

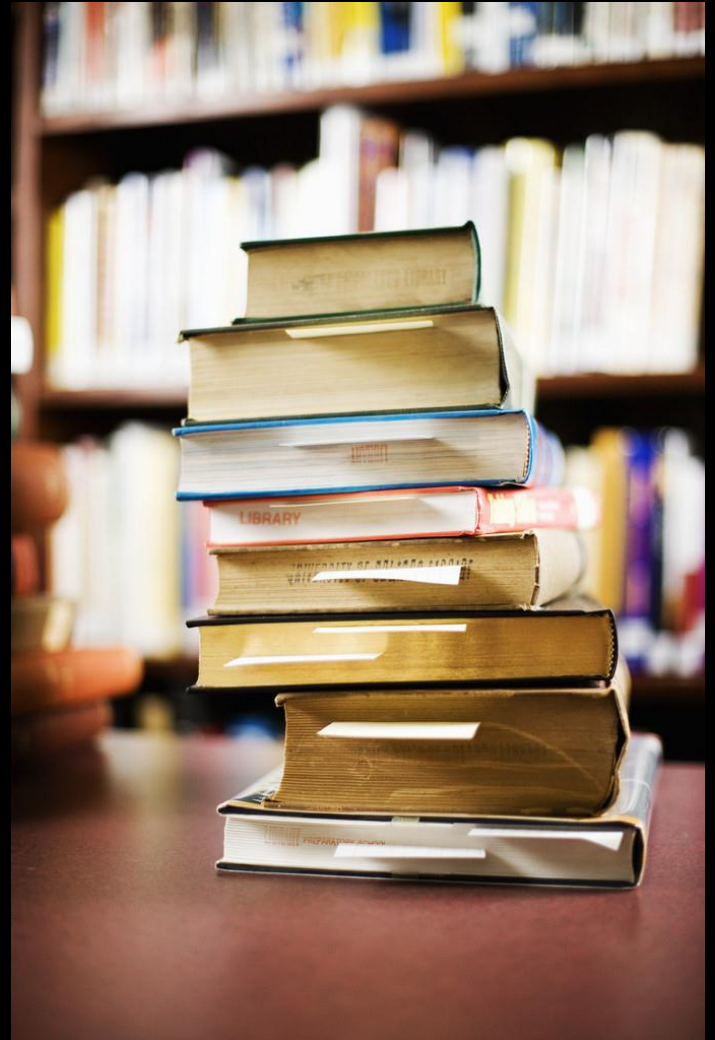
AFFORDABLE CARE ACT

Heather McGregor, RHU
McGregor Insurance Group
918.392.0577
877.392.0577
heather@mig-ok.com



ACA

- Over 900 pages of small font
- 1000's of pages just to explain the previous 900.
- To put it in perspective....that's about $\frac{1}{4}$ of a small tree!!





OFFICIAL DISCLAIMER

News Alert: March 4, 2013

Federal Government Releases Rules on SHOP, Exchanges, Insurance Market Reforms, Health Insurer Fee

The following message will be sent to employer groups later today.

The federal government on March 1 issued two final rules, one interim final rule and two proposed rules covering key provisions of the Affordable Care Act. They are:

- A final rule on the HHS Notice of Benefit and Payment Parameters
 - Provisions for the State Notice of Benefit and Payment Parameters
 - Provisions and Parameters for the Permanent Risk Adjustment Program
 - Provisions and Parameters for the Transitional Reinsurance Program
 - Provisions for the Temporary Risk Corridors Program
 - Provisions for the Advance Payments of the Premium Tax Credit and Cost-Sharing Reduction Programs
 - Provisions on User Fees for a Federally Facilitated Exchange (FFE)
 - Distributed Data Collection for the HHS-Operated Risk Adjustment and Reinsurance Programs
 - Small Business Health Options Program
 - Medical Loss Ratio Requirements under the Affordable Care Act;
- An interim final rule on the Amendments to the HHS Notice of Benefit and Payment Parameters;
- A final rule from the Office of Personnel Management on the Multi-State Plan Program for the exchanges;
- A proposed rule from HHS on exchanges, qualified health plans and the Small Business Health Options Program (SHOP); and
- A proposed rule from the Internal Revenue Service that imposes an annual fee on health insurers.

We are currently reviewing the final and proposed rules and analyzing the data and will provide more information as it becomes available.

