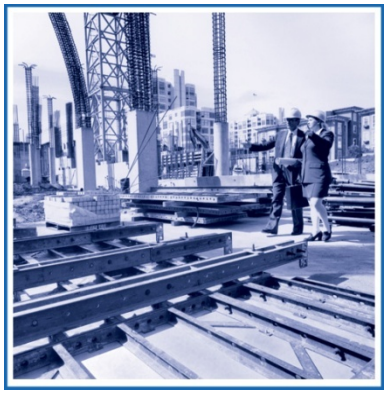
CONNER STRONG & BUCKELEW



2015 Healthcare Reform Planning
Are You Ready?

Thursday, January 15, 2015, 2:00pm–3:00pm EST
Friday, January 16, 2015, 11:00am–12:00pm EST

Today's Speakers

Joe DiBella

- Executive Vice President of the Health & Welfare Practice
- Conner Strong & Buckelew

Phyllis Saraceni

- Senior Vice President, Compliance & Audit Practice Leader
- Conner Strong & Buckelew

Welcome and Agenda

Conner Strong & Buckelew's next installment in ongoing series of webinars on key national healthcare reform issues

- 2015 Planning for H&W Benefit Plan Operations
  - Cafeteria Plan Amendments
  - Satisfaction of 2015 Out-of-Pocket Maximum Limits
  - Wellness Program Issues
  - Waiting and Orientation Periods
  - HPID Requirement Delayed
- Preparing for ACA Reporting

Political and Social Landscape

Patient Protection and Affordable Care Act ("PPACA" or "ACA" or HCR")

- 2014/2015: one of most active and eventful periods for HCR implementation since enactment of PPACA in 2010
- Repeal remains unlikely
- President standing firm on continued roll-out
- Congress under pressure to find consensus and address problems
- Insurer, premium, and government systems/oversight issues
- Significant IRS outreach to inform public using website, social media, and webcasts

Participant Question

How would I get a copy of the Affordable Care Act - all 1,000+ pages?

See http://www.hhs.gov/healthcare/rights/law/index.html for section by section links to law and also links to guidance and regulations.

See also Agency Healthcare Reform Sites:

Health and Human Services (HHS): http://healthcare.gov/

Department of Labor (DOL): http://www.dol.gov/ebsa/healthreform/

Internal Revenue Service (IRS): ttp://www.irs.gov/newsroom/article/0,,id=220809,00.html?portlet=6

Legislative Fix Opportunities Unlikely to Succeed

- Republican-led House passed bill this month to change PPACA 30-hour FTE requirement to 40
- New Republican-controlled Senate likely to consider this legislation
- President Obama said likely to veto this first major 2015 attack on PPACA
- Sets stage for further sparring over future PPACA changes

Supreme Court Review Ahead

- March 4th hearing set by SCOTUS for new and high profile challenge to PPACA
  - Issue: legality of federal Exchange subsidies (premium tax credits) offered in 36 states
  - Subsidies assist large number of middle and low-income individuals with purchase of individual health insurance
- If subsidies found illegal in federal exchange
  - number of U.S. residents with individual coverage would decline from 13.7 million to 4.1 million
  - significant premium increases: unsubsidized premiums in exchanges would increase 47%, or $1,610 annually (for 40-year-old nonsmoker on a silver plan)
- Ruling could unravel intent of massive HCR law
- Decision expected in June

2015 Planning for H&W Benefit Plan Operations

- January 1, 2015 - new “first day of ACA” compliance
  - employers and plan sponsors be prepared for significant compliance issues in 2015
  - many projects put in place in 2014 need to be maintained for 2015
  - employers/sponsors now need to address new tax reporting issues
- Employers will continue to struggle with specifics of compliance
- Focus is on “where are we now” and how to manage going forward
- Employers well-advised to ensure they have addressed (or are prepared to address) certain items

Participant Question

What are the minimum requirements for a business of under 24 people under the new Health Laws?

