



WELCOME !



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



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Covered California, SHOP Sales
Director
Southern California





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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.....

[ABOUT US](#)[COVERAGE](#)[RESOURCES](#)[PROGRAMS & PARTNERS](#)[NEWS CENTER](#)[LANGUAGES: ENGLISH](#)

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](#)



**COVERED
CALIFORNIA**



PLAN OPTIONS FOR INDIVIDUALS & SMALL BUSINESS

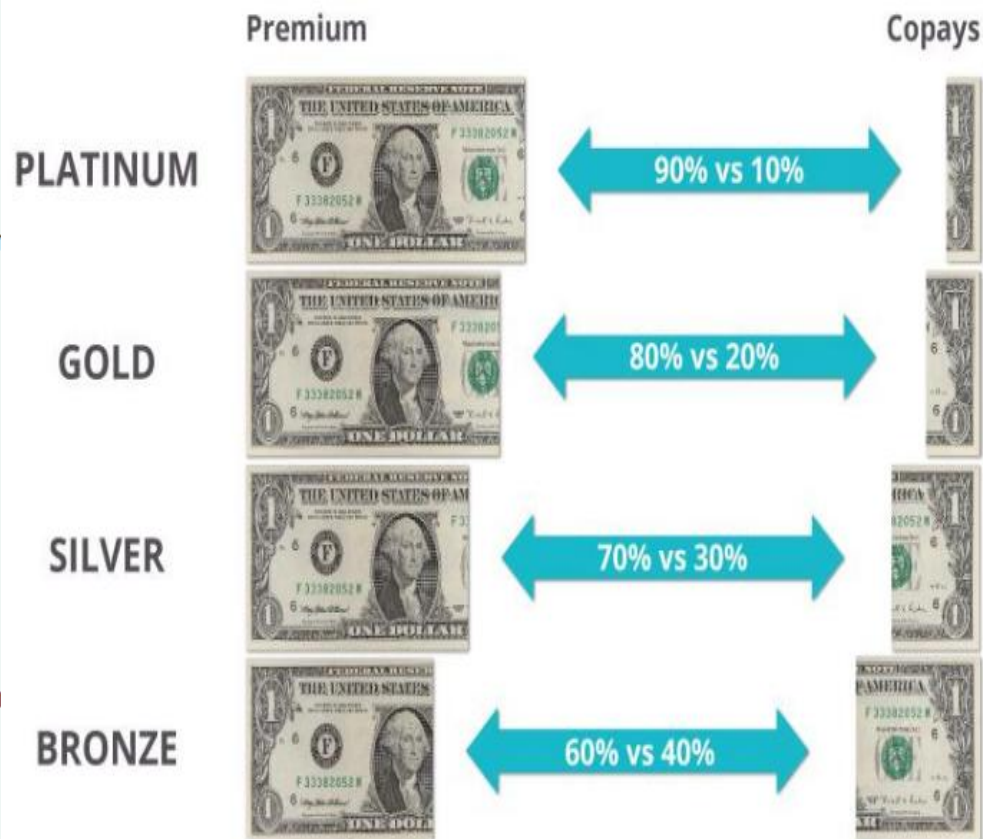
Metal Levels and Premiums

- 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.





What we offer

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

- Up to 50 employees
- Tax Credits
- Plan choice



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

blue  of california



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)

David Guevara (dguevara@pinnacletpa.com)

Clarissa Sarabia (csarabia@pinnacletpa.com)

Evie Banaga (ebnaga@pinnacletpa.com)

SHOP Customer Service

Phone: 877 453-9198

Email: agents@covered.ca.gov

RFPs: Shopquotes@pinnacletpa.com

www.CoveredCA.com





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ACA Updates

Sally Wineman, JD
Area Senior Vice President, Compliance Counsel

Timeline

- Revenue (PCORI)
- Public Marketplace Opens
- Subsidies
- Medicaid Expansion
- Individual Mandate
- Transitional Reinsurance Fee



2014



2015

- Midsize Employer Mandate
- §6055 & §6056 Reporting



2016



2017

- Cadillac Tax



2018

- Large Employer Mandate
- Revenue (Transitional Reinsurance)
- Ongoing Reporting
- Auto Enrollment (?)
- Nondiscrimination (?)



