The Affordable Care Act (ACA)

Risk Management Conference
March 31, 2014
ACA - 2013 changes

- W-2 Reporting
- Summary of Benefits & Coverage-SBCs
- Comparative Effectiveness Research Fee (PCORI) through 2019
- FSA Limit
- Update to COBRA Notices
ACA – 2014 changes

- Eliminate pre-existing condition restrictions
- Remove or modify annual or lifetime limits on essential health benefits (for self-insured plans, this occurs after establishing a state benchmark plan)
- Establish a maximum waiting period of 90 days
- Begin sending Marketplace letters to all new hires within 14 days of hire
- Mandatory 100% Birth Control Coverage
- 60-day prior notice for plan changes
ACA – 2014 changes (cont.)

- Limit out-of-pocket (OOP) maximums to $6,350 for individual coverage ($12,700 for family coverage).

- Since we do not currently cap our per-person drug coverage expenses, and we have a separate drug vendor, we do not have to combine our medical and drug expenses under the out-of-pocket maximum until the plan beginning 9-1-2015.

- **Transitional Reinsurance Program** - to help stabilize premiums for Exchange coverage from 2014 to 2016. This fee has been built into our premiums; $63 per covered person for 2014, $42 in 2015 and $26 in 2016.
Measure twice, cut once

- Measurement periods – measuring those whose hours are variable and those who may or may not be working 30 hours or more for more than 90 days
  - Transitional measurement period
  - Measurement period aka “look-back period”
  - Administrative period
  - Stability period
ACAs Measurement Periods

- **Standard Measurement Period (SMP)**
  - FY2014: 9/1 - 8/31
  - FY2015: 10/1 - 9/30
  - FY2016: 10/1 - 9/30

- **Stability Period**
  - Covered if over 30 hours during SMP

- **Administration Period**
  - On-going variable-hour employee
  - Newly-hired variable-hour employee

- **Initial Measurement Period (IMP)**
  - FY2014: 9/1/14 - 12/31/14
  - FY2015: 1/1/15 - 2/1/15
  - FY2016: 1/31/16 - 2/1/16

- **Stability Period**
  - Covered if over 30 hours during IMP

- **Standard Measurement Period (SMP)**
  - FY2014: 9/1/14 - 8/31/14

- **Stability Period**
  - Covered because working 30 hours/week during SMP

Legend:
- **Standard Measurement Period (SMP)**
- **Stability Period**
- **Initial Measurement Period (IMP)**
What happens if the hours of a variable hour employee drop after they’re enrolled in the health plan?

The stability period guarantees employees access to coverage unless the employee notifies the employer they cannot make the required premium contributions. If the employee notifies the employer they are unable to make the payments, they may be dis-enrolled during a stability period.
Reporting

Three reports from the Data Warehouse to be emailed monthly (in Excel format) to workstation contacts:

- Employees not benefit eligible and working 75% or more
- Employees not benefit eligible and working between 50% & 75%
- Employees currently getting ½ SGIP and working 75% or more

In addition:

- The Business Objects base reports can be made available in the Shared Section for workstations to run their own reports off-cycle.
Supplemental pay codes (99) have been categorized, depending on whether the hours should be included in hours worked. If you think a pay code has been incorrectly categorized, let us know.

It is critical to educate departmental payroll processors that lump sum payment for multiple months should be avoided.
Breaks in service

Count as **one employment period**, breaks that are:

- Less than 4 weeks
- Greater than 4 weeks but less than the time worked before the break

For employment breaks of 4 weeks or more, either do not count the break weeks or count them with hours equivalent to the rest of the worked weeks.

Generally, this provision does not apply to unpaid winter, spring or other short breaks. The rule also includes an anti-abuse clause: if the employer requires someone to report to work for the purpose of interrupting what would otherwise be a four-week or longer “employment break,” the employee will be considered as having an employment break.
Breaks in Service (cont.)

Start counting over if break is:

- Greater than the time worked before the break
- Greater than 13 weeks, the employee is not credited with any hours of service and it is not “summer break”
- Do not include FMLA or military time off, even if unpaid

These rules apply to an employee treated as a continuing employee upon returning to work and not to an employee treated as terminated and rehired.
Adjunct faculty

- TRS - Convert instructional time based on two clock hours for each instructional hour.
- Treasury Dept. - 2¼ hours of service/week for each hour of teaching/classroom time plus one hour of service/week for each extra hour outside the classroom performing required duties.
- TAMUS – minimum of 20% for each 3-hour class

Contrary to our assumptions, most of our adjunct faculty are currently working over 50%, providing them with benefits at the present time by the state definition.
Employees "on-call": (including resident assistants) Must use a reasonable method of crediting hours; an hour of service for any on-call hour for which the employee has been paid or is due pay, for which the employee is required to remain on premises or for which the employee’s activities are substantially restricted and/or the employee cannot use his/her time for his/her own purposes.

Seasonal employees: Employees in positions for which the customary annual employment is six months or less generally are not considered full-time.

The regulations exclude from "hours of service“ activities including:

- Hours from volunteers for a government or tax-exempt entity
- Service performed by students under federal or state-sponsored work-study programs
Marketplace Deadlines

As of March 25th:

- If consumers are online on March 31 and can’t finish their application by the deadline they will be given extra time.
- CMS would not say if they had a way to verify when the insurance application process is initiated.
- A check box is being added to the enrollment process that will show the individual has started the sign-up process before the deadline.
- The agency declined to say how long into April the extension might last.
- Under the ACA, individuals must have insurance coverage by the end of March or face a penalty of as much as 1% of their income.
Non-coverage individual penalties

Proposed ACA penalties for non-coverage

- After 2016, indexed by a cost-of-living adjustment - 1% for taxable years beginning in 2014, 2% in 2015 and 2.5% beginning after 2015.
- Limited-benefit coverage will be accepted including government-sponsored programs, like Medicaid and military health programs.
- Exemptions include:
  - Can’t afford minimum essential coverage
  - Minimum cost exceeds 8% of 2014 household income
  - “Hardship exemptions”
Legislative Goals

Change Insurance Code 1601

- Default enrollment changed to first of the month following the 60th day
- Changes to SGIP for part time employees??
  - All those working 75% or more get full SGIP
  - Those working 50%-99% still get ½ SGIP
    - Care may be unaffordable but penalty would be small and few in number
    - Pay other ½ SGIP with local funds for those over 70%

- Student worker inclusion
Affordable Care Act

Questions