



## Patient Protection and Affordable Care Act Summary © as of 8/17/2012

*The following chart is a summary of provisions within the Affordable Care Act (ACA) and their impact on different funding types and lines of business. This is subject to change as we receive additional guidance and information and should be used for informational purposes only. Please refer to your legal counsel or tax advisor concerning legal and tax issues that are not insurance carrier contract or insurance practice related. A Companies does not provide legal or tax advice.*

**NOTES:**

- \* The law does not require grandfathered plans to comply with this provision, however, in some cases we have decided to extend these provisions regardless of grandfathered status, as most grandfathered status will be lost by 2014.
- \*\***Some dates may change based on additional guidance/requirements from HHS, these are intended to be general implementation timeframes. In some cases it is unclear whether changes will be effective on 1/1/2014 for tax considerations or on next 2014 contract renewal. Also we question the use of FTE for coverage and FT 30 hrs+ for MEB compliance and affordability testing. (See 2014 #4, 5, 8 & 9) Also, what period of time defines a 30 hour FT person for ACA? Most likely the plans FT waiting period to be plan eligible will be the definition (see attached FT/FTE explanation sheet.)**
- \*\*\*Best understanding subject to publication of regulations. T.B.D. – To Be Determined
- ◆ Indicates Employer Action
- C = Coverage or Benefit to be Implemented to be in Compliance

<h1>2012</h1>					
Provision	Fully Insured (Small Group)	Fully Insured (Large Group)	ASO	Individual	Implementation Date and Comments**
<b>Employer Notices</b>					
Uniform explanation of coverage  SBC = Summary of Benefits and Coverages (8 Pages) ◆	Required — health plan will take care of it on employers' behalf	Required — health plan will take care of it on employers' behalf	Required — support from health plan is dependent on additional guidance from HHS	Required	<b>Enrollments after 9/23/2012</b>
Pre-enrollment document sent explaining MEB benefits and exclusions ◆	Required	Required	Required	Required	2012; specific date TBD***  It's possible the SBC format will suffice.
60-day notice for material plan modifications, if not provided in uniform explanation of coverage (SBC) ◆	Required	Required	Required	Required	2012 Changes after 9/23/12  60 days prior to change

# 2012 continued

Provision	Fully Insured (Small Group)	Fully Insured (Large Group)	ASO	Individual	Implementation Date and Comments**
<b>W-2 Reporting</b>					
Reporting the "aggregate" value of employer- sponsored coverage which is the total value of all ER & EE pre-tax coverage (fulltime covered as you define them 30 Hrs. +) on W-2s (Total ER & EE pre-tax) - No dental, vision, wellness or HRA value. ◆	Required  <250 In 2013 Report in 2014	Required  250+	Required  Large and Small Group	N/A	250+ W-2 Report in 2013 for 2012 wages (2012 in 2013 is voluntary for <250)  Small group report 2013 on <b>2014 W-2's</b> ***
<b>Employer Filing</b>					
Quality Care Filing to HHS	Required	Required	Required	?	3/1/12 – No Guidance Provided
<b>Insurance Company</b>					
Federal MLR Rebates Issued	Required	Required	N/A to Trusted or Non-Trusted	N/A	1/1/2012 For fully insured after 9/23/12.
<b>Coverage</b>					
Additional Requirements for Women Preventive Care Services for Plans Dated after 8/1/12 or at renewal <b>C</b>	Required	Required	Required	Required	To be used after 8/1/12 or on renewal.  <b>See Link in 8/22/12 Update</b>
<b>Repealed</b>					
Automatic enrollment in new long-term care program, with ability for employees to opt out	Required	Required	Required	N/A	TBD*  <b>REPEALED 4/15/11</b>