- Public marketplace open to large employers



2014 Plans

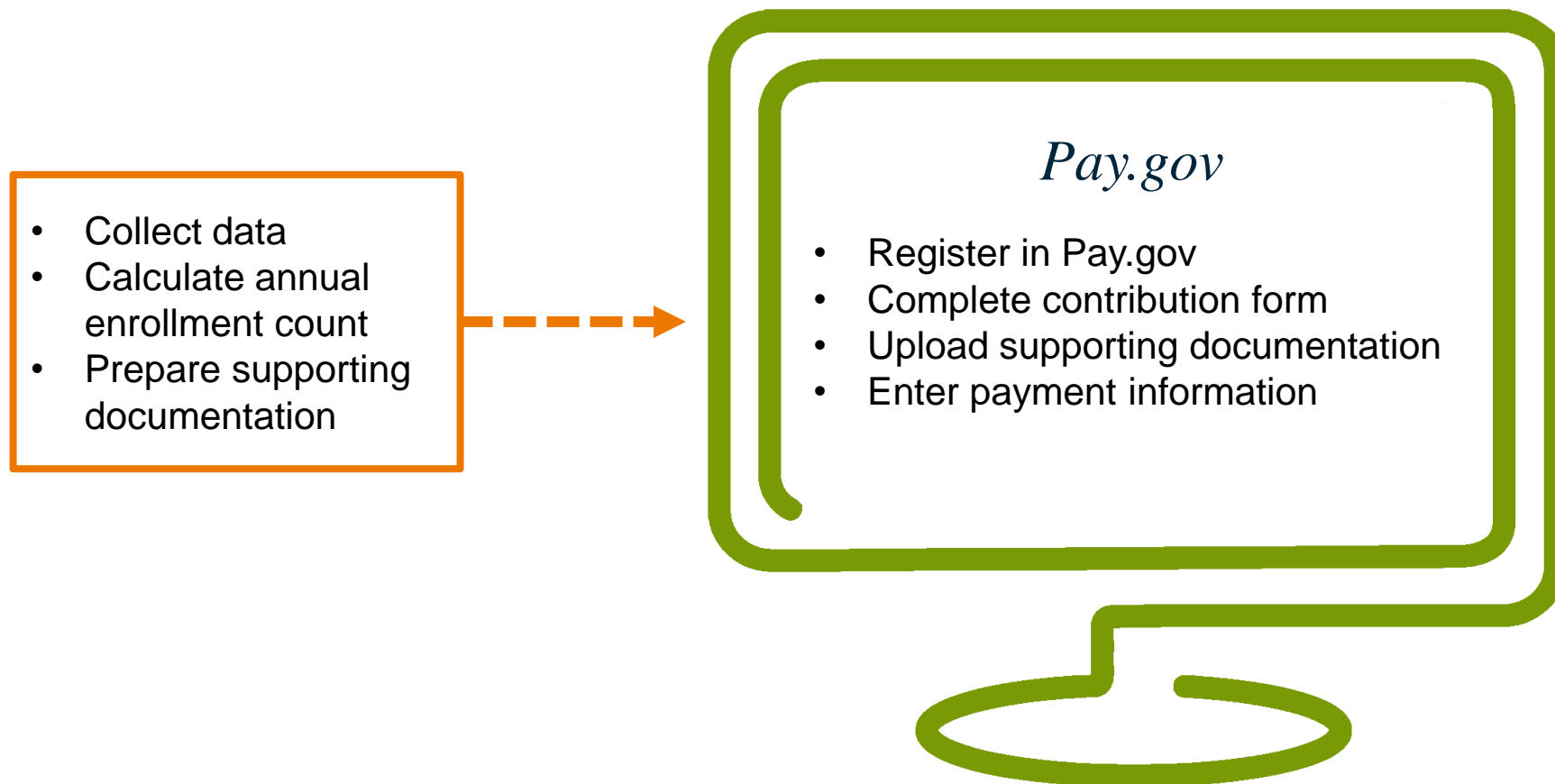
- Health FSA Carryover: \$500
- Women's contraceptive coverage
 - Closely held corporation accommodation
 - Religiously affiliated accommodation
- No waiting periods longer than 90 days unless variable employee
 - New! Orientation period
 - ~~60 day waiting period in CA~~ Repealed!
- Small employer plans: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