- Tax credit for small employers available for up to 50% of contribution to health care costs
- State-based insurance exchanges (SHOP) available to small businesses
- Most businesses with fewer than 50 FTEs are exempt from reporting and recordkeeping
- Small business offering health benefits are subject to HCR market reforms (see next slide), although some rules vary depending on employer size

Inventory of Major HCR Requirements

1) Pay or Play/Employer Mandate
2) Coverage Information Reporting
3) Track Full Time Employees
4) Decide whether to Pay or Play
5) Worker Classification and Time Tracking
6) Non-Calendar Year Section 125 Plans
7) Prepare for Interaction with the Marketplaces
8) Pre-Existing Condition Exclusion
9) PCOR Fee
10) Transitional Re-Insurance Fee
11) Health Insurer Fee
12) Prepare and Distribute Marketplace Notice
13) Summary of Benefits and Coverage (SBC)
14) Prepare and Distribute SPDs and SMM
15) Wellness Program Incentive
16) 90 Day Waiting Period
17) Lifetime Limit on Essential Health Benefits
18) Out of Pocket Limits
19) Coverage for Adult Children
20) W2 Reporting for Value of Benefits
21) Recessions
22) Health FSA Contribution Limit
23) Health FSA Carry Over
24) Medical Loss Ratio Rebates
25) Elimination of the RDS
26) Early Retiree Reinsurance Program
27) Over the Counter Drug Changes
28) Cadillac Tax
29) Plan Amendment/Terminations
30) Automatic Enrollment
31) First Dollar Coverage for Preventive Care
32) Revised Appeal Process
33) Patient Protections
34) Insured Non-Discrimination Rules
35) Clinical Trial Coverage
36) Transparency Reporting

PPACA - Excise Tax Penalties

- Applies to multitude of HCR requirements
- $100/day/affected individual for certain violations:
  - Total potential ANNUAL excise tax/person for continuous violation of single requirement could be $36,500
  - Potentially more significant than pay or play penalties
  - Applies for each day failure occurs and ends on date failure corrected
- Limited correction window available makes identifying and promptly correcting potential errors of utmost importance
- Employers required to self-report/pay tax for violations using Form 8928
- If not reported on time, then face additional penalties of 5% of unpaid tax/month and 0.5% of unpaid tax/month for late payments, for up to maximum of 25%/penalty

Satisfaction of 2015 OOP Maximum Limits

- Annual out-of-pocket (OOP) maximum on essential health benefits (EHB) cannot exceed $6,600 for self-only and $13,200 for all other coverage (based on 2015 limits, adjusted annually)
- Transition rule allowing Rx carve-outs for plans using more than one service provider applied only to first plan year beginning on or after 1/1/14 and not available for subsequent plan years
  - Option 1: Implement electronic system to track/interface claims data across various vendors toward single OOP maximum
  - Option 2: Continue to divide plan's OOP limit among different coverage categories provided combined amounts don't exceed annual OOP limit
- Can design plan so that only generic drugs are considered EHBs (if available and if determined medically appropriate)
  - If individual chooses brand name drug (when generic is available and medically appropriate), both copay and any cost difference between generic and brand will not count towards OOP maximum

Transitional Reinsurance Payment (TRP) Fee

- Contributions required for three years - 2014, 2015 and 2016 benefit years
- Annual fee intended to lessen impact of adverse selection in individual market
    - $63 per member per year (PMPY) in 2014
    - $44 PMPY in 2015
    - $27 PMPY in 2016
- Submit enrollment count by 12/5/14 using special Form
- Payment options -
    - $63/covered life by 1/15/15, or
    - 2 payments/year: $52.50/covered life due 1/15/15 and $10.50/ covered life due 11/15/15

Comparative Effectiveness Research (PCORI) Fee

- Fee due for six years (for plan years ending on or after 10/1/12 and before 10/1/19)
- Annual fee funds Patient-Centered Outcomes Research Institute (PCORI) which conducts research on effectiveness of treatments
- Annual fee of $1/member for first year, then increased to $2 (indexed)
    - for plan years ending on or after 10/1/14 and before 10/1/15 (i.e., the 2014 plan year for calendar year plans), fee is $2.08 multiplied by average number of covered lives
- For future years, PCORI fee will increase based on projected per capita growth of National Health Expenditures
- Fees due 7/31 each year

HPID Requirement Delayed

- HIPAA requires plan sponsors to obtain a unique health plan identifier (HPID) for each controlling health plan (CHP) to be used on all standard electronic transactions by plan and business associates
- Deadline for large plans to obtain HPID was originally 11/5/14
  - CMS announced indefinite delay
  - CMS referenced lack of clear business need and purpose for HPID, confusion about how HPID would be used in administrative transactions, and challenges faced by plans with defining CHP
- Until further notice, group health plans (and other CHPs) will not need to apply for or use the HPID

