

Affordable Care Act (ACA) Employer Mandate Calculations Explained

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Pioneering Specialists in

Group Health Care

Post-Payment Administration

For Over 25 Years

Customer Philosophy

Respect for Existing Procedures

Emphasis on Customization

FOCUS on Solutions

Today's Session

Second in a three-part series on Affordable Care Act (ACA) compliance for self-funded plans.

Today's focus is on calculations to be performed as part of ACA compliance.

Employer Mandate Calculations

- Minimum Value Test
- Affordability Test
- FTE Tests
 - Large Employer Status
 - Eligibility Test
 - Offer Test
- Member Counts
- OOP (Out-of-Pocket) Accumulation

What do you need?

- Plan Documentation and Information
- Payroll Data
- Enrollment Rosters
- Claims Data (medical and Rx)

All available to every self-funded plan.

When do tests occur?

Test	Initial	Annually	Adds/Deletes Life Events	Monthly
Minimum Value	✓	✓		
Affordability	✓	✓	✓	
FTE				
- <i>Large Employer</i>	✓	✓		
- <i>Eligibility Test</i>	✓	✓	✓	
- <i>Offer Test</i>	✓	✓	✓	
Member Counts	✓	✓		
OOP Accumulator	✓	✓		✓

Minimum Value

- Plans must cover at least 60% of total allowed costs of benefits
- What do you need?
 - Plan Documents
 - MV Calculator
- Department of Health and Human Services (HHS) and IRS released calculator

<http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/index.html>

Minimum Value Calculator - Highlights

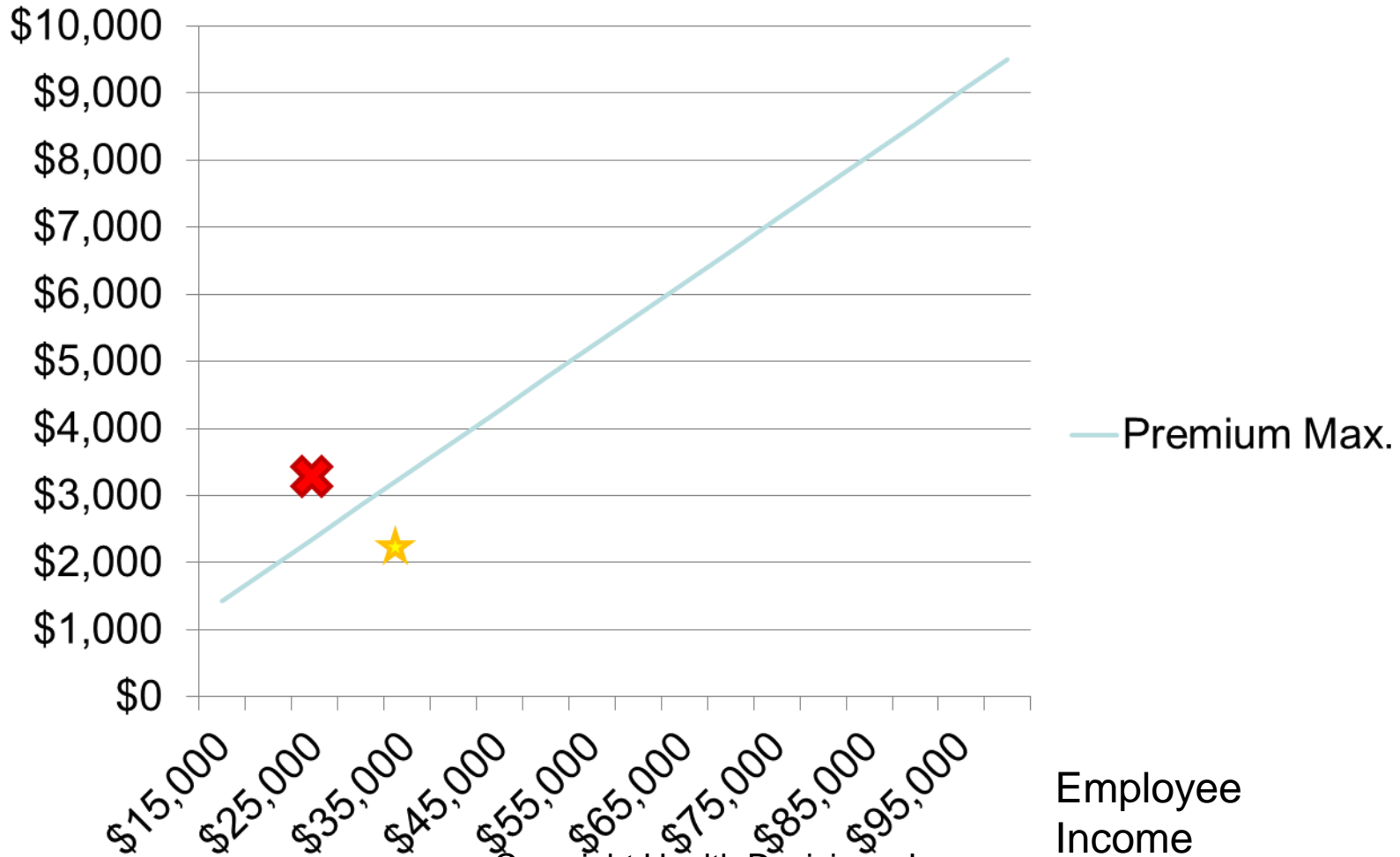
HSA/HRA Amount (\$)	\$2000 Annual Contribution			
	Tier 1 (In-Network)		Tier 2 (Out-of-Network)	
Utilization (%)	70%		30%	
	<u>Medical</u>	<u>Drug</u>	<u>Medical</u>	<u>Drug</u>
Deductible (\$)	\$600	\$400	\$1200	\$800
Coinsurance (%)	80%	90%	70%	60%
OOP Max (\$)	\$4000	\$2000	\$5000	\$3000

Affordability Test

- Employees premiums cannot exceed 9.5% of their household income
- What do you need?
 - Plan Documents
 - Payroll data
 - Possibly survey of family income
- IRS's W-2 Safe Harbor

Affordability Test

Premiums Paid by Employee



Large Employer

50+ FTEs

- What do you need?