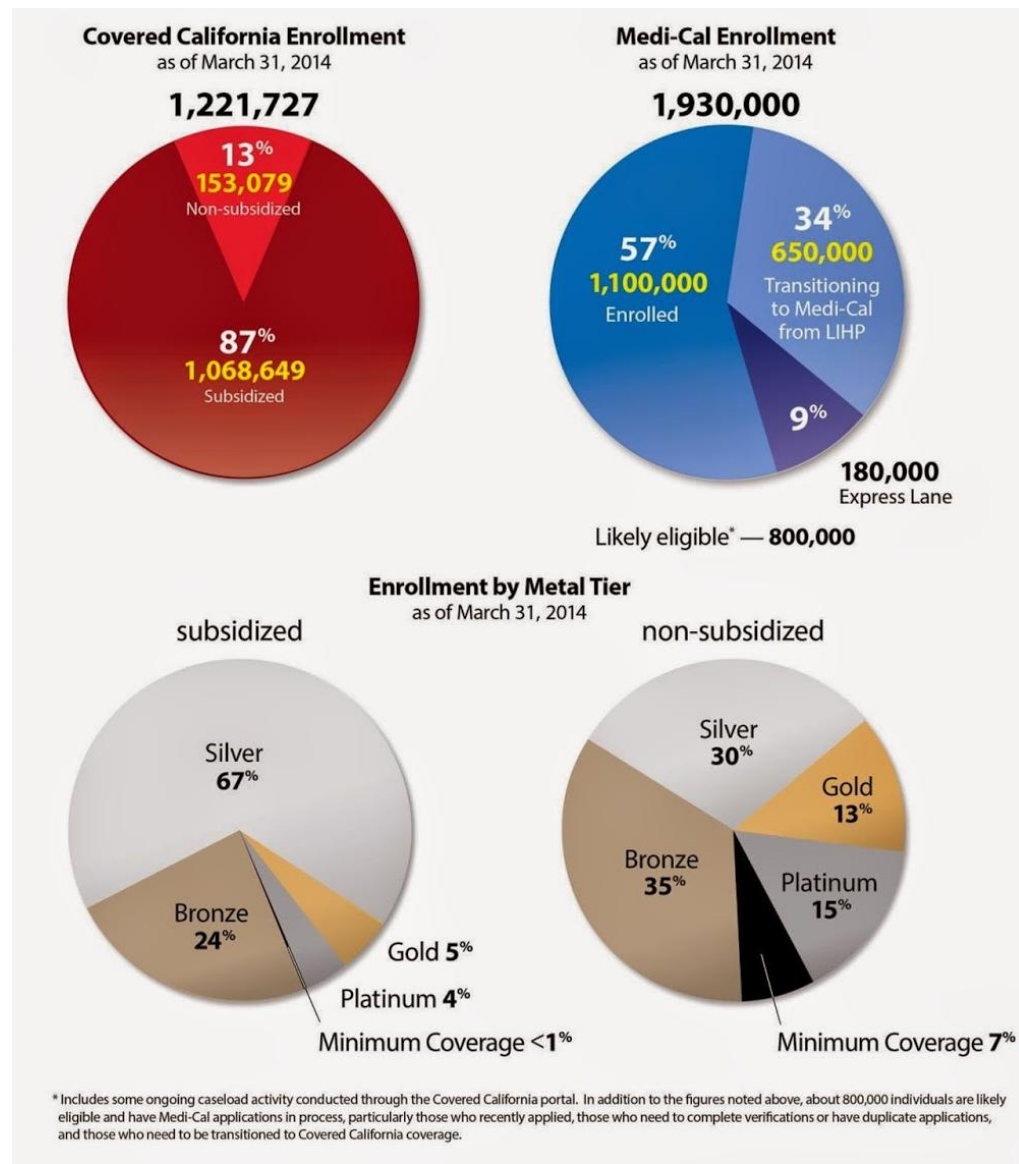
- 8 million individuals enrolled through the Marketplaces
 - 85% eligible for premium assistance
- Uninsured rate drops to 13.4% nationwide
- Silver level plans most popular



2015 Open Enrollment

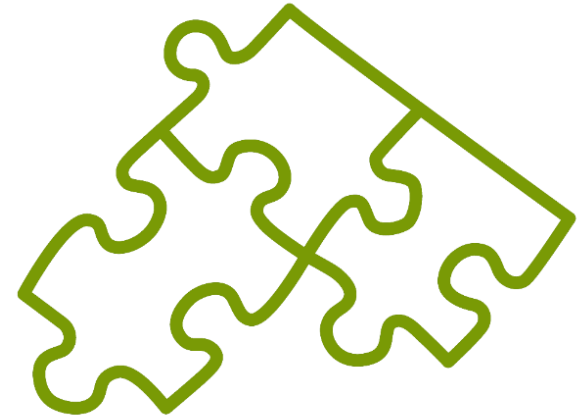
- www.coveredca.com
- Next open enrollment
 - November 15, 2014-February 15, 2015
 - Communicate with employees
 - Post-tax election option
- Special enrollments
- Rate changes