Cadillac Tax

- Nondeductible 40% excise tax - effective beginning 1/1/18
- Applies to "applicable employer-sponsored coverage" in excess of statutory (indexed) thresholds
    - base thresholds: $10,200 for self-only and $27,500 for family
- Revenue raiser to pay for other aspects of ACA (e.g., exchange subsidies)
- Also intended to address perceived over-consumption of healthcare coverage
- Very complicated; hard-to-administer; no regulations or other agency guidance; many questions remain
- Applies on calendar year basis
    - if fiscal year plan, will need to look to plan years that span given calendar year in measuring compliance with thresholds

Cadillac Tax

- Planning for Cadillac Tax
  - Affects entities with high cost plans
  - Employers beginning to forecast compliance
  - Advance planning especially required for union plans where employers may lock in commitments for 2018 in very near future
  - Put plan design/labor contract (CBA) negotiation strategies in place to protect against potentially exorbitant tax
  - Develop compliance strategies to avoid relatively significant benefit reductions in 2018

Waiting and Orientation Periods

- Group health plans subject to ACA may not impose waiting period of more than 90 days on individuals who are “otherwise eligible” for coverage
  - being “otherwise eligible” to enroll in a plan means individual has met plan’s substantive eligibility conditions, including satisfaction of any “reasonable and bona fide” orientation period
  - regulations permit orientation period of no longer than one month, measured by adding one calendar month and subtracting one calendar day from an employee’s start date

SBC Proposed Rules and New Template

- New proposed regulations issued relating to Summaries of Benefits and Coverage (SBC)
  - new SBC template, instructions, and uniform glossary
  - changes designed to streamline (and shorten) SBCs by limiting information to what is most “useful for consumers”
  - new SBC requirements would generally apply to health plan enrollments occurring on or after 9/1/15

Cafeteria Plan Amendments

- Recent IRS guidance permits cafeteria plan election changes
  - when employee experiences reduction in hours during stability periods
  - during Marketplace/exchange special or open enrollment periods
  - to allow election changes in these circumstances employer must amend plan on or before last day of plan year in which new election change events are allowed
  - for 2014 plan year, have until last day of 2015 plan year to adopt amendment
- Employers also now can let participants carry over unused health FSA amounts of up to $500 and apply amounts toward expenses incurred during following plan year
  - documents to be amended to permit carryover on or before last day of plan year from which amounts may be carried over and may be effective retroactive to beginning of plan year
- ACA limits to $2,500 (subject to inflationary increases) the permissible salary reduction contributions to an employee's health FSA; employers had until 12/31/14 to adopt a formal cafeteria plan amendment; maximum increased to $2,550 in 2015

HIPAA Certificates No Longer Required

- HIPPA requires that plans provide Certificates of Creditable Coverage
  - to allow individual to establish prior creditable coverage for purposes of reducing or eliminating pre-existing condition (PCE) imposed by group health plans
  - PPACA prohibits PCEs for plan years beginning on or after 1/1/14,
  - participants needed HIPAA Certificates during 2014 to avoid PCEs under non-calendar year plans
  - requirement to provide HIPAA Certificates completely eliminated beginning 12/31/14

Wellness Program Issues

- EEOC recently filed several lawsuits/cases challenging employer-sponsored wellness programs
  - asserting that financial rewards and penalties create programs that are not voluntary
  - therefore, unlawful under Americans with Disability Act (ADA)
- EEOC's actions raise questions about extent to which employers may use wellness programs to encourage healthy behaviors
- Until court rules on these issues:
  - consult with legal counsel to review wellness programs
  - assess any risk associated with program designs

Effective January 1, 2015

Significant ACA tax filing and reporting requirements begin 1/1/15:

- **Individual mandate filings and employee subsidy notices to employers**
  - Individual tax filings by employees regarding individual mandate
  - Employer appeals of exchange subsidy notices
- **Employer "pay or play" mandate**
  - Applies to employers with 100 or more FT and FT equivalent employees in controlled group as of first plan year beginning in 2015
  - Applies to employers with 50 to 99 as of first plan year beginning in 2016 (need to certify did not reduce size of workforce to stay below 100 FTEs)
- **Health coverage reporting**
  - Code Section 6055/6056 requirements effective with 2015 calendar year
  - Does not apply to employer with fewer than 50 in controlled group, if either (1) does not sponsor any health plan, or (2) sponsors a FI plan
  - All other employers required to report on 2015 health coverage

