & Peer Review:  
What's Your District's ACA Prognosis?**



# Rich Hines

Covered California, SHOP Sales  
Director  
Southern California





**COVERED**  
**CALIFORNIA**

**PINNACLE**  
CLAIMS MANAGEMENT, INC.

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# Covered CA enrollment

## SHOP enrollment as of July 2014

- 2098 groups representing almost 10,900 members



Final Open Enrollment Data – April 17, 2014

**3,325,000**

**Enrolled in Covered California  
and Medi-Cal**



# Covered California Focus Groups

## Agent & Enroller Feedback:

- **System Glitches**
- **Phone wait times**
- **Covered CA Staff Training**
- **Agent Training**
- **Agent Commissions**
- **Network issues**
- ***Increased business and opportunity\****



# SHOP Overview

## What are the products and services offered through Covered California's SHOP Market?

- Competing Health Insurance Plans
- Multiple Coverage Options
- Touching Tiers Effective 10/1/14
- Access to Tax Credits
- Benefits Administration
- Enrollment Support
- Expand Employer and Employee Options
- Multi-lingual Customer Service
- No Admin or Late fees.....



## You Can Still Apply for Health Coverage!

*Affordable health coverage options are available all year, including Medi-Cal!*

Big life changes or losing health insurance may qualify you for Covered California coverage now, even though open enrollment is over.

[Apply Now](#)[Account Login](#)[How To Pay](#)[Shop and Compare Tool](#)[Small Businesses](#)[Frequently Asked Questions \(FAQs\)](#)[Find Help Near You](#)

### You may be eligible for special enrollment

If you experience a qualifying life event, such as a marriage, birth of a child, or loss of employer-sponsored health coverage, you may sign up for coverage within 60 days of the event in a special enrollment.

[Special Enrollment](#)

### How do I use my coverage?

Congratulations on enrolling for health care coverage through Covered California. Find answers to many of your questions in this FAQ page on using your coverage.

[Using My Coverage](#)

### Frequently Asked Questions

- Can I cancel COBRA and enroll in Covered California?
- What can I do if I forgot my login?
- How do I change information in my account?
- When will I get my first bill?
- How do I pay my premium?

[See More FAQ's](#)



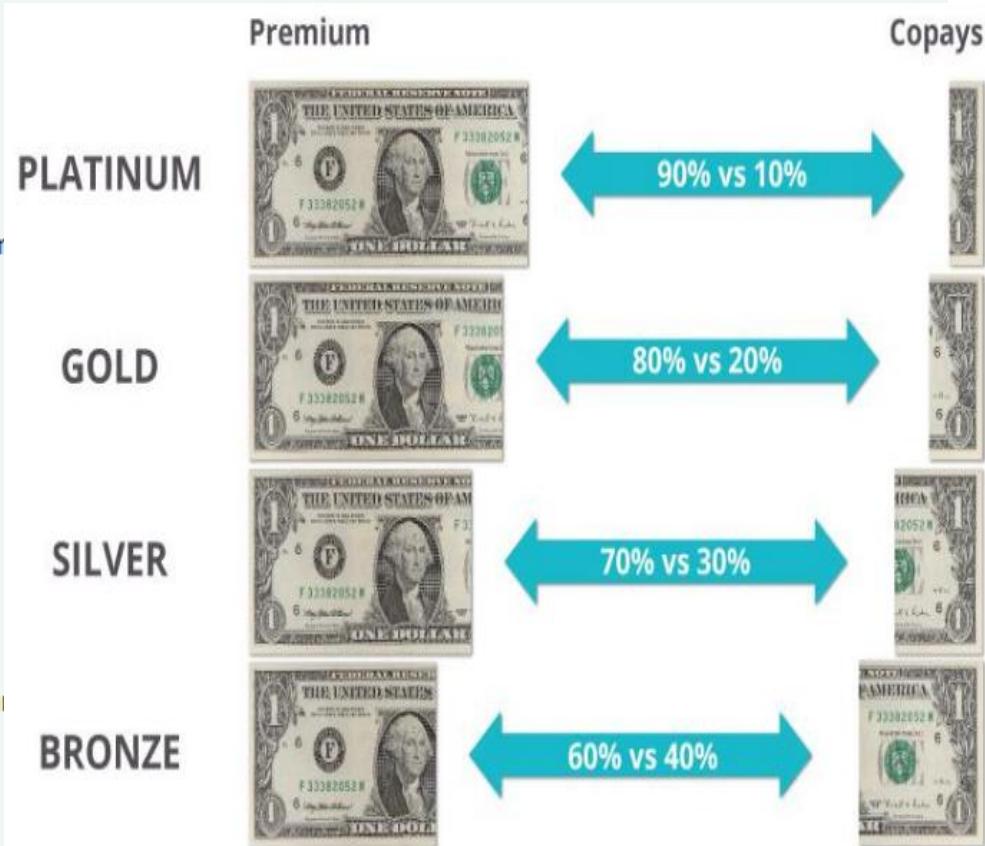
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## PLAN OPTIONS FOR INDIVIDUALS & SMALL BUSINESS

### Metal Levels and Premiums

- Premiums are higher for plans that pay more out-of-pocket medical costs (Premium, Gold).
- Platinum plans have the highest premium but the lowest out-of-pocket costs. This means the plan will cover more of the costs when a consumer uses services.
- Bronze plans have the lowest premiums but highest out-of-pocket costs. This means the consumer will have to pay a higher share of costs when he/she uses services.
- People who qualify for a cost-sharing reduction must enroll in a silver-level plan to take advantage of it.



A photograph of a smiling man and woman standing in what appears to be a convenience store or gas station. The man is on the left, wearing a dark t-shirt, and the woman is on the right, wearing glasses and a blue top. They are both smiling and looking towards the camera. In the background, there are shelves with various items and a sign that partially reads '99¢' and 'FRESH'.

## What we offer

### ► **Health Coverage for Small Businesses (SHOP)**

- Up to 50 employees
- Tax Credits
- Plan choice



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**SMALL BUSINESS TAX CREDIT**

## Who is eligible for the Tax Credit?

- Small businesses are eligible for a tax credit if...
  - They have fewer than **25** full-time employees
  - Their average annual wages <\$50,000
  - They pay **50%** of the premium cost\*
- Starting in 2014, tax credits are **only** available for businesses that purchase through the SHOP
- Tax credits do not cover premium expenses of owners or their families; and cannot be claimed by the self-employed
- Employers are encouraged to consult with their tax professional.