Source: www.news.coveredca.com



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

- ≥ 50 FTEs
- Fully-insured and self funded

MEC Reporting (Section 6055)

To Enrolled Employees



Individualized Statement Form 1095-B

1095-B Health Coverage
2014
DRAFT AS OF August 25, 2014
DO NOT FILE

Part I Responsible Individual (Enter the name of the person who is responsible for providing health coverage for the employee.)
Name of responsible individual
Social Security number (SSN)
Date of birth (MM-YY)
State or province
City or town
Country and ZIP or foreign postal code

Part II Employee (Enter the name of the employee.)
Name of employee
Social Security number (SSN)
Date of birth (MM-YY)
State or province
City or town
Country and ZIP or foreign postal code

Part III Covered Individuals (Enter the information for each covered individual.)
Name of covered individual
Social Security number (SSN)
Date of birth (MM-YY)
State or province
City or town
Country and ZIP or foreign postal code

Part IV Months of coverage
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

January 31, 2016

To IRS

Transmittal Report Form 1094-B

1094-B Transmittal of Health Coverage Information Returns
2014
DRAFT AS OF July 24, 2014
DO NOT FILE

Part I Transmitter (Enter the name of the person who is responsible for providing health coverage for the employee.)
Name of transmitter
Social Security number (SSN)
Date of birth (MM-YY)
State or province
City or town
Country and ZIP or foreign postal code

Part II Recipient (Enter the name of the person who is responsible for providing health coverage for the employee.)
Name of recipient
Social Security number (SSN)
Date of birth (MM-YY)
State or province
City or town
Country and ZIP or foreign postal code

Part III Covered Individuals (Enter the information for each covered individual.)
Name of covered individual
Social Security number (SSN)
Date of birth (MM-YY)
State or province
City or town
Country and ZIP or foreign postal code

Part IV Months of coverage
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

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

Each Employee Statement Forms 1095-B

1095-B Health Coverage
2014
DRAFT AS OF August 25, 2014
DO NOT FILE

Part I Responsible Individual (Enter the name of the person who is responsible for providing health coverage for the employee.)
Name of responsible individual
Social Security number (SSN)
Date of birth (MM-YY)
State or province
City or town
Country and ZIP or foreign postal code

Part II Employee (Enter the name of the employee.)
Name of employee
Social Security number (SSN)
Date of birth (MM-YY)
State or province
City or town
Country and ZIP or foreign postal code

Part III Covered Individuals (Enter the information for each covered individual.)
Name of covered individual
Social Security number (SSN)
Date of birth (MM-YY)
State or province
City or town
Country and ZIP or foreign postal code

Part IV Months of coverage
Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

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



Individualized Statement Form 1095-C

January 31, 2016

To IRS

Transmittal Report Form 1094-C

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

Each Employee Statement Forms 1095-C

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

Each member of controlled group reports separately

Employer Reporting

	Fully-Insured < 50 FTEs	Self Funded < 50 FTEs	Fully-Insured ≥ 50 FTEs	Self Funded ≥ 50 FTEs
Minimum Essential Coverage (6055)	Insurer will report	X	Insurer will report	X
Employer Mandate (6056)	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 x (total # of FTs – 80) for employers with 100+ FT and FTE employees only

2016: \$2,000 x (total # of FTs – 30)

YES

Does plan have minimum value?

NO

Lesser of:

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

#2,000 x (# of FTs – 30 (80 for 2015))

YES

Is coverage affordable?

NO

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 st day of 2016 plan year*
100+ FTEs	January 1, 2015	1 st 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
 - 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



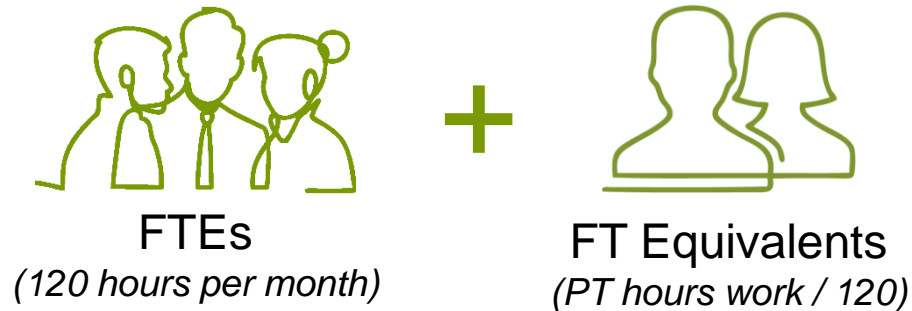
EMPLOYER SHARED RESPONSIBILITY MANDATE TOOLKIT



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 4th 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)