Individual Mandate and the Exchange

- Americans must pay penalty or have minimum essential coverage or "MEC" beginning 1/1/14 (unless exemption applies)
  - Second open enrollment season runs 11/15/14 to 2/15/15
  - Shorter than last year (3 months instead of 6)
  - Carrier pricing and subsidy amounts changed for 2015 coverage
- Can buy insurance on or off exchanges; some get federal premium tax credit or "PTC" (subsidy) assistance for exchange coverage
- Exchange and tax complications await consumers and employers
  - Consumer individual tax filing complications
  - Employer exchange PTC determination appeals

Premium Tax Credits

- Employee only eligible to receive PTC/subsidy to purchase coverage on an exchange if
  - employee is not eligible for coverage through employer, or
  - coverage is considered unaffordable
- If a FTE receives a PTC on the exchange, ALE may be subject to tax penalty

Changes to Individual Tax Forms

- New lines added to 2014 tax returns (Forms 1040, 1040A, and 1040EZ filed in Spring 2015) to enforce individual mandate
- most taxpayers simply need to check box to indicate they had health coverage for all of 2014
- Two new forms to be included with some tax returns
- Form 8965 – to report/claim coverage exemption or calculate tax payment for failure to have coverage
- Form 8962 - to prove they had MEC, to reconcile advance payments of PTC/ subsidy, and to claim PTC (if too much, tax refunds will be reduced)
- If individuals purchased coverage through the Marketplace/exchange, they receive Form 1095-A, *Health Insurance Marketplace Statement*, which will be used to complete Form 8962

Employee PTC Notices from Exchanges

- Employee applies for exchange coverage and PTC
- Exchange determines employee's eligibility based on information provided by employee
- Exchange notifies employer of which employees have been determined eligible for PTC
- Validity of employee's PTC based on income and offers of coverage
    - if employee is FT and not offered affordable coverage, employer will be subject to tax penalty
    - notices sent for every employee that receives a PTC (even PTEs and other employees not eligible for coverage who would not make employer liable for tax penalty)

Burden on Employer

- Be prepared to start receiving these PTC Exchange notices
- Have procedure in place for dealing with notices
    - how to determine if exchange determination of PTC eligibility is valid
    - how to determine which cases to appeal
- Be prepared to appeal notice within 90-day period
    - initiate appeals process if employee is FT and offered qualified coverage (and therefore not PTC eligible)
    - finance/tax department be prepared to handle tax assessments

Participant Question

Where can I find more information on the subsidies my employees might be entitled to?

See IRS Publication 5187 at http://www.irs.gov/pub/irs-pdf/p5187.pdf

- contains information about PTC
- explains how taxpayers satisfy individual mandate provision
  - by enrolling in MEC
  - qualifying for exemption, or
  - paying individual mandate tax penalty.

What is the minimum annual salary to be eligible for PTC?

Income must be at least 100% but not more than 400% of the federal poverty line (FPL) for taxpayer's family size (could be up to $94,200 for a family of four). See Publication 5187 for more information.

Employer Mandate

Employers with 50+ full-time employees (FTEs) or FT equivalents must offer affordable, minimum value medical coverage to FTEs and their children up to age 26 or face penalty.

Employer Size	2015 Plan Year	2016 Plan Year and Beyond
1-49 FTEs	Does not apply	Does not apply
50-99 FTEs (For 2015, must certify they are not reducing size of workforce to stay below 100 FTEs)	Does not apply	Employer must offer coverage to 95% of FTEs and dependents to age 26
100 or more FTEs	Employer must offer coverage to 70% of FTEs and dependents to age 26	Employer must offer coverage to 95% of FTEs and dependents to age 26

70% Coverage Rule for 2015

- **NO COVERAGE** penalty

If employer does not offer minimum essential coverage (MEC) to 70% of FTEs and dependents, then pay

- $2,000 annually (as adjusted for inflation) for each FTE, minus first 80 (for 2016 and subsequent years will be minus first 30)
- For 2016 and after, coverage must be offered to at least 95% of FTEs

- **SUBSTANDARD COVERAGE** penalty

If employer does offer MEC to 70% (95% after 2015) of FTEs and dependents, run risk of paying penalty of lesser of above no coverage penalty, or $3,000 annually (as adjusted for inflation) for any FTE who gets subsidy to purchase coverage on exchange because either

- weren't offered coverage, or
- weren't offered minimum value and affordable coverage

See Conner Strong & Buckelew webinar series for more information.