\*SHOP has a minimum contribution of 50%

# Participating SHOP Health Plans



## HEALTH PLAN TIER OPTIONS

Region 18 - Orange

Metal Level	Lowest	2nd	3rd	4th
Platinum	Blue Shield- Copay HMO	Kaiser - Copay HMO	HealthNet - Coin PPO	
Gold	Kaiser - Copay HMO	Blue Shield- Copay HMO	HealthNet - Coin PPO	
Silver	Kaiser - HSA HMO	Kaiser - Coin HMO	HealthNet - Coin PPO	Blue Shield- Copay HMO
Bronze	Kaiser - HSA HMO	Kaiser - Coin HMO	HealthNet - Coin PPO	Blue Shield- Coin PPO



# San Diego Sales Team:

## **SHOP SALES CONTACTS:**

**Director: Rich Hines, Southern California**

### **Regional Sales Executives:**

**Gonzalo Verduzco: North Orange County**

**Sandra Rosenstein: South Orange County**

### **Inside Sales Specialists: 844 332-8384**

Jake Mooney ([jmooney@pinnacletpa.com](mailto:jmooney@pinnacletpa.com))

David Guevara ([dguevara@pinnacletpa.com](mailto:dguevara@pinnacletpa.com))

Clarissa Sarabia ([csarabia@pinnacletpa.com](mailto:csarabia@pinnacletpa.com))

Evie Banaga ([ebnaga@pinnacletpa.com](mailto:ebnaga@pinnacletpa.com))

### **SHOP Customer Service**

Phone: 877 453-9198

Email: [agents@covered.ca.gov](mailto:agents@covered.ca.gov)

**RFPs:** [Shopquotes@pinnacletpa.com](mailto:Shopquotes@pinnacletpa.com)

[www.CoveredCA.com](http://www.CoveredCA.com)



YouTube



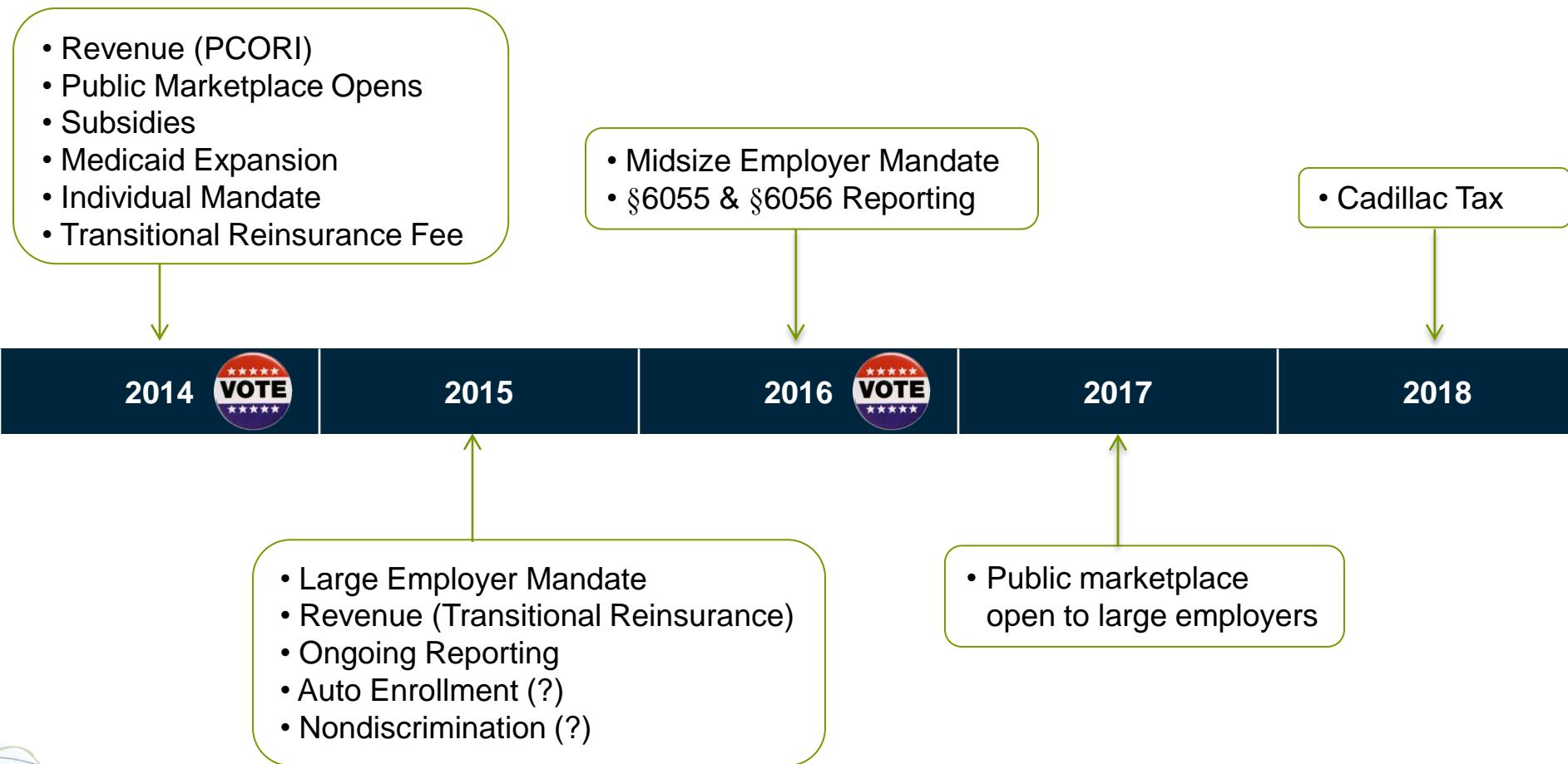


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# ACA Updates

Sally Wineman, JD  
Area Senior Vice President, Compliance Counsel

# Timeline



# 2014 Plans

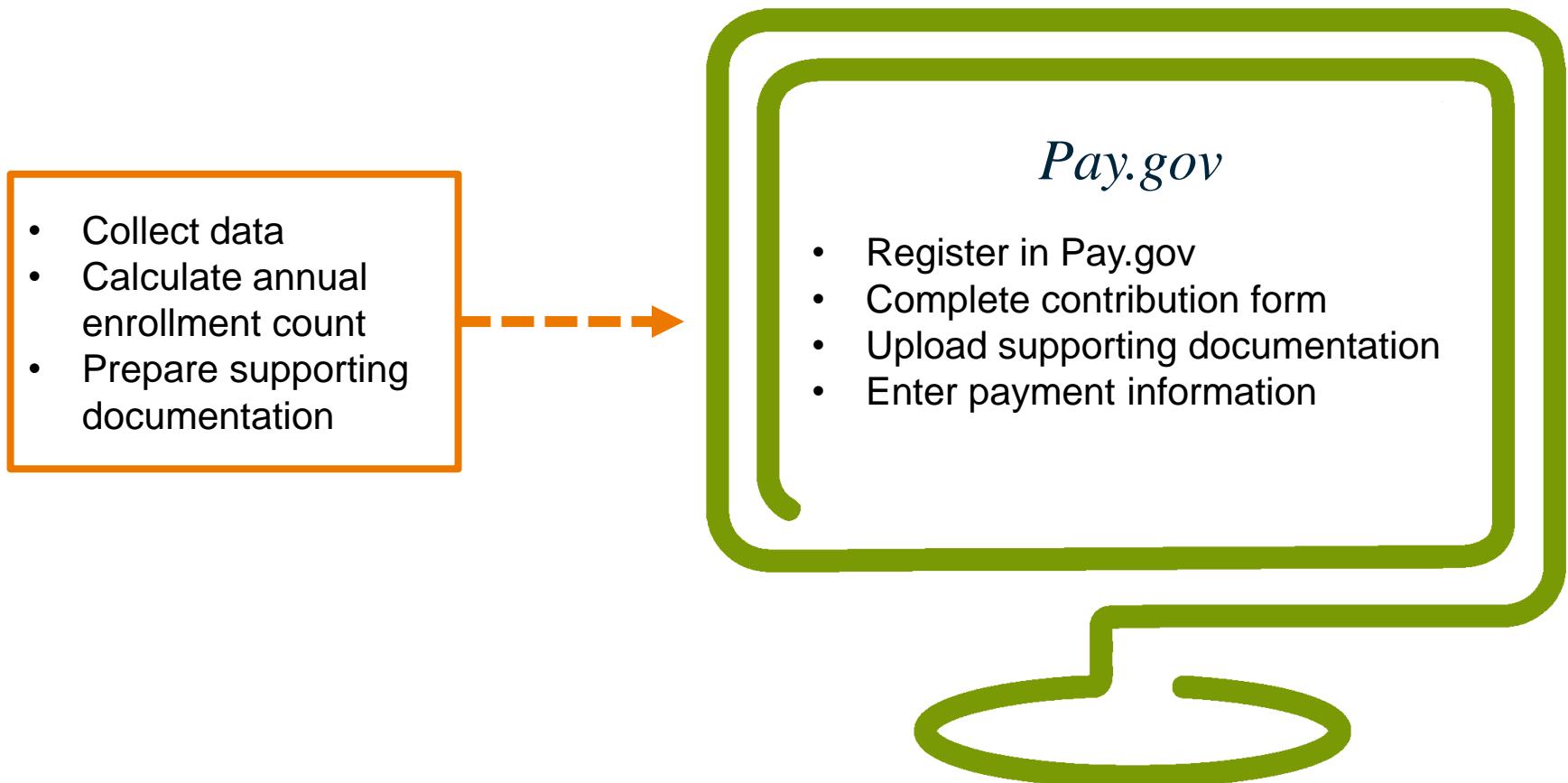
- Health FSA Carryover: \$500
- Women's contraceptive coverage
  - Closely held corporation accommodation
  - Religiously affiliated accommodation
- No waiting periods longer than 90 days unless variable employee
  - New! Orientation period
  - ~~60 day waiting period in CA~~ **Repealed!**
- Small employer plans: ~~Limits on deductibles~~ **Repealed!**