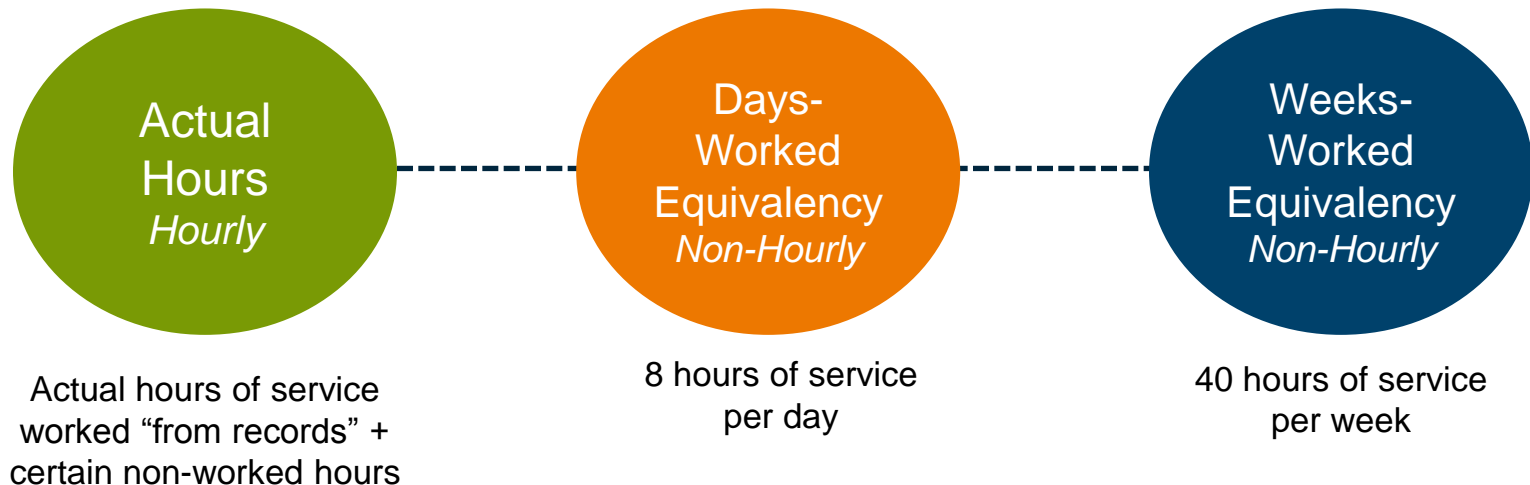
- Can't be determined that the employee is reasonably expected to work 30 hpw
- May use measurement/look-back period to determine eligibility
- Offer coverage no later than 13 (+fraction) months from hire date or pay penalty

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 1st 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">• Look-back at hours worked by variable hour employee to determine eligibility for coverage• Employer choose length from 3 to 12 months	<ul style="list-style-type: none">• Count hours, offer & enroll in coverage• Maximum length of 90 days• Cannot reduce or lengthen the measurement or stability period• Overlaps with prior stability period	<ul style="list-style-type: none">• Coverage remains available regardless of hours worked during stability period• Full time employees<ul style="list-style-type: none">• Cannot be shorter than the standard measurement period• Must be at least 6 months• Non full time employees<ul style="list-style-type: none">• Stability period cannot be longer than the standard measurement period

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

Ongoing Full-Time Employee

1st Standard
Measurement Period
(6-Month Transition Relief)
Apr 15, 2014-Oct 14, 2014

1st Administrative Period
(≤90 days)
Oct 15, 2014-Dec 31, 2014

- Meets hpw requirements during 1st Standard Measurement Period
- Employee offered coverage Jan 1, 2015