Participant Question

If an employee is not covered by healthcare for part of the year, are they fully penalized for not having coverage or is it prorated?

Penalty is pro-rated.

- Employer mandate penalty payments are computed on month-by-month basis.
- Individual mandate penalty payments also determined monthly.

Variable Hour Employees and Measurement Periods

For penalty and FTE determinations, if variable hour, PT, or seasonal where it is uncertain whether they are FT (average of 30+ hrs/wk), can establish:

- "measurement periods" of 3-12 months to determine average hours worked,
- "administrative period" to enroll employees determined to be FT,
- "stability period" for treating employees as FT and offering benefits.
    - True "seasonal" employees may be treated as variable.
    - If temporary employee (TE) is FTE (hired to work 30+ hrs/wk), cannot be treated as variable
        - to avoid penalty, employer must offer compliant coverage no later than first day of 4th month of employment
    - If TE works PT or variable hours (employer does not reasonably know hours TE will work), can track hours to determine if FT
        - if FT based on hours tracked, offer benefits to avoid penalty

See Conner Strong & Buckelew webinar series for more information.

Employer Mandate - Immediate Issues

Finalize determinations on:

- employer size and controlled group status,
- plan year and mandate effective date,
- how to track FT employees,
- plan design in order to comply with employer mandate,
- eligibility rules for variable hour counting and update employee eligibility provisions,
- update new hire guides and enrollment materials to include language describing how sponsor defines eligible employees, and
- identify periods and descriptions for variable hour tracking, measurement periods, stability periods, and administrative periods.

Employer ACA Reporting and Recordkeeping

- ACA reporting requirements in effect for health coverage provided during 2015 calendar year, with first information returns due early 2016
  - IRS uses information to enforce individual and employer mandates
  - Information also used to administer low-income subsidies provided to eligible individuals who purchase coverage on exchange
  - Employers required to provide detailed information about covered employees and cost of health coverage
- Rules are incredibly complex; high risk nature of ACA guidelines/penalties, significant lack of awareness in employer community regarding responsibilities; high risk of tax penalties
- Rules require collection, processing and integration of data from multiple sources – payroll, benefits admiration, HR, among others
- Employers need expert systems to track compliance, populate and deliver employee reports, and ensure proper and timely delivery

Forms 1094 and 1095

- Beginning **January 2016**, all ALEs are required to file Forms 1094 and 1095, as determined appropriate, for the 2015 calendar year
  - forms provide certification as to whether employers offered FTEs opportunity to enroll in MEC at an affordable, minimum value for each month of year
  - also helps employees determine eligibility for exchange PTC
- Forms 1094-C and 1095-C are transmittal and employee statements filed by employer with IRS in process similar to how Forms W-2 are provided
  - 1094-C IRS transmittal filed each year no later than 2/28 (or 3/31, if employer files electronically) following end of calendar year for which return applies along with 1095-C employee statements
  - 1095-C employee statements sent on or before 1/31 following end of calendar year for which statements apply

Participant Question

Will you cover filing the Forms 1095-C and 1094-C. Review line items etc.?

Form 1094/1095 series and line by line information covered in detail in our 9/24/14 Conner Strong & Buckelew webinar.