# NEW!

## Section 125 Mid-Year Election Changes

- Reduction in Expected Hours of Service below 30 hpw with no change in eligibility
  - Enroll in other coverage no later than **1st day of second month** after revocation
- Enroll in a Marketplace plan during special or open enrollment
  - Enroll in Marketplace no later than **the day immediately following the last day** of revoked coverage
- Prospective election revocations only
- Effective Sept 18, 2014, but may retroactively amend plan document by end of plan year
  - For PY 2014, may amend by end of 2015 plan year
- NOT applicable to FSA elections

# Transitional Reinsurance Fee



# Transitional Reinsurance: Due Dates

Activity	Due No Later Than	Amount Due*
Submit annual report and schedule payment	<u>November 15, 2014</u>	N/A
Combined Payment	January 15, 2015	\$63 <i>per covered life</i>
1st Payment	January 15, 2015	\$52.50 <i>per covered life</i>
2 <sup>nd</sup> Payment	November 15, 2015	\$10.50 <i>per covered life</i>

\*\$44 in 2015, estimated \$26 in 2016

# Transitional Reinsurance: Who Pays

- Only applies to major medical plans
- Fully insured plans:
  - Reported and paid by insurers, included in premium cost
- Self-insured plans:
  - Reported and paid by plan sponsor
  - May be collected and remitted by TPA
- Does not apply to self-insured, self administered plans for 2015 and 2016
- Determine counting method

# The Marketplace

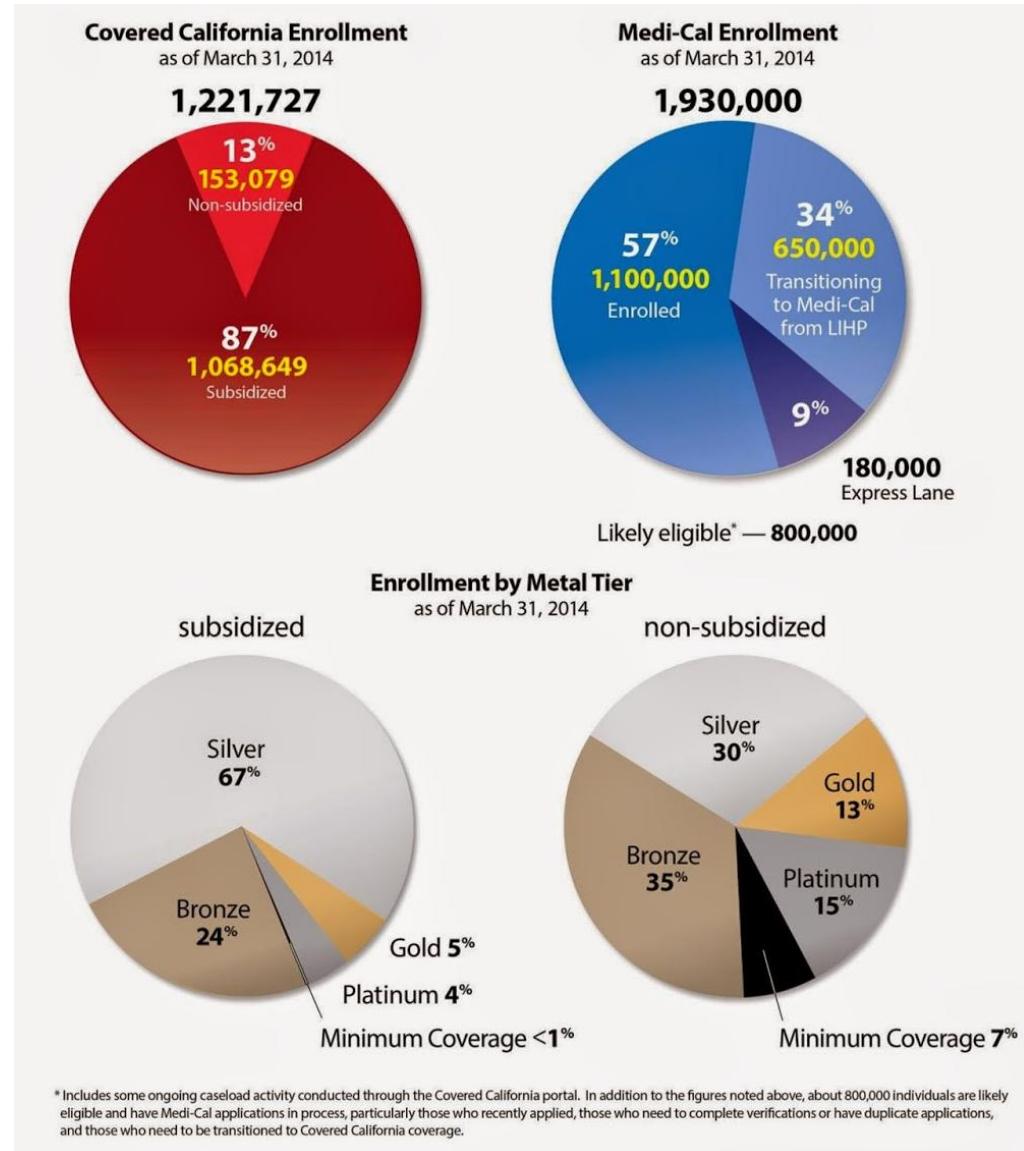
- 8 million individuals enrolled through the Marketplaces
  - 85% eligible for premium assistance
- Uninsured rate drops to 13.4% nationwide
- Silver level plans most popular



# 2015 Open Enrollment

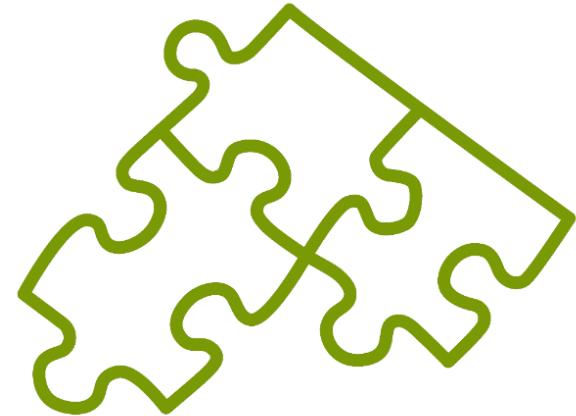
- [www.coveredca.com](http://www.coveredca.com)
- Next open enrollment
  - November 15, 2014- February 15, 2015
  - Communicate with employees
  - Post-tax election option
- Special enrollments
- Rate changes

