Seminar Questions

Q: **Can a “printout” of these screens or the presentations be provided?**
A: We will be sending out answers to all questions asked during the webinar but the presentation materials are proprietary for Anthem and Keating Muething & Klekamp. Because they contain opinions that are formulated on the current status of the legislature, their companies have not released them to the public at this time. They have requested and we have agreed not to distribute them at this time - only because of the expected changes and clarifications that are coming throughout 2013. We have distributed two brochures “Navigating the waters of Healthcare Reform” and “Health Insurance Exchanges” that you should have already received. These brochures can also be found in Anthem’s online library: [http://www.makinghealthcarereformwork.com/healthcarereform/index.php/library#hcr](http://www.makinghealthcarereformwork.com/healthcarereform/index.php/library#hcr)

Q: **Are the employer penalties calculated and assessed per year?**
A: Yes, most of the eligibility is determined annually and penalties will show up as part of the taxes on the employer’s annual business tax return.

Q: **What is classified as a Cadillac plan?**
A: In 2018, a “Cadillac plan” is defined as the annual value of health plan costs for employees that exceed $10,200 for single coverage or $27,500 for family coverage. In 2018, these “Cadillac plans” will receive a 40% nondeductible tax on the annual value over the above amounts paid by the employer.

Q: **If you let employees buy through an individual market is the company responsible for paying the penalty?**
A: We will address this at the end - this question is being asked frequently.

Q: **What is a PEO?**
A: Professional Employer Organizations (PEO) have been established to provide support for small businesses through an unique co-employment agreement that shares or shifts the risk & liability to the PEO partner. As a PEO, Employee Management Services (EMS) provides that professional business services through this co-employment partnership with your business. As an co-employer we take responsibility for:

- Comprehensive Payroll Services
- Workers Compensation Administration and Claims experience (through our self-insurance)
- Robust Benefits Product offerings and administration (Healthcare, Disability, Life, Vision, Dental)
- Retirement Services (401-k, Supplemental Life, and Business Financial Planning)
- Corporate Services (PeoplePerks, Corporate Discount Programs, Professional Certification and Training Services)

If you would like to find out more, please contact Tammy Stone at 513.852.4664 or Burt Huber at 513.852.4687. We would be happy to show you what a PEO and EMS means to your business.

Q: **If an employee is offered an affordable plan (under 50 employees) can they opt to purchase an individual plan instead?**
A: Yes, an employee can opt to purchase their own individuals coverage. As a small business owner and under the new eligibility rule (under 50 full-time employees) - the employer would not be penalized.

Q: **Will HSA’s still be offered?**
A: Absolutely. The Health Savings Accounts (HSA) are expected to play a large role in helping employees pay for unreimbursed medical expenses and facilitate the consumer directed plan designs.

Q: **Do part time employees ever have to be covered?**
A: No, as long as the employee averages less than 30 working hours per week. For calculating the part time average hours for an employee, the look back period is from 3 months to 12 months.
Q: **Is there any coverage differences between a company with “25 & under” vs. “50 & under” full time employees?**
A: No coverage differences, except there is a timing difference for when insurance carriers will use community rating on these size groups. In Ohio, companies with less than 50 employees will be community rated effective January 1, 2014 and groups with 50 or more full time employees will be community rated effective January 1, 2016.

Q: **How are union employees factored with the 50+ FT Employee penalty rule?**
A: This has no bearing on the size calculation – all employees working full time would count in the calculation of your group size for the sake of determining if you must comply with the Affordable Care Act’s individual mandate for providing affordable, consistent insurance coverage.

Q: **If an individual making $250 or more that is covered by a non-cost Military Health Care (TriCare) policy that be subject to penalty?**
A: The United States Congress passed the Patient Protection and Affordable Care Act (PPACA), which President Obama signed into law on March 23, 2010. The PPACA had no direct affect on TRICARE since a different set of statutes apply to TRICARE, which remains under the authority of the Department of Defense and the Secretary of Defense. Eligibility, covered benefits, copayments and all other features of our TRICARE program remain in place.