- Webinar focused on current draft forms and instructions
- Likely forms will be tweaked by IRS before finalized
- Will provide updates once final forms are issued

See direct link to 9/25/14 webinar below:

http://link.brightcove.com/services/player/bcpid1571680295001?bckey=AQ~~,AAAA9fOlHYE~,m4Ms4mZM1UxFkKNxfK0zQ7CK1rVQDu8F&bctid=3808471066001

Draft Instructions and Forms

- Draft instructions for Form 1094-B and 1095-B (MEC Reporting): http://www.irs.gov/pub/irs-dft/i109495b--dft.pdf
  - Draft Form 1094-B: http://www.irs.gov/pub/irs-dft/f1094b--dft.pdf
  - Drafts Form 1095-B: http://www.irs.gov/pub/irs-dft/f1095b--dft.pdf

  Note: Exchange/Marketplace insurers report MEC to covered individuals on Form 1095-A: http://www.irs.gov/pub/irs-dft/f1095a--dft.pdf
- Draft instructions for Form 1094-C and 1095-C (Large Employer Reporting): http://www.irs.gov/pub/irs-dft/i109495c--dft.pdf
  - Draft Form 1094C: http://www.irs.gov/pub/irs-dft/f1094c--dft.pdf
  - Draft Form 1095-C: http://www.irs.gov/pub/irs-dft/f1095c--dft.pdf

Background on Reporting

Two separate reporting requirements:

- **MEC Reporting under Code Section 6055 (Forms 1094-B/1095-B)** related to minimum essential coverage (MEC)
- **Large Employer Reporting under Code Section 6056 (Forms 1094-C/1095-C)** related to employer-sponsored coverage provided to employees

- Both involve reporting to IRS and providing statements to employees
  - Electronic reporting to IRS required if filing 250+ returns
  - Electronic statements to employees permitted with consent
- Failure to correctly file returns and provide statements to employees could result in penalty for employers
  - No tax filing penalties for first year if employer shows made good faith efforts to comply (pay or play penalties still apply)

MEC Reporting

Form 1094-B and 1095-B

Information reported on 1094-B (IRS transmittal) and 1095-B (individual statement) confirms each person's MEC enrollment for each month of coverage as required by individual mandate

Every person that provides MEC to individual during calendar year must file information return and transmittal

- Insurers will file 1094-B and 1095-B for all insured employer coverage
- All applicable large employers (ALEs) over 50, including government employers, will report MEC on Form 1095-C
- Small employers (under 50), who self-insure their group health plans, and any employer who offers MEC to non-employees, will file 1094-B and 1095-B
- Multiemployer plans will report coverage to enrolled employees on Form 1095-B (individual statement) and employer should not complete Form 1095-C (Part III) for those employees

Large Employer Reporting

Form 1094-C and 1095-C

Information reported on Form 1094-C (IRS transmittal) and 1095-C (employee statement) confirms employer's compliance with employer mandate and confirms MEC enrollment as required by individual mandate

- An ALE (over 50) files 1094-Cs and 1095-C for each FTE (whether or not offered coverage) for any month of calendar year (each employer has own reporting obligation)
- Employer that offers SI health plan must complete 1095-C (Part III) for any individual (FTE, non-FTE, employee family members, and others) who enrolled in SI plan
  - If coverage is insured or through multiemployer plan, issuer or sponsor will report MEC on Forms 1094-B and 1095-B for those enrolled employees
- Small employer (under 50) providing SI coverage not required to file Forms 1094-C/ 1095-C; reports instead on 1094-B/1095-B for employees enrolled in SI coverage
- ALEs with 50-99 FTEs may qualify for transition relief from penalties until 2016; however, they must file under 6056 to certify they qualify for relief in 2015.

Large Employer Reporting

Form 1094-C and 1095-C

Examples of data required to be reported include:

- Employer name and EIN and contact person's name and phone number
- Number of FTEs by month
- Whether employer coverage provided MEC, minimum value, met 9.5% affordability test, and offered to FTEs and dependents
- Each FTE's share of lowest cost monthly premium for self-only coverage of minimum value standards, by calendar month
- Name address and SSN for each covered individual (whether FT or not), and each month of coverage

Participant Question

Will the HIF complete any reporting requirements for those employers enrolled through the HIF?

No, the HIF will not complete any reporting requirements for employers enrolled through HIF.

As is true for NJ State Health Benefit Plan, HIF and State Plan are not plan sponsor so they do not have MEC filing obligation. That obligation rests with plan sponsor, and as plan sponsor, Forms 1094 must be filed even by those sponsors who are under 50 lives.