5 W's of the ACA



Who

Congress passed and President Obama Signed into law.

What

Patient Protection and Affordable Care Act

When

Businesses will be effected January 1, 2014

Where

All Employers, Employees and Individuals

Why

So the health insurance market will be affordable for both big and small businesses as well as individuals.

2010-2012

- Dependent Children to age 26
- No pre-existing conditions up to age 19
- Rebates
- Mostly a waiting game



2013

March 1, 2013.....Employers are **REQUIRED** to provide written notice to all employees on the existence of the exchange.

HAVEN'T DONE THIS ALREADY???

DON'T STRESS!!!!

That's ok, the date has now been changed to "LATER THIS FALL"





2014

3 Ways This Could Effect You

- 1) You as an individual
- 2) Those of you who employ less than 50 employees
- 3) Those of you who employ more than 50 employees



2014

3 Ways This Could Effect You

The Individual

- Have basic health insurance coverage (“minimum essential coverage”)
- Qualify for an exemption
- Make a shared responsibility payment on federal income tax return



MINIMUM ESSENTIAL COVERAGE

Definition:

- Considered “affordable”
- Will pay for at least 60% of the total allowed costs of the plan benefits.

Where can you get Minimum Essential Coverage?

- Enrollment in government program like Medicare, Medicaid or TRICARE
- Purchase group insurance through employer
- Purchase through an exchange
- Purchase directly from an insurer in the individual market

Exemptions

- Individuals who cannot afford coverage
- Taxpayers with income below the filing threshold
- Members on Indian tribes
- Hardship
- Individuals who experience short coverage gaps
- Religious conscience
- Members of a health care sharing ministry
- Incarcerated individuals
- Individuals who are not lawfully present





SHARED RESPONSIBILITY PAYMENT

Individuals who do not obtain or retain coverage will be required to pay a penalty as part of their income tax returns.

2014

\$95 penalty OR 1% of individuals income

2016

\$695 penalty OR 2.5% of individual income

Dependent children without coverage is $\frac{1}{2}$ the cost of the individual flat dollar penalty



2014

Joe makes \$30,000 annual income. He does not want health insurance.

SO.....

$$1\% \times \$30,000 = \$300$$

$$\$300 > \$95$$

Joe must pay \$300 for his Shared Responsibility Payment



2016

Joe gets married and has a baby. His wife makes \$25,000 annual income and neither want health insurance.

SO.....

$$2.5\% \times \$30,000 = \$750$$

$$2.5\% \times \$25,000 = \$625$$

$$\$750 > \$695$$

$$\$625 < \$695$$

$$\frac{1}{2} \text{ of } \$695 = 347.50$$

Joe's Family must pay a total of \$1792.50 for their Share Responsibility Payment



SIGN UP



OR



PAY UP



2014

3 Ways This Could Effect You

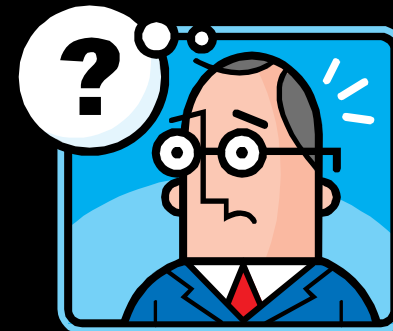
Employers with less than 50 full time or full time equivalent employees

WOO HOO!!!!

LESS THAN 50

- You do not have to offer health coverage to your employees
- You don't pay penalties no matter what

NOT SURE IF YOU ARE THIS CATEGORY???????



2014

3 Ways This Could Effect You

Employers with MORE than 50 full time employees

- OFFER “minimum essential” coverage to all employees working an average of 30 hours or more
- Make that coverage “AFFORDABLE” – cannot exceed 9.5% of their gross household income
- Have a waiting period for your FULL TIME ELIGIBLE EMPLOYEES of no greater than 90 days
- Pay penalties





PAY



OR



PLAY

Decisions.....Decisions

Large employer penalty is dependent upon whether an employer offers minimum essential coverage or not

LARGE EMPLOYERS WHO DO NOT OFFER COVERAGE WILL PAY A PENALTY IF ONE OR MORE OF THEIR FULL TIME EMPLOYEES RECEIVE A PREMIUM CREDIT OR COST SHARING SUBSIDY THROUGH THE EXCHANGE



