

Action Items for Employers

Overview

The Affordable Care Act (ACA) is being enacted over a period of time that began in 2010 and extends through 2019.

The provisions can be summarized as follows:

- ▶ Establishment of criteria for minimum essential health benefits.
- ▶ Establishment of state and federal health exchanges.
- ▶ Penalties for certain employers if they don't provide healthcare for their employees.
- ▶ New taxes and fees.
- ▶ Mandates for insurance companies to spend a percentage of their premiums on patient care (80% for small and individual markets; 85% for large markets).
- ▶ Certain preventative services must be offered without cost-sharing.
- ▶ Appeal rights for members will be expanded



Grandfathered Plans

Your plan is "grandfathered" if you kept the changes that were in effect on March 23, 2010 and have made only those changes permitted by the grandfather rules. If your plan is grandfathered, there are provisions of the ACA that will not apply to you. These include:

- ▶ Limit on out-of-pocket services.
- ▶ Essential health benefits (small-group plans only).
- ▶ Coverage for clinical trials.
- ▶ Preventative services without cost-sharing.

Typically, a plan can lose its grandfathered status if it eliminates certain benefits, increases co-insurance, or decreases contributions toward the cost of coverage by more than 5% below the contribution rate on March 23, 2010. HealthSmart is committed to ensuring that its clients' plans, both grandfathered and non-grandfathered, are compliant with the mandates of the ACA.



Fast Facts for 2013

- ▶ If your plan did not receive a waiver for the annual limit on essential health benefits, it must be \$2 million for the 2013 plan year. This affects plans beginning on or after September 23, 2012 but before January 1, 2014.
- ▶ An employee's annual pre-tax salary reduction to Flexible Spending Account (FSA) is limited to \$2500 (This amount will be adjusted for inflation in future years).
- ▶ Employers must notify plan participants with a written notice about the ACA's health insurance exchanges by October 1, 2013 and to new employees within 14 days of their start date.
- ▶ Effective July 31, 2013, certain health plans must begin paying Patient-Centered Outcomes Research Institute (PCORI) fees.

- ▶ **Administrative Simplification:** In an effort to reduce paperwork and administrative costs, your health plan must comply with the department of Health and Human Services' (HHS) rules for electronic health transactions concerning plan coverage as well as claims.
- ▶ Effective January 2013, employers with more than 250 employees must state the cost of their plan on W-2 forms.
- ▶ **Over the Counter (OTC) Drug Restrictions:** The cost of OTC drugs may not be reimbursed by health plans unless they are accompanied by a prescription. There is an exception for insulin. In addition, OTC medical devices do not require a prescription (applies only to HRAs and FSAs).

For more detailed information on Healthcare reform, visit healthsmart.com and click on the Healthcare Reform tab.

Action Items for Employers, cont'd

Open Enrollment Checklist

- ▶ Your plan must include a Summary of Benefits and Coverage (SBC) for enrollments beginning on or after September 23, 2013. An SBC template, instructions and related materials are available at: <http://cciio.cms.gov/programs/consumer/summaryandglossary/index.html>.
- ▶ If your plan does not have an annual plan limit waiver, the annual benefit for the 2013 plan year cannot be less than \$2 million. It is unlimited for 2014 and beyond.
- ▶ If your plan is not grandfathered, it must cover specific preventative care services for women. More information can be found at www.hrsa.gov/womensguidelines/
- ▶ **HSA Limits for 2013:** If your plan is a high deductible health plan, confirm that the minimum deductible and out of pocket maximum comply with the 2013 limits:
- ▶ **HDHP Minimum Deductible Amount:**
Individual \$1,250 | Family \$2,500
- ▶ **HDHP Maximum Out-of-Pocket Amount:**
Individual \$6,250 | Family \$12,500
- ▶ **HSA Maximum Contribution Amount:**
Individual \$3,250 | Family \$6,450
- ▶ **Catch-up Contributions:** (age 55 or older) \$1,000
- ▶ If you have a grandfathered plan, it should contain information about the plan's grandfathered status. For more information, visit the <http://www.shrm.org/TemplatesTools/hrqa/Pages/grandfatheredplans.aspx>.
- ▶ If you have a waiver for annual limits, a notice of it should be included in plan materials. Model language can be found at http://cciio.cms.gov/resources/files/annual%20limit_waivers_technical_instructions_update_081911.pdf.
- ▶ Health plans must provide an initial COBRA notice to participants within 90 days after plan coverage begins. It can be incorporated into the plan's SPD. More information is available at: www.dol.gov/ebsa/modelgeneralnotice.doc.
- ▶ **Pre-existing condition exclusions:** Plans with pre-existing condition exclusions must describe the exclusions and how prior creditable coverage can reduce the exclusion period. It has to be provided with any written enrollment materials. (If the plan does not distribute written enrollment materials, it must be provided following a member request.)



Fast Facts for 2014 and Beyond

- ▶ Waiting periods greater than 90 days will be prohibited.
- ▶ Annual maximums for essential benefits will be prohibited.
- ▶ Pre-existing condition exclusions will be prohibited.
- ▶ Dropping coverage for participants in clinical trials is prohibited.
- ▶ Health Insurance Exchanges will open.
- ▶ Employer Responsibility Mandates are in effect (2015).

Strategies for Success

Healthcare reform is an opportunity for employer-sponsored health plans to invest in wellness programs. In 2014, up to 30% of the total cost of your premiums can be shifted to those who cannot meet a qualified wellness program's biometric standards. Self funded health plans have the opportunity to see a return on investment for their wellness initiatives with claims savings.

Through an integrated approach, HealthSmart makes a positive impact on your bottom line by supporting and empowering members to attain optimal health. We work closely with our clients and business partners to achieve better treatment outcomes at the lowest possible cost. Our innovative strategies bring balance back to healthcare plans.

Our Mission

To provide our clients with the highest quality healthcare solutions utilizing the latest technology and a team of caring professionals focused on reducing costs and improving our members' health.