# 2013

Provision	Fully Insured (Small Group)	Fully Insured (Large Group)	ASO	Individual	Implementation Date and Comments**
<b>W-2 Reporting</b>					
W-2 Reports Due in 2013 for Groups over 250 Employees ♦	No	250+ Required	250+ Required	N/A	2012 Wages Reported if 250+ Employees in 2013 (FT 30 hours or those covered)
<b>Employer Notice</b>					
Employer <u>notification</u> of exchanges options available to employees, premium subsidies (and free choice vouchers) 3/1/13 Date * ♦ (Future annually)	Required	Required	Required	N/A	<b>VOUCHERS REPEALED 4/15/11</b> Compliance by Renewal Date after 3/1/13 or by 3/1/13?
Who will do these? It looks like employers.					
<b>Coverage</b>					
FSA contributions limited to \$2,500 per year for Medical only premium. Dependent Care is outside the \$2,500. <b>C</b>	Required	Required	Required	N/A	1/1/13 Effective
Minimum Allowable Annual Dollar Limit on MEC or MEB is set at \$2 Million <b>C</b>	Required	Required	Required	Required	Effective On Plan Renewal Date in 2013
<b>Tax</b>					
Employer will no longer have the tax deduction for supplying Medicare Eligible Retirees Drug Benefits (Repeal of 2003 Law)	Required	Required	Required	N/A	1/1/2013
<u>Fee for comparative research agency</u> for fiscal year 2013, which technically begins October 1, 2012 (Insured & ASO) - FSA's and self insured plans will also pay the CER Fees	Required - health plan will take care of it on employers' behalf	Required - health plan will take care of it on employers' behalf	Required — employer responsible for determining amount and paying of fee	Required ?	Federal Fee Paid in 2013 Plan years apply to 10/1/12 to 10/1/13 (\$1.00/l/an) 10/1/13 to 10/1/14 (\$2.00/l/an.) After 10/1/14 to 2018 (open)  File 7/31/13 IRS Form 720

# 2014

#	Provision	Fully Insured (Small Group)	Fully Insured (Large Group)	ASO	Individual	Implementation Date**
<b>Coverage</b>						
1	Large Employer Group requirement to offer <u>minimum essential coverage</u> (50+ employees changes to 100+) for 30 hours FT employees (see notes) ♦ <b>C</b> (See #8,9 &10)	Required - dependent on size of organization	Required	Required - dependent on size of organization	N/A	1/1/2014
2	Ban on Pre-Existing Conditions and Exclusions <b>C</b>	Required	Required	Required	Required	1/1/2014 Regardless of Grandfathered Status
3	Ensure that annual cost-sharing for <u>Minimum Essential health Benefits</u> doesn't exceed the maximum out-of-pocket limits for a high-deductible health plan (HDHP), as defined by Internal Revenue Code (these limits are adjusted for inflation annually) <b>C</b>	Required	N/A	N/A	Required	1/1/2014
4	90-day limit on waiting periods for coverage * <b>C</b>	Required	Required	Required	Required	1/1/2014
5	Elimination of any annual dollar limits on coverage of MEC Plan Coverage <b>C</b>	Required	Required	Required	Required	1/1/2014
6	Coverage of routine patient costs for clinical trials of life-threatening diseases* <b>C</b>	Required	Required	Required	Required	1/1/2014
7	Guaranteed Issue <b>C</b>	Required	Required	N/A	Required	1/1/2014

# 2014 continued

#	Provision	Fully Insured (Small Group)	Fully Insured (Large Group)	ASO	Individual	Implementation Date**
<b>Small Groups</b>						
8	Small Groups under 50 FTE must offer a \$2,000S/\$4,000F Ded. Plan or smaller and are limited in Out of Pocket to the HSA's Maximum Out of Pocket <b>C</b> (See 1, 9 & 10)	Required	N/A	N/A (only Insured)	N/A	1/1/2014
9	Small group redefined as 1 — 100 FTE (state may defer until 2016)  (See 1, 8 & 10) (See Notes)	Required	N/A	Required depending on size of organization	N/A	1/1/2014 Conflicting Provision defining small groups. Effective Upon Renewal in 2014. <u>Note: No MEB penalty or affordability tests under 100 Small Group.</u>
<b>Large Groups</b>						
10	<u>Large Employers of 100+ must test for the 9.5% Affordability Limit and the 60% Actuarial Value Standard of their plan for 30 hrs FT Employees (see notes)</u> ♦ (See 1, 8 & 9)	N/A (1-100)	Required	Required 100+	N/A	1/1/2014 – Must Test Affordability for all Employees to have a Qualified Plan (60% MEB or better) This qualifies employee for income test for Exchange Subsidy.
11	Large Employers of 100+ who are offering <u>Qualified Coverage will pay a penalty of \$3,000</u> for those who qualify for Exchange Subsidy or \$2,000 per employee per year to the Exchange if not covering “substantially” all FTE (whichever is less) ♦	N/A (1-100)	Required	Required	N/A	1/1/2014
12	Large Employers who Offer No Health Coverage pay a penalty of \$2,000 <u>per FTE.</u> ♦	N/A	Required	Required	N/A	1/1/2014
13	Large groups required to auto-enroll employees into health benefits (200+ FT employees) ♦ <b>C</b>	N/A	Required — dependent on size of organization	Required - dependent on size of organization	N/A	1/1/2014