Source: [www.news.coveredca.com](http://www.news.coveredca.com)



# 2015-2018

- Employer mandate
- Health plan reporting
  - 2015: Gather data
  - 2016: Report
- PCORI fee
  - \$2.08 per covered life for November, December and January renewals
- Transitional reinsurance fee
- Presidential election
- Cadillac tax



# Employer Reporting

## Minimum Essential Coverage §6055

- Self funded only
- All size employers

## Applicable Large Employer §6056

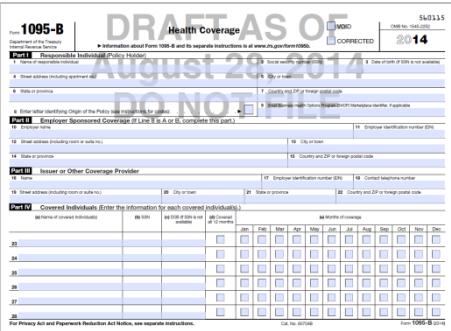
- $\geq 50$  FTEs
- Fully-insured and self funded

# MEC Reporting (Section 6055)

To Enrolled Employees

**Individualized Statement**  
Form 1095-B

**DRAFT AS OF**  
August 28, 2014  
**DO NOT FILE**

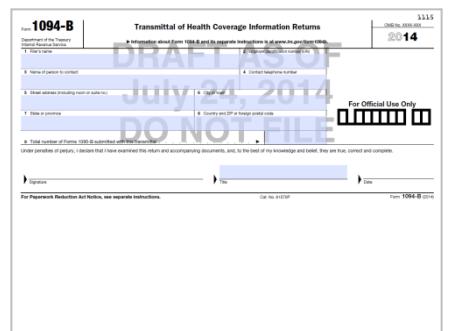


January 31, 2016

To IRS

**Transmittal Report**  
Form 1094-B

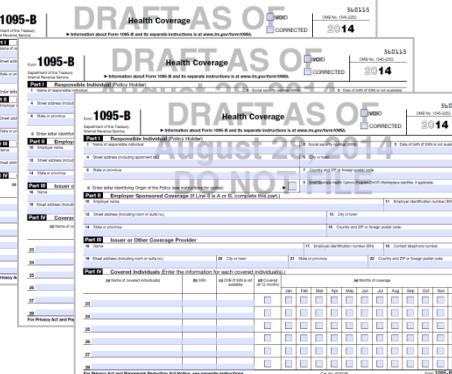
**DRAFT AS OF**  
July 24, 2014  
**DO NOT FILE**



February 28, 2016  
(March 31, 2016 if e-file)

**Each Employee Statement**  
Forms 1095-B

**DRAFT AS OF**  
August 28, 2014  
**DO NOT FILE**



February 28, 2016  
(March 31, 2016 if e-file)

*Each member of controlled group reports separately*

# Applicable Large Employer Reporting (Section 6056)

## To Full-Time Employees

January 31, 2016

**Transmittal Report**  
Form 1094-C

**February 28, 2016**  
(March 31, 2016 if e-file)

To IRS

February 28, 2016  
(March 31, 2016 if e-file)

*Each member of controlled group reports separately*

# Employer Reporting

	<b>Fully-Insured &lt; 50 FTEs</b>	<b>Self Funded &lt; 50 FTEs</b>	<b>Fully-Insured ≥ 50 FTEs</b>	<b>Self Funded ≥ 50 FTEs</b>
<b>Minimum Essential Coverage (6055)</b>	Insurer will report	X	Insurer will report	X
<b>Employer Mandate (6056)</b>	N/A	N/A	X	X

Combined  
Reporting

# Employer Mandate for 2015

Do you have at least 50 FT and FTE employees?

NO

No penalty applies!

YES

Is coverage offered to FT employees at required percentages?

2015: 70% for employers with 100+ FT and FTE employees

2016 and beyond: 95% for all applicable large employers

NO

If at least one FT employee receives premium assistance:

2015:  $\$2,000 \times (\text{total } \# \text{ of FTs} - 80)$  for employers with 100+ FT and FTE employees only

2016:  $\$2,000 \times (\text{total } \# \text{ of FTs} - 30)$

YES

Does plan have minimum value?

NO

Lesser of:

YES

Is coverage affordable?

NO

$\$3,000$  for each FT receiving tax credit OR

$\#2,000 \times (\# \text{ of FTs} - 30 \text{ (80 for 2015)})$

YES

No penalty applies!

# Steps to Compliance

1. Determine effective date of the employer mandate
2. Determine if you are an applicable large employer
3. Categorize your employees
4. Select employee counting method
5. Establish measurement/stability periods
6. Count employee hours
7. Make any necessary eligibility changes

# Step 1. Determine effective date

Employer Size	Calendar Year Plan	Non-Calendar Year Plan
0-49 FTEs	N/A	N/A
50-99 FTEs	January 1, 2016^	1 <sup>st</sup> day of 2016 plan year*
100+ FTEs	January 1, 2015	1 <sup>st</sup> day of 2015 plan year*

- ^Must meet delay requirements
- \*Must meet transition rule requirements
- Use monthly average count of employees to determine large employer status
  - May use any 6 month period in calendar 2014 for 2015

# Transition Rules

- Transition rule available for **non-calendar** year plans
- Transition rule available for employers with **50-99** FTE employees
  - **Not automatic**
  - More information available at [www.ajghealthcarereform.com](http://www.ajghealthcarereform.com)
  - Employer Resources → Employer Shared Responsibility Mandate Toolkit



## Healthcare Reform

Overview

Strategic Decision Support

**Employer Resources**

Regulatory Guidance

Timeline

Newsletters

Webinars

Skills, tools and expertise on demand.

Proprietary tools help you calculate the broad business impacts of healthcare reform and assess the opportunities and liabilities of compliance as well as noncompliance, so you can make informed decisions. Education programs help your team understand the implications of inaction, errors or neglect, and clearly communicate what you need to know—and the steps you need to take to protect your organization.

Your Gallagher consultant has access to a compliance help desk staffed by regional compliance professionals who understand the financial, operational and strategic ramifications of today's regulations. Through your advisor, you have access to that expertise and to a team of specialists who understand the details and can deliver the support your overworked HR staff needs. Qualified advisors are on call to address pressing issues related to the Patient Protection and Affordable Care Act (PPACA), ERISA, COBRA and more. You get the robust set of skills, tools and experience you need to handle your compliance issues—so you can focus on your core business.

