

# Health Insurance Compliance

The ACA and Beyond



**PEHP**  
Health & Benefits

PROUDLY SERVING UTAH PUBLIC EMPLOYEES

# **2016 – ACA in almost full-effect**

## **Three ways the ACA encourages coverage**

- › **Individual Mandate -  
Exchanges/Marketplaces open to assist in  
allowing individuals to obtain coverage**
- › **Employer penalties to encourage  
continuing coverage**
- › **Expansion of Medicaid – both mandatory  
and optional**

# Individual Mandate

2015 tax year – first time the Individual Mandate takes effect – Every taxpaying adult will have to show they have "minimum essential coverage" or pay an additional tax. (\$295/year/adult in for 2015 tax filings, and \$695/year/adult for 2016 and beyond tied to inflation)

# Federal Marketplaces

- **Marketplaces – community rating (3 to 1 age bands) and guaranteed issue**
- **Subsidies available if lower income**
- **2016 Utah rates - ~16% increase**
  - 35 year old - \$60,000/year income – SL County Silver - \$194/\$720/month (subsidy = \$0, \$308)
  - 55 year old – \$60,000/year income - SL County Silver - \$426/\$1,114/month (subsidy = \$0, \$698)
- **A word about Arches. Trepidation over 2017 rates**

# **Dirty Secret of ACA subsidies**

**The subsidies will not stay static over time. The IRS will increase the premium contributions for those individuals receiving subsidies annually to reflect the excess of the premium growth over the rate of income growth for 2014-18.**

**Beginning in 2019, the IRS may further adjust the premium contributions to reflect the excess of premium growth over CPI if the aggregate premiums and cost sharing subsidies exceed .54% of GDP. (in today's dollars = \$95 billion)**

# Future of marketplaces

Nationally – 11.2 million people have enrolled in a marketplace plan. Federal subsidies for those individuals are expected to be approximately \$35 billion for 2016 for 8.8 million people

In Utah – 2016 - 160,000 people enrolled in marketplace plan – 5.3% of population of Utah (1 in 19 Utahns)

Federal government estimates the marketplace to rise to 30 million people over the next four years.

Hypothetical exercise – 30m x average subsidy may be capped at of \$3,333 = \$100 billion (the average annual subsidy right now may be more than that – the next affordability crisis). (.54% of GDP is \$97B)

# Employer Mandate

IRC – Section 4980H – pay or play mandate.

Beginning in 2015 (and for some 2016),  
**“large employers”** must offer  
**“affordable” “minimum essential coverage”** to all their **“full-time employees”** or pay a **“penalty.”**

# New Reporting Requirements

Large (50+ FTEs) self-insured employers will have to make two new reportings beginning with 2015 calendar year

1. Must report to IRS for every FT employee – 1095-C form - what months the employee was offered coverage, what months the employee took coverage, what dependents were covered (including SSNs for dependents), and the amount of money the employee would have paid for the lowest cost, single coverage health plan.
2. Must report to employee (like W-2) similar info – 1094-C. Employee individual mandate, and eligibility for coverage/subsidies in exchange with this info.
3. PEHP will create and these reports for its employers within its current admin budget.



# Cadillac Tax - delayed

**Delayed until 2020 – Cadillac Plan tax – 40% tax if premiums are over \$10,200 (\$850/month) single, or \$27,500 (\$2292/month) for family coverage.**

**One study found that 60% of all large group plans may hit that mark by 2018, and another study found 98% of all plans will hit the cap by 2031.**

**Even if you make it through 2020, these amounts are indexed to regular inflation, not medical inflation.**

**Congress dysfunction - Left and Right agree this is bad, but neither can get a bill passed.**

# Medicaid in Utah

1. **Mandatory expansion – already in place.  
State will cover already eligible adults, and keep the CHIP program. (expected to double the costs of Medicaid.)**
2. **Optional expansion – 2016 passed HB437**
  - a. **Covers 16,000 additional people – adults with children up to 55% of poverty (up from 40%)**
  - b. **\$30 million from State/ \$70 million from feds –  
but still needs a federal waiver to work**
  - c. **Hospitals to kick in \$13m for state.**

# Future of ACA

## Democrat Candidates –

Hillary Clinton – keep the ACA and “improve it” -

Bernie Sanders – scrap the ACA for a “one-payer” system

## Republican Candidates –

Trump/Cruz – Repeal ACA, but likes access for everyone, remove barriers to entry for drug manufacturers, insurance across state lines, bolster HSAs, individual tax credits

Rubio – Repeal ACA – fights specific provisions of ACA – but keep more popular parts (no pre-existing), Medicaid block grants, Medicare Advantage plans,

Kasich – Repeal ACA, align incentives (episode based payments), eye on costs, expanded Medicaid

# New State Requirements

## Autism – 2016 new mandate

Applies if over 50+ employees, or if funded by State (school districts and charter schools). Optional for everyone else

Behavioral Health Treatment – under Utah law, coverage up to 600 hours/year of behavioral health treatment (ABA) (all other autism treatment is subject to the regular plan provisions, limitations and exclusions) is allowed for eligible individuals.

Other mandates proposed: obesity surgery, anti-fraud opioids,

# New State Requirements

Line-of-Duty Death for Public Safety or Firefighters – surviving spouse can stay on employer's health coverage until remarriage or Medicare eligibility. Employer has the option to participate in a trust established through Dept of Public Safety -

Contact for the questions relating to employers participating in and being covered from the Local Public Safety and Firefighter Surviving Spouse Trust Fund:

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# Questions?

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