Q: **What happens if you don’t pay the penalty?**
A: The penalty will be in the form of an additional tax on your 1040 tax return - it will be assessed automatically by the IRS, so it would be the same as any other unpaid tax liability subject to collection, interest and appropriate penalties for non-payment.

Q: **What is an ASO plan?**
A: ASO stands for Administrative Services Only and is the way the industry describes groups that are self-insured and pay the insurance carrier for administering their plan only - typically large groups may choose this way to cover their employee's medical claims.

Q: **How do you know what 9.5% of an employee’s family income would be?**
A: This is a very good question related to the “affordability test” for providing healthcare coverage. The IRS has provided the guidance that an employer can use the amount of their own employee’s W-2 wages. This is an area that is still being disputed because the IRS’ guidance actually changes the intent of the law and would allow a lower premium permitted to be charged for the consistent coverage.

Q: **So is it a penalty or a tax? We’ve heard both.**
A: The Supreme Court has called it a tax but both terms are still being used in publications regarding the Affordable Care Act.

Q: **When will exchange plan pricing be known?**
A: The US Department of Health and Human Services (HHS) will determine by January 1, 2013 whether a state’s exchange will be fully operational by January 1, 2014, meaning that the exchange should be able to support the initial open enrollment period starting on October 1, 2013. HHS will grant “conditional approval” to states that are making progress toward implementation and are likely to be ready for implementation by 2014, but cannot be certified as ready on January 1, 2013.

Q: **What if I offer all employees coverage and one or some refuse it. Will I be penalized and to whom should I report this?**
A: If you provide affordable care with the minimum level of coverage to all full time employees you have satisfied the mandate and will not have any penalty. There is no employee reporting required from the employer at this point. We will continue to monitor this situation for any future changes.
Q: **As part of EMS, is my company size determined by my actual size or the size of EMS?**

A: As a client of Employee Management Services (EMS) or joining any PEO will not automatically class our clients’ businesses to over 50 full time employees. The individual business maintains their independent class and eligibility. EMS does have a healthcare pool with many of our clients and employees in this group. The EMS healthcare pool is considered a large group by Anthem and is underwritten as such. However, when a client and their employees are added to the EMS healthcare pool, they are underwritten and considered on their own employees and size — This is the same process that is followed for COBRA, FMLA and 401k eligibility and qualification. The EMS healthcare pool carries the advantage of spreading the risk and claims experience across all members of the pool and therefore makes a much more stable environment in the long term. EMS takes particular care in offering this pool to clients that have reasonable healthcare experience so that no one participating business shoulders more expense than another.

Q: **If the open enrollment for an exchange starts 10/2013 and my renewal date is 07/2013, does this mean that the exchange will be effective for my company on 07/2014?**

A: The exchange is scheduled to begin open enrollment in October 1, 2013 for individuals and small employers (under 50 FTEs). Small employers and individuals can voluntarily decide to go into the exchange effective January 1, 2014. Guidance is forthcoming on whether your plan/rates would be impacted January 1, 2014 or at your 2014 renewal date.

Q: **My company is less than 50 full time employees and healthcare participation rates have been a problem for us. Is participation still going to be a problem for us to be included in the Anthem pool?**

A: Anthem and all carriers are working on this and their current rules. Mark Gates cited the same issue being debated in Staffmark’s temporary employees & staffing business during the seminar. Since there is a chance that only a handful of Staffmark’s temporary employees would take our newly “affordable, consistent” coverage, there is a strong likelihood that individuals might go on to the exchange and seek a subsidy. This could trigger an additional tax liability for all qualified employees. This is one of the issues with the current legislature that is being contested. There’s currently no plan to change the EMS participation requirements but this is an area that we may evaluate prior to January 1, 2014.

Q: **Can you offer multiple plans to employees? For instance, one healthcare plan for executives and one healthcare plan for other full time employees?**

A: Currently, the Department of Health and Human Services applied a delay in enforcement of this part of the Affordable Care Act and therefore it is still permitted. However, affordable consistent care for all qualifying full time employees is expected to be put into place and therefore no longer permitted effective January 1, 2014