## Healthcare Reform Toolkits

To help employers better understand and comply with the most significant mandates imposed by healthcare reform, Gallagher has developed the following toolkits:

**COUNTING HOURS TOOLKIT**



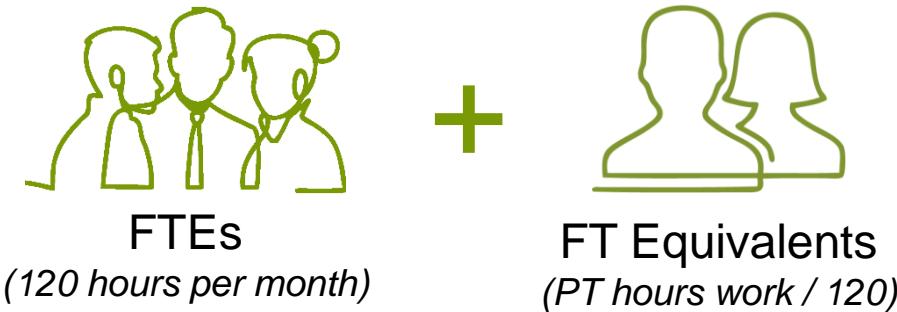
**EMPLOYER SHARED RESPONSIBILITY MANDATE TOOLKIT**



**SECTIONS 6055 AND 6056 REPORTING REQUIREMENTS TOOLKIT**



## Step 2. Determine if large employer



- Average of at least 50 full-time & full-time equivalent employees during preceding calendar year
- Determined on the basis of a controlled group

# Step 3. Categorize your employees

## Full-Time Employee (30+ hpw)

- Offer affordable, minimum value employee + dependent child coverage
- Offer coverage within first day of the 4<sup>th</sup> month or pay penalty

## Part-Time Employee (<30 hpw)

- Use measurement/look-back period to monitor eligibility
- No penalty applies if remain part-time

## Seasonal Employee (30+ hpw)

- Six months or less which begins in same part of year each year
- May use measurement/look-back period to determine eligibility
- Offer coverage no later than 13 (+fraction) months from hire date or pay penalty

## New Variable Employee (30+ hpw)

- Can't be determined that the employee is reasonably expected to work 30 hpw
- May use measurement/look-back period to determine eligibility
- Offer coverage no later than 13 (+fraction) months from hire date or pay penalty

## Ongoing Employee (30+ hpw)

- May use measurement/look-back period to determine eligibility (no longer than 12 months)
- Offer coverage at end of admin period or pay penalty

# Who is an employee?

- Common law definition
- Who is full-time?
  - Worked an average of at least 30 hours/week (130/month)
- Calculate hours of service



# Variable Hour and Seasonal Employees

- Who is variable?
  - Is employee replacing FT employee or non-FT employee?
  - Have ongoing employees in same/comparable position varied above/below average of 30 hours of service per week?
  - Was job advertised, communicated, or documented as requiring hours of service that would average 30 or more/less?
- Who is seasonal?
  - Employee in position for which customary annual employment is 6 months or less
  - Begins in the same time of year each year (e.g., summer or winter)



# Special Classes of Employees

- Short-term and high-turnover employees
  - Must offer coverage to short-term hires reasonably expected to work a full-time schedule by the first day of the fourth full month after hire (or risk paying a penalty)
- Unique hours of service (e.g. adjunct faculty, layover or on-call hours)
  - Must use reasonable method of crediting hours
- Volunteers
  - Hours of service as bona fide volunteer do not count
- Student interns
  - If full-time interns are unpaid, hours not counted as hour of service
- International employees
  - May treat as terminated if position anticipated to continue indefinitely or at least 12 months, and substantially all compensation treated as foreign-sourced income

# Step 4. Choose counting method

- Look-Back Method
  - New variable hour or seasonal employees
  - Ongoing variable hour employees
  - Part-time employees
- Monthly Measurement Method
  - No penalty if offer coverage by 1<sup>st</sup> day of fourth month
- Different measurement/stability periods:
  - Each group of collectively bargained employees covered by a separate collective bargaining agreement
  - Collectively bargained and non-collectively bargained employees
  - Salaried employees and hourly employees
  - Employees whose primary places of employment are in different states

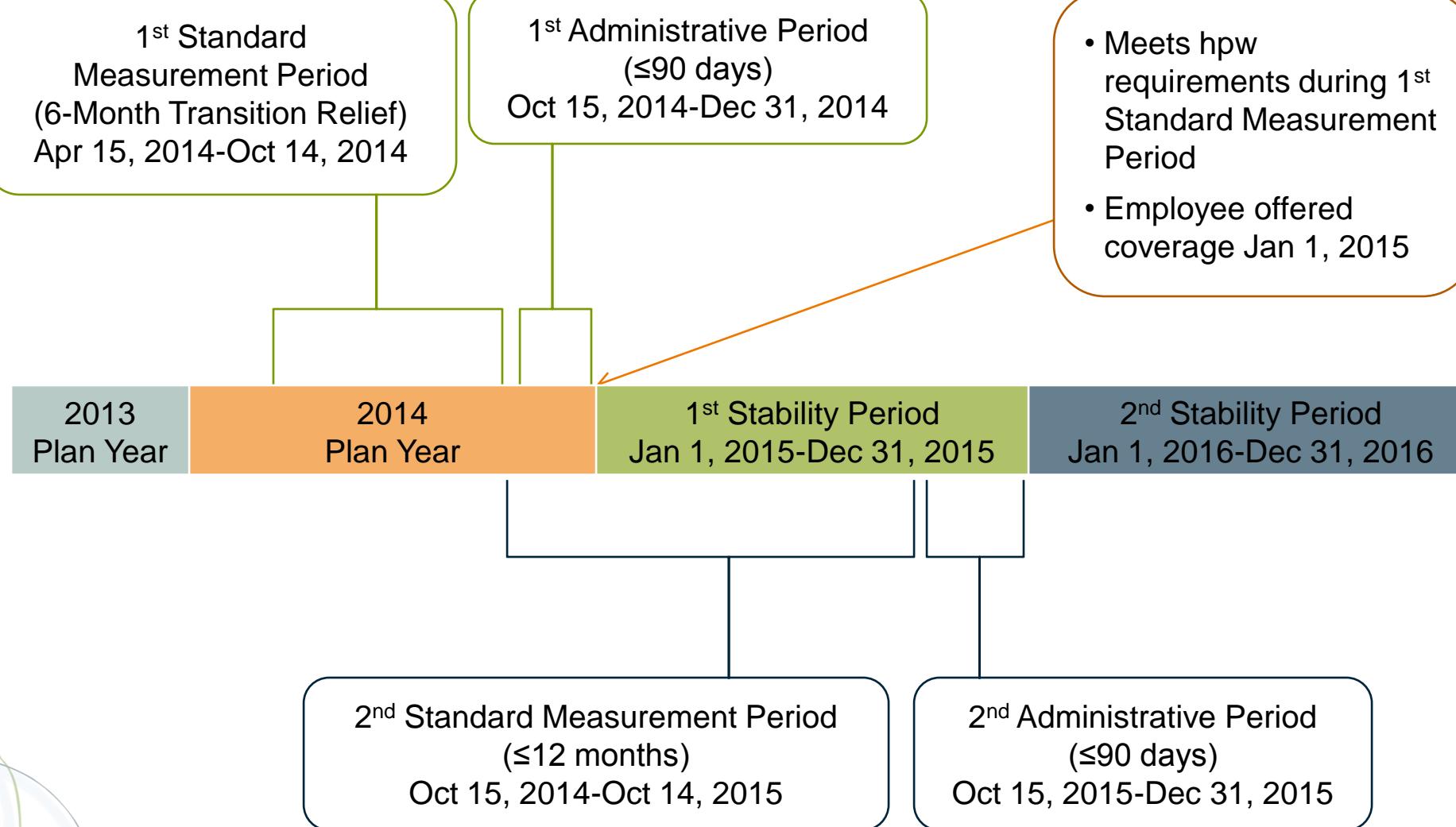
# Step 5. Establish measurement/stability periods