Payroll data

- Full-Time *Equivalent*

100 variable hour employees = 50 FTEs

Eligibility Test

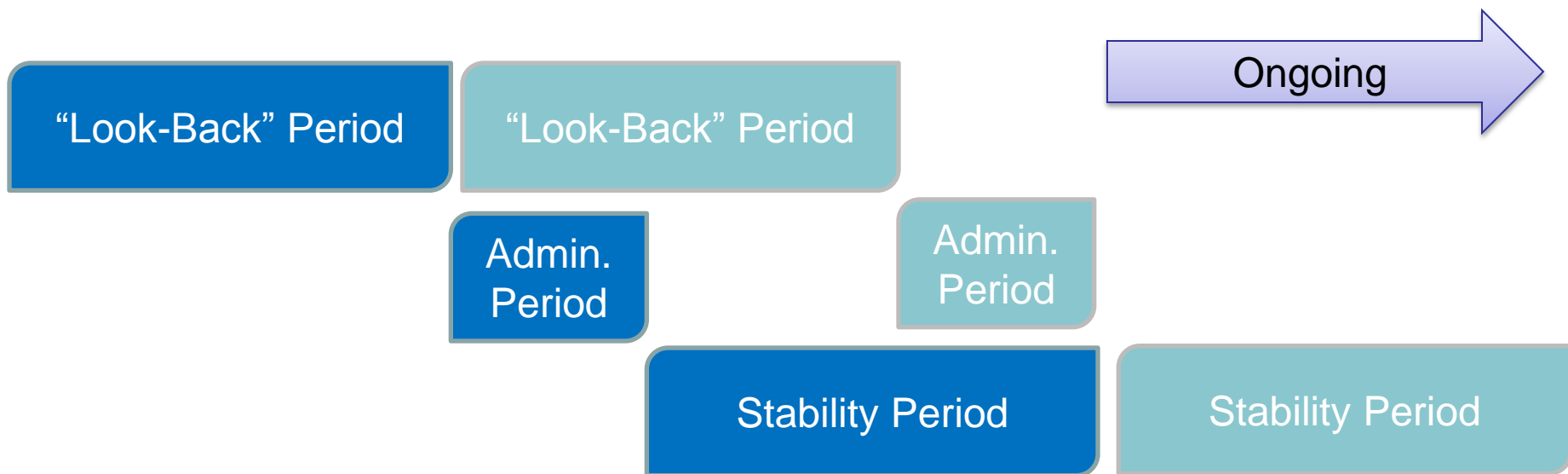
– Average of 30+ hours of service per week

- What do you need?

Payroll data

Order	Period	Length (min.)	Length (max.)
1	“Look-Back”	3 months	12 months
2 (Optional)	Administrative	0 days	90 days
3	Stability	6 months	12 months

ACA Complete Cycle



FTE Complex Categories

- Seasonal Workers
- Temp Workers
- Commission based Workers
- Leave of Absence
- New Employees

Offer Test

Maybe not a “test” but something to be documented.

Need to show coverage offer made to all eligible people.

Required Communications to Eligible employees using defined terms and forms.

- Part of any or all of these events
 - Administrative Period
 - Open Enrollment Communications
 - Employee Communication Outside Open Enrollment

Member Counts

2 applicable taxes based on member counts

Comparative Effectiveness Research Fee (CERF)

\$1PMPY due in July \$2 next year

Reinsurance Assessment

\$63 PMPY 2014, \$45 2015, \$30 2016

- What do you need?
 - Enrollment Roster(s) with dependents VERIFIED (non-verified adds 4%-12% ineligible dependents)
 - Checkbook

OOP Accumulation

- New definitions
- New rules
- Requires
 - Claims data
 - Medical and Rx
- Requires integration of cost sharing amounts across plans.

ObamaCare Compliance

Next Webinar: June 27th

**“Obamacare” Compliance: How It
Helps Self-funded Plans**

[Click to register](#)

Past Webinars Available

Recordings of past webinars are available upon request, including:

- May 2013 – Pay or Play: A Bigger Challenge for TPAs than for Plans
- April 2013 - The Most Overlooked Part of Health Reform: Enrollee Communications
- March 2013 – Why Cost Sharing is not Working
- February 2013 – Loss of Fiduciary Control
- January 2013 – Top 10 Do's and Don'ts of Data Warehousing
- December 2012 – Union Trusts: Health Reforms Most Overlooked Winner?
- November 2012 – Year-end Renewal and Bidding: Opportunities for Control and Savings
- October 2012 – The 5 Most Important Things an Effective Dependent Audit Should Include
- September 2012 – Old Question, New Twist: Is Self-funding Right for Your Group Health Plan?
- August 2012 – Are You Ready to Manage Your Health Plan Costs?
- June 2012 - Group Health Brokers' Future: Disintermediation or Re-intermediation
- May 2012 – Five Levers of Management Control
- April 2012 – How the AMA Can Help You with Plan Oversight

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