Role of Brokers, TPAs, Payroll Vendors

Brokers and TPAs

- not responsible nor should it be assumed they handle recordkeeping and reporting under PPACA
- not privy to all required real-time essential employer data
- no ability to proactively notify employer of likely penalties by month
- do not have systems and tools to provide year-end tax reporting

Many payroll vendors offering solutions

- privy to real-time essential data and can run custom reports and analyses
- can send notifications when approaching or exceeding various FT or PT thresholds and regarding potential penalties
- some requiring current clients to affirmatively either opt-in or opt-out of their ACA analysis and monitoring services

Reporting and Recordkeeping Solutions Needed

Tracking of hours worked should be happening now and administrative periods (for people to enroll) have to be operational in time to offer coverage and enroll newly eligible individuals in advance of compliance date

Anyone found to be FT must be offered coverage in advance of compliance date to avoid potential penalty

Identify/develop infrastructure to track and report new required information

- likely need to develop process for different departments to share information

Develop systematic way to generate filings and employee statements

- may necessitate outsourcing certain elements of workforce management to comply with PPACA
- may require use of business intelligence vendor system that can interface with payroll, benefits administration and time and attendance solutions

Reporting and Recordkeeping Solutions Needed

- Ideal vendor:
  - provides system that will assist in identification of FTEs
  - offers reporting infrastructure capable of both capturing data starting in 2015, and reporting information in early 2016
- Some organizations may have internal HRIS systems/payroll systems that can be configured to perform certain of these services
  - check with available system providers to see if they can accommodate any of these new requirements
- Essential to identify one or more options in place to contend with new recordkeeping and reporting requirements

PPACA Cost Control Checklist

Checklist to identify individual initiatives that cumulatively may positively affect overall cost for healthcare and put sponsor in best position to reduce costs without sacrificing healthcare quality

1. **Put the Consumer in Control**

- lower employee contribution
- give employees more “skin in the game” when it comes to making health care decisions
- force employees to become more informed about their healthcare decisions
- implement CDHP/HDHPs
- encourage high-quality, low-cost healthcare options to lower out-of-pocket expense

PPACA Cost Control Checklist

2. **Be Self Assured About Going Self Insured**
   - FI employers may be charged up to 3-1/2% more in taxes than those that are SI
   - Mitigate risk by entering stop loss insurance captive
   - gain flexibility in providing insurance to employees
3. **Narrow the Insurance Network**
   - offering widest possible network of covered healthcare facilities has contributed to rising healthcare costs
   - better able to negotiate more favorable rates by narrowing in-network care to fewer high-quality providers
   - cut better deals in exchange for more volume

PPACA Cost Control Checklist

4. **Let Employees See Behind the Curtain**
   - provide employees with full financial picture of healthcare costs
   - employees see co-pays, deductibles and contributions, but little-to-no understanding of actual cost of many procedures/ treatments
   - little understanding of how variable pricing for identical services can be
   - use health care transparency tools to lift veil on healthcare costs
   - providing employees with more, easy-to-understand information about actual costs can help educate employees
   - employees more likely to make more responsible and informed healthcare cost decisions

PPACA Cost Control Checklist

5. **Transform Health and Wellness Programs Into Productivity Programs**
   - adopt health and wellness programs
   - successful in educating employees on their own health and driving down overall costs
   - proven to increase productivity on job
   - 10% of participants in health plans account for 90% of costs
   - many have chronic conditions that, while perhaps not curable, can be more effectively managed
   - develop targeted programs for high-risk individuals
   - invest now to encourage and educate employees about leading healthier lifestyles
   - best positions employer to drive down long-term costs

Help from Conner Strong & Buckelew

Conner Strong & Buckelew Healthcare Reform website page at:

http://www.connerstrong.com/healthcare_reform

- News updates
- Online library of client updates and alerts
- Summary of major provisions of the new law
- Detailed Year-by-Year timeline of changes
- Outline of all aspects of the new law

Check back for updates, news and analysis, and updated tools to help you navigate this complex process

Call Conner Strong & Buckelew at 877-861-3220

Other Resources from Conner Strong & Buckelew

Periodic Webinars

Web-based presentations on health care legislation, regulations and innovative ideas

Email Alerts and Updates

High level, quickly produced articles about emerging issues intended to alert clients to legislative and regulatory developments

Perspectives

Thought pieces intended to identify trends/ issues, helping clients anticipate challenges

Our presentations and publications are for educational purposes only and are not intended, and should not be relied upon, as accounting, tax or legal advice; any advice is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code (IRC) or applicable state or local tax law provisions.

Thank You