## Ongoing employees

Standard Measurement Period	Standard Administrative Period	Standard Stability Period
<ul style="list-style-type: none"><li>• Look-back at hours worked by variable hour employee to determine eligibility for coverage</li><li>• Employer choose length from 3 to 12 months</li></ul>	<ul style="list-style-type: none"><li>• Count hours, offer &amp; enroll in coverage</li><li>• Maximum length of 90 days</li><li>• Cannot reduce or lengthen the measurement or stability period</li><li>• Overlaps with prior stability period</li></ul>	<ul style="list-style-type: none"><li>• Coverage remains available regardless of hours worked during stability period</li><li>• Full time employees<ul style="list-style-type: none"><li>• Cannot be shorter than the standard measurement period</li><li>• Must be at least 6 months</li></ul></li><li>• Non full time employees<ul style="list-style-type: none"><li>• Stability period cannot be longer than the standard measurement period</li></ul></li></ul>

- Short transitional 6-month measurement period for 2015
- Monthly measurement period – “weekly rule” to accommodate payroll periods

# Ongoing Full-Time Employee



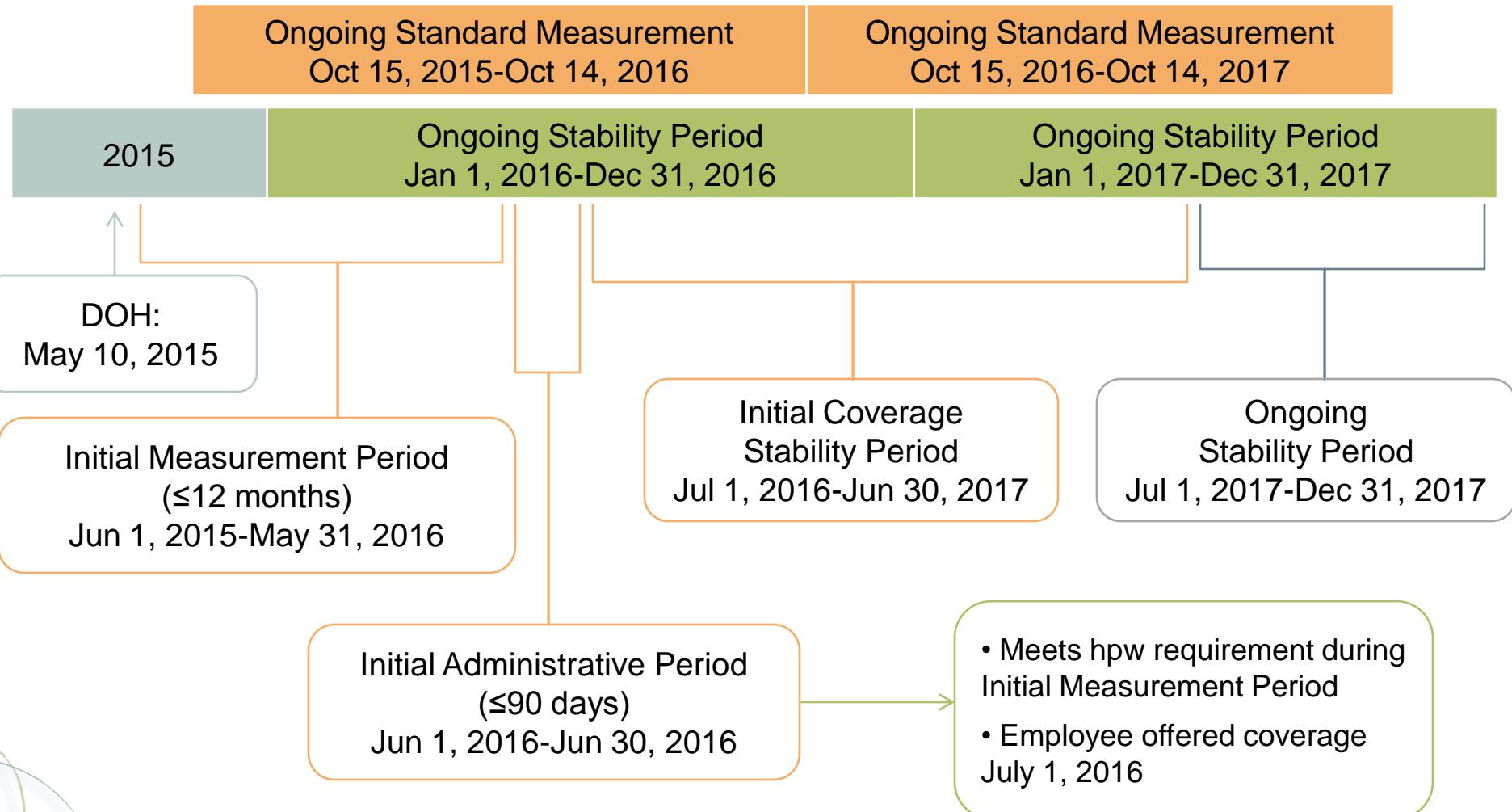
# Measurement/Stability Safe Harbor

## New employees

\*Combined length of initial measurement period and the administrative period cannot be longer than 13 and a fraction months from employee's hire date

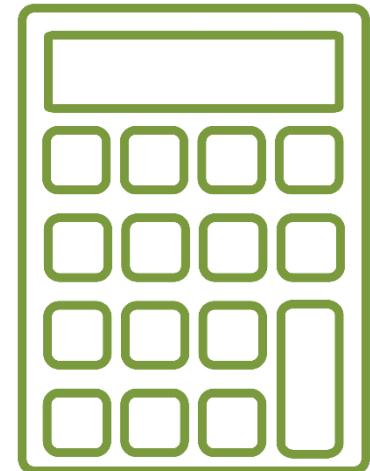
Initial Measurement Period	Initial Administrative Period	Initial Stability Period
<ul style="list-style-type: none"><li>• Look-back at hours worked by variable hour employee to determine eligibility for coverage</li><li>• A period of 3 to 12 months*</li></ul>	<ul style="list-style-type: none"><li>• Count hours, offer &amp; enroll in coverage</li><li>• Maximum length of 90 days*</li></ul>	<ul style="list-style-type: none"><li>• Coverage remains available regardless of hours worked during stability period</li><li>• Full time employees<ul style="list-style-type: none"><li>• Must be at least 6 months</li><li>• Cannot be shorter than the initial measurement period</li><li>• Cannot be shorter than the standard stability period for ongoing employees</li></ul></li><li>• Non full time employees<ul style="list-style-type: none"><li>• Stability period cannot be more than 1 month longer than the initial measurement period</li></ul></li></ul>

# New Employee



# Step 6. Count hours

- Internal systems and processes adequately count required hours?
- Is an outside vendor ACA counting tool needed?
  - Needs to reflect paid and certain unpaid hours



# Break in Service

- Breaks longer than **13 weeks** (26 weeks for schools)
  - Treat as a new employee
- Breaks shorter than **13 weeks**
  - Treat as continuing employee with same status for the remainder of the stability period
  - Treat measurement period as if did not have a break in service (counting zero hours during break)
- Optional – Rule of Parity
  - Use for breaks between 4-**13 weeks**
  - Can treat as new employee if the break period is longer than immediately preceding employment period

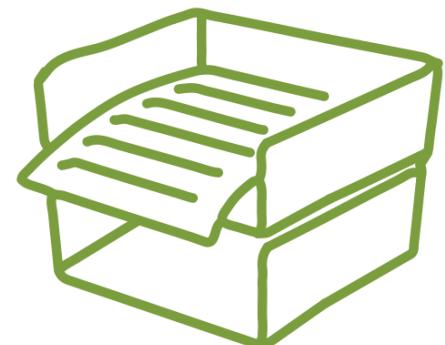
Initial Employment = 9 weeks  
*Employee terminates*

Break in Service = 12 weeks  
*Employee rehired. Break in service longer than initial employment.*