## 2014 continued

#	Provision	Fully Insured (Small Group)	Fully Insured (Large Group)	ASO	Individual	Implementation Date**
<b>Wellness</b>						
14	HIPAA nondiscrimination rules on wellness programs, vary premiums ♦	Required	Required	Required	N/A	2014***
15	30% incentive * cap for wellness programs/vary premiums (increased from 20%) ♦	Required	Required	Required	N/A	1/1/2014
<b>Tax</b>						
16	New fees on fully insured carriers and self insured plans are temporary reinsurance fees to the state exchange to be given to exchange carriers for taking high risk individuals.	Required	Required	Applicable Temporary	Required	1/1/2014 to 1/1/16 TBD ***  (Collect \$25 Billion in 3 Years)  Range \$60 to \$105/employee/month
17	Health Insurance Plan Tax Paid by Insurer.	Required	Required	Required	?	1/1/2014 2014: 2% 2015: 3%
<b>Rates</b>						
18	"Community Rates" Set – Same for all Individuals Insured and Small Group In and Out of the Exchange	Required	N/A	N/A (Only Insured)	Required	1/1/2014 *** Need clear definitions
<b>Exchanges</b>						
19	Exchanges (State or Private) Effective For Ind. & Small Group Insureds	Required Access	Required Access to 100+	Required Access to 100+	Required Access	1/1/2014- Open Market Purchase or Exchange. State by State all Different or Federal.
<b>Insurance Company</b>						
20	Rating limitations by HHS C	Required	N/A ?	N/A	N/A ?	2014***3  No Guidance Provided

# 2014 continued

#	Provision	Fully Insured (Small Group)	Fully Insured (Large Group)	ASO	Individual	Implementation Date**
<b>Individuals</b>						
21	Individual mandate Enroll or Fined Annually	N/A	N/A	N/A	Required	1/1/2014: 1% or \$95/an. 2015: 2% or \$325/an. 2016: 2.5% or \$695/an.

## **Repealed**

22	Free choice voucher required to be provided to qualifying employees by employers	Required	Required	Required	N/A	2014***  <b>REPEALED 4/15/11</b>
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# 2015-2016

**No New Provisions**

# 2017-2018

Provision	Fully Insured (Small Group)	Fully Insured (Large Group)	ASO	Individual	Implementation Date**
<b>Large Group</b>					
Large Employers Can Not Offer Insurance through Exchanges (100+)	N/A Exchange Access	Required No Exchange Access	N/A	N/A	After <u>1/1/2017</u>
<b>Tax</b>					
40% Excise Tax on "Aggregate" (See 2012 "Agg. Value") High Cost "Cadillac" Plans over \$10,200 Single/\$27,500 Family *See 2012 W-2 Values	Required	Required	Required	Required	<u>2018</u> *** Paid by Insurer or TPA and Charged Back to You
Value of Medical Plans in 2018 "Aggregate" Value for 2018 – Cadillac Tax will include medical premium, employer contributions to FSA and HSA, Pre-tax voluntary benefits and value of Onsite clinics. *See 2012 W-2 Values Tax Paid in 2019	Required	Required	Required	N/A	<u>2018</u> ***  Note: Presently HRA's are out of the calculation, <u>specifically for 1-100 small groups</u> and could be for 100+ large groups. ACA rules apply to HRA's, but value is excluded from Aggregate Value.

Sources: Anthem Blue Cross Blue Shield, NAIFA, NAHU, Employee Benefit News, Business Insurance, International Foundation of Employee Benefit Plans.

**Please call with questions. We will issue another update after 9/23/2012.**



**Companies**

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