2013
Plan Year

2014
Plan Year

1st Stability Period
Jan 1, 2015-Dec 31, 2015

2nd Stability Period
Jan 1, 2016-Dec 31, 2016

2nd Standard Measurement Period
(≤12 months)
Oct 15, 2014-Oct 14, 2015

2nd Administrative Period
(≤90 days)
Oct 15, 2015-Dec 31, 2015

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

New Employee

Ongoing Standard Measurement
Oct 15, 2015-Oct 14, 2016

Ongoing Standard Measurement
Oct 15, 2016-Oct 14, 2017

2015

Ongoing Stability Period
Jan 1, 2016-Dec 31, 2016

Ongoing Stability Period
Jan 1, 2017-Dec 31, 2017

DOH:
May 10, 2015

Initial Measurement Period
(≤12 months)
Jun 1, 2015-May 31, 2016

Initial Coverage
Stability Period
Jul 1, 2016-Jun 30, 2017

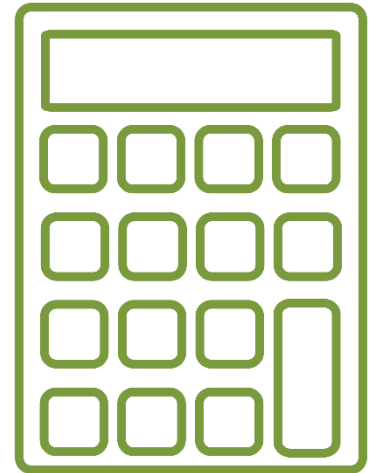
Ongoing
Stability Period
Jul 1, 2017-Dec 31, 2017

Initial Administrative Period
(≤90 days)
Jun 1, 2016-Jun 30, 2016

- Meets hpw requirement during Initial Measurement Period
- Employee offered coverage July 1, 2016

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

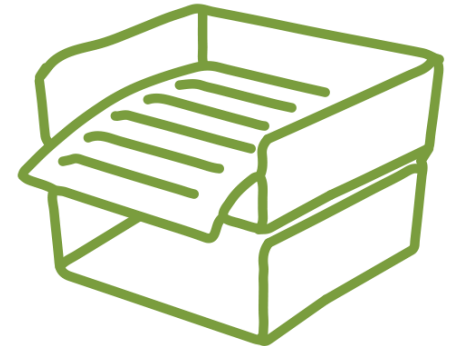
Initial Employment = 9 weeks
Employee terminates

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
 - Employer Resources → Counting Hours Toolkit

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BUSINESS WITHOUT BARRIERS[™]



February 2014

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

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Calculating F

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

The final rules service for ho some clarifica regulations ad employers to u use the month employees, bu look-back met

Hourl

For hourly em hours for whic illness, incapa

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.

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 numbers of hour of service per week or per month that you earn during a [\[insert length of measurement period: e.g., 12-month, 6-month\]](#) 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.\]](#)

¹ For informati
Regulations on

² The \$2,000 an

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.





Arthur J. Gallagher & Co.
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Thank you!



Arthur J. Gallagher & Co.
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ACA Compliance Strategies

Bruce Caldwell, CEBS
Area President, Public Entity Practice

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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 4th 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

1st Standard
Measurement Period
(6-Month Transition Relief)
Apr 15, 2014-Oct 14, 2014

1st Administrative Period
(≤90 days)
Oct 15, 2014-Dec 31, 2014

- Meets hpw requirements during 1st Standard Measurement Period
- Employee offered coverage Jan 1, 2015

2013
Plan Year

2014
Plan Year

1st Stability Period
Jan 1, 2015-Dec 31, 2015

2nd Stability Period
Jan 1, 2016-Dec 31, 2016

2nd Standard Measurement Period
(≤12 months)
Oct 15, 2014-Oct 14, 2015

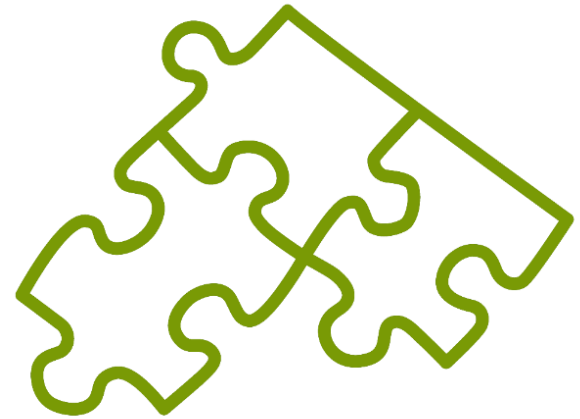
2nd Administrative Period
(≤90 days)
Oct 15, 2015-Dec 31, 2015

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 meet 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