Employer can:  
1) Treat as continuing employee, or  
2) Treat as new employee

# Hours Not Worked Yet Counted

- Special unpaid leave – cannot count as zero hours
  - FMLA
  - USERRA/military leave
  - Jury duty
- Credit hours as:
  1. Hours worked  $\div$  # of weeks worked (disregarding LOA weeks); or
  2. Average weekly hours used for LOA weeks



# Step 7. Determine eligibility changes

- Are any eligibility changes necessary?
- Update eligibility language to accommodate measurement methods
  - Employee communications
  - Plan documents, HR manuals, orientation materials
  - Collective bargaining agreements
  - Insurance and stop loss contract definitions
- Determine impact on other benefits



# Counting Hours Toolkit

- Articles, sample employee communications and webinars
- Available at [www.ajghealthcarereform.com](http://www.ajghealthcarereform.com)
  - Employer Resources → Counting Hours Toolkit



February 2014

## Determining Full-Time Employee Status for Purposes of the Employer Shared Responsibility Provisions under PPACA

Knowing who size for the pu affordable cov penalty for an this article is c calculations, n

### Calculating E

Under PPACA Generally, "he duties are not duty, military for failure to c value and is at least 30 hou

The final rules for hot some clarific regulations ad employers to use the month employees, bu look-back met

### Hour

For hourly em hours for whic illness, incap

<sup>1</sup> For information  
Regulations on

<sup>2</sup> The \$2,000 an

### Who is a "full-time" employee?

You are a full-time employee if you are credited with at least [130] "hours of service" per month or an average of [30] hours of service per week. If you are a variable hour or "seasonal" employee, we will determine the average number of hours of service per week over a month that you work during the length of measurement period (e.g., 12-month, 6-month) period. If you work on average at least [130 hours] per month or [30 hours] per week during the measurement period, you will be a full-time employee for purposes of our health benefits beginning with the next stability period. [For example, if you are a variable hour employee, using a 12-month measurement period, we would count the number of hours worked in those 12 months and divide by 12. If your hours of service per month averaged [130] or more, you would be a full-time employee for purposes of health benefits during the following stability period.]

## Healthcare Reform and Your Benefits

### FAQs: Determining Your Eligibility for Health Benefits

Eligibility for our health benefits is determined through the use of measurement and stability periods. We have provided these FAQs to you for the purposes of explaining what measurement and stability periods are, and how we will use them to determine your eligibility for health benefits. Should you have any questions after reading through these FAQs, please contact: [insert name and phone number and/or email address for individual to contact with questions].

**What is the Individual Mandate?**

The individual shared responsibility provision of the Patient Protection and Affordable Care Act (sometimes called "PPACA" or "the ACA" or "the Affordable Care Act") requires you and each member of your family to have qualifying health insurance (called "minimum essential coverage"), qualify for an exemption, or make a shared responsibility payment when filing a federal income tax return.

**Is my employer-sponsored coverage considered to be "minimum essential coverage" for purposes of the Individual Mandate?**

Yes. Coverage offered through our organization meets the requirements for minimum essential coverage under the Individual Mandate. For information about additional types of coverage that qualify, please see the IRS' minimum essential coverage chart on IRS.gov/aca.

**How do I know if I'm eligible for coverage under our health plan?**

You may become eligible for coverage under our plan in one of two ways.

1. You can qualify as a full-time employee eligible for benefits when originally hired (subject to a waiting period); or
2. You can qualify for coverage if you are credited with enough "hours of service" to qualify you as a full-time employee during a period of time called a "measurement period." This option is available to employees who are initially considered to be variable hour, part-time, or seasonal employees on their dates of hire.

Under our plan, an employee [who is regularly scheduled to work] [30 or more hours per week] is considered to be full-time and eligible for health benefits. Check with [Human Resources] if you are not certain whether you may be eligible for health benefits.

PAGE 1 | © 2014 G

# ajghealthcarereform.com



## Healthcare Reform

### Overview

### Strategic Decision Support

### Employer Resources

### Regulatory Guidance

### Timeline

### Newsletters

### Webinars

Are you overwhelmed by ever-evolving regulations? You aren't alone.

Healthcare reform legislation is complex, and employer mandates are continually changing. It's time to work with a partner who can help shoulder your compliance burdens, stem the paperwork tide and reduce the risk of noncompliance.

The dramatic change to the healthcare landscape ushered in by the passage of the Patient Protection and Affordable Care Act (PPACA) presents a daunting challenge in understanding the myriad of potential impacts on you and your employees, while achieving your business objectives. As with most major legislation, the interpretation and implementation of the regulations may bring legal challenges that can result in new or modified requirements.

Arthur J. Gallagher & Co.'s Benefits & Human Resources Consulting team approach and market-leading financial and analytical modeling tools will guide you through the healthcare reform labyrinth. As your guide and advisor, we will work with you to understand the strategic, financial and operational impacts today and in the future.



EMPLOYER  
RESOURCES



HEALTHCARE REFORM FAQS



PRIVATE  
EXCHANGES



Arthur J. Gallagher & Co.  
BUSINESS WITHOUT BARRIERS™

# Thank you!



Arthur J. Gallagher & Co.  
BUSINESS WITHOUT BARRIERS™

# ACA Compliance Strategies

Bruce Caldwell, CEBS  
Area President, Public Entity Practice

# ACA Compliance Strategies

- Addressing variable hour employees
  - What to focus on
  - What to ignore
- Impact of collective bargaining
  - Getting ahead of the curve
  - Standard changes to consider
- Impact of variable medical plan offerings
- Discrimination Testing: Real or not?

# Variable Hour Employees

- What might they look like?
  - Substitute teachers
  - Part-time employees who also receive stipends for:
    - Coaching
    - Department Leadership
    - Working in a Media Lab
    - Serving on District-wide Committees
    - Other
- Focus on those:
  - Who are not already full-time (over 30 hours per week)
  - Who work variable hours, but may average 30+ hours per week, or 130 hours per month
  - Who are not already eligible for benefits

# Categorize your employees

## Full-Time Employee (30+ hpw)

- Offer affordable, minimum value employee + dependent child coverage
- Offer coverage within first day of the 4<sup>th</sup> month or pay penalty

## Part-Time Employee (<30 hpw)

- Use measurement/look-back period to monitor eligibility
- No penalty applies if remain part-time

## New Variable Employee (30+ hpw)

- Can't be determined that the employee is reasonably expected to work 30 hpw
- May use measurement/look-back period to determine eligibility
- Offer coverage no later than 13 (+fraction) months from hire date or pay penalty

## Ongoing Employee (30+ hpw)

- May use measurement/look-back period to determine eligibility (no longer than 12 months)
- Offer coverage at end of admin period or pay penalty