CALCULATING THE PENALTY

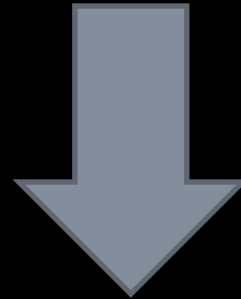
Annual Penalty for Employers NOT Offering Coverage:

Penalty = \$2,000 X [total number of full-time employees – first 30 full-time employees]



Scenario 1.....not offering coverage

No full time employees enroll in the exchange

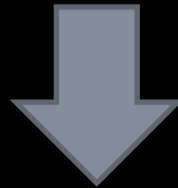


No penalty imposed



Scenario 2...not offering coverage

Employer with 100 full-time employees, 1 employee enrolls in the exchange and receives a subsidy



$$\begin{aligned}\text{Penalty} &= \$2,000 \times (100 \text{ full-time employees} - 30 \text{ full-time employees}) \\ &= \$2,000 \times 70 \\ &= \mathbf{\$140,000}\end{aligned}$$



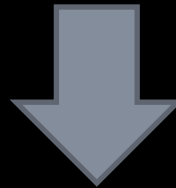
CALCULATING THE PENALTY

Annual Penalty for Employers OFFERING Coverage:

Penalty = \$3,000 X [number of full-time employees
who enroll in an Exchange and receive a subsidy]

Scenario 1...offering coverage

Mr. Larney has 155 full-time employees. No full-time employees enroll in the exchange meaning all 155 have health insurance through employer/spouse/ or have chosen the individual penalty

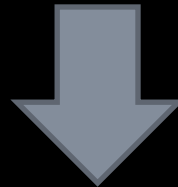


No penalty is imposed



Scenario 2...offering coverage

Mr. Bartin also has 155 full-time employees; but he has: 100 full-time employees are covered by the employer plan, 10 employees purchase coverage through the exchange and receive a subsidy, 45 are on another plan or paying the individual penalty



$$\begin{aligned}\text{Penalty} &= \$3,000 \times [\text{number of full-time} \\ &\text{employees who enroll in an Exchange and} \\ &\text{receive a subsidy}] \\ &= \$3,000 \times 10 \\ &= \mathbf{\$30,000}\end{aligned}$$



OFFER

Doesn't say "Supply"

Do not need to have every single full-time employee on your insurance, you only have to OFFER it to them



AFFORDABLE

You as an employer will be considered to be compliant with ACA if your employees contribution does not exceed 9.5% of their household income.

Scenario 1....

Your health insurance premium is \$300 per employee per month. Your manager Kathy, earns \$72,000 per year/\$6000 per month.



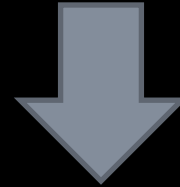
$$9.5\% \times \$6,000 = \$570$$

No penalty is imposed




Scenario 2....

Your health insurance premium is \$300 per employee per month. Your housekeeper Susan earns \$12,000 per year/\$1,000 per month



Their cost cannot exceed \$95 per month and that's only if they don't have any other household income. So will your employee decide to spend \$95 per month on health insurance of the \$95 per year penalty?





If you OFFER
Minimum Essential
Coverage and it is
AFFORDABLE you do
not pay a penalty even if
they do not enroll.

IS THIS A GREAT STATE OR WHAT?

INSURE OKLAHOMA

If you have less than 99 employees per tax ID number you qualify for Insure Oklahoma. **NOW IS THE TIME** to utilize Insure Oklahoma to relieve any headache the ACA may cause!



What does this mean???

- Insure Oklahoma will pay 60% of the employee's premium for you every month.
- Employee contributes up to 9.5% of their income

Employee Premium -- \$300 per month
Insure Oklahoma Subsidy -- $\$300 \times 60\% = \180
Remember Susan? Her portion = \$75 per month
(Before it was more like \$95 per month)
 $\$300 - \$180 - \$75 = \45 per month

WIN-WIN for everyone





QUESTIONS????



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Regulations & Guidance

- <http://www.regulations.gov/#!/home;tab=search>
- <http://www.ofr.gov/inspection.aspx>
- www.irs.gov
- <http://www.bcbsok.com/reformandyou/>
- http://www.uhc.com/united_for_reform_resource_center.htm



Works Cited

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United HealthCare “Health reform Checklist”