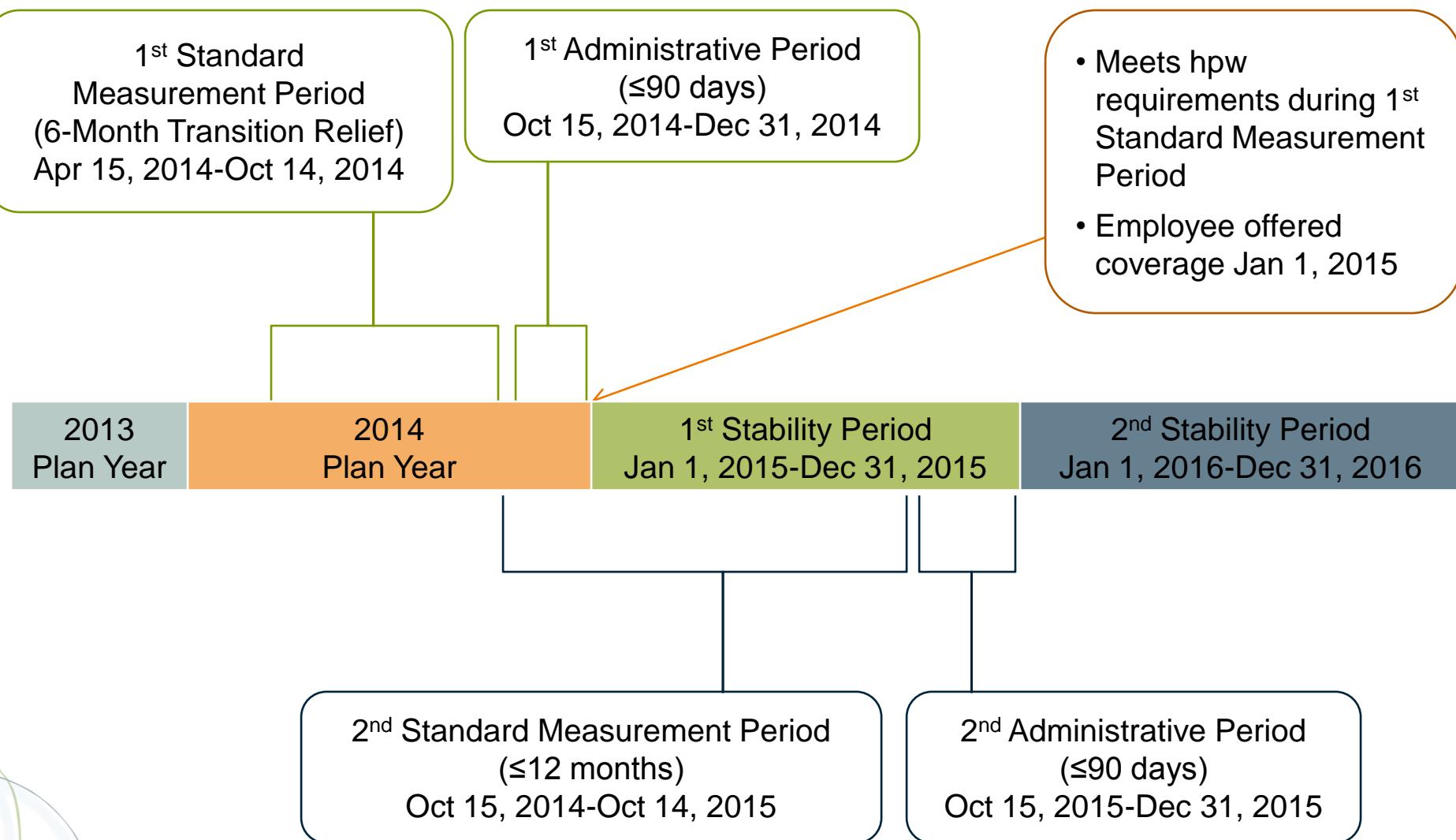
# Review Eligibility Provisions

- What if we already extend eligibility to employees down to 20 hours or 50% of an FTE?
  - This may limit your pool of potential variable hour employees
  - You will still have to monitor plan affordability – are contributions pro-rated?
  - You still need to deal with positions historically ineligible for benefits; subs, coaches, etc.
- Possible Actions:
  - Limit benefit eligibility to those working 30+ hours
  - Provide a separate minimum value plan for those working less than 30 hours (specific job classes)

# Part-Time Variable Hour Group

- Make sure you are gathering all the data:
  - Part-time roles
  - Roles where stipends are paid
  - Substitutes
- Determine hours worked per day for substitutes
- Determine how to value stipend hours:
  - Actual hours worked
  - Develop a set number of weekly hours for each role
  - Base hours on person's pay rate (stipend amount / employee's hourly rate of pay = credited hours)

# Ongoing Full-Time Employee

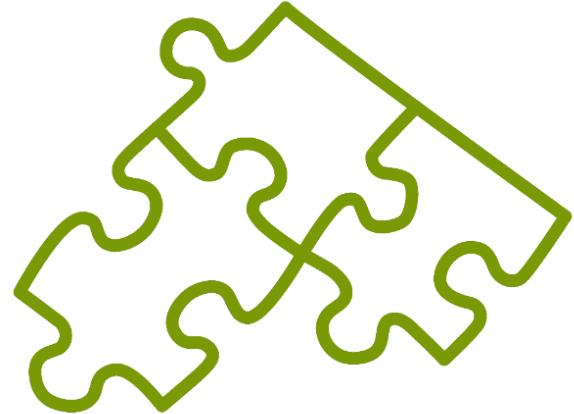


# Tracking Periods

- Initial 6 month measurement period offered under transition relief, then can be from 3 to 12 months
- Most employers have found using 12 month measurement periods works best
- Measurement periods can vary by bargaining unit
- Can't penalize people for time not on the standard work calendar – teachers/subs for summer months
- Administration periods of up to 90 days to do the math
- Stability period must be greater of 6 months or the measurement period used

# Making it all Fit

- Internal vs. External Tracking
  - Either way the data must be solid
  - Total hours worked = critical
- Internal Tracking
  - Cost of staff to pull and process data
  - Have inside track on data accuracy, ideally!
- External Tracking
  - Contract expense, generally per employee per month
  - Remove the data processing part of the job from the District
  - Helps most where the number of new hires, or turnover, is high



# Impact of Collective Bargaining

- Address any changes required to eligibility wording:
  - Modify contract language to reflect potential newly eligible employees under ACA
  - Redefine the terms part-time to reflect variable hour employee where appropriate
  - Discuss changing definition of eligible employee to help offset other potential costs
- Review contribution scenarios and plan affordability
  - Modify employee contribution for low cost plan to hit affordability target
  - Make sure pro-rated contributions are defensible

# Cadillac Tax

- Feedback we get from Districts:
  - No need to address this, it will go away or be modified.
  - Need to start discussing it now since our plans will likely go over the limits.
  - This needs to go to the table immediately and we need to start reducing plans to avoid the excise tax.
- Suggested strategies:
  - Review current plans and project costs to determine size of any potential excise taxes.
  - Implement high-low benefit options to phase in changes
  - Present “phase in” changes that meet financial targets as well as “one time adjustment” needed in 2018

# Cadillac Tax

- Key items to remember:
  - No “low cost plan” safe harbor for Cadillac Tax
  - Tax paid based on plan premiums over fixed thresholds – not adjusted for benefit levels
  - Most school plans today project to far exceed the proposed dollar limits
- Room for change:
  - Dollar threshold don’t address cost differences based on; geography, plan design, demographics, rate tiers
  - One size fits all approach may be easier to challenge??

# Additional ACA Strategies

- Variable plan offerings:
  - Offer a low cost plan to the variable hour employees in specific job classifications
  - Plan design must meets minimum value thresholds
  - Contributions are kept low to meet the affordability requirements
  - Must be offered on an fully insured basis
- Issues to consider:
  - Can the plans be offered to a distinct class of employees?
  - Will offering separate plans lead to equity issues?

# Discrimination Testing

- Where does it exist today?
  - Self-funded plans
  - Section 125 Flexible Benefit Plans / FSAs
- What does it look like under ACA?
  - TBD
  - Timing is not clear, has been postponed many times
  - Likely to look similar to discrimination testing that currently applies to self-funded plans
  - Will likely have a limited impact on Districts based on the consistent benefit offerings to all staff



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# Thank you!



Panel Q & A  
and  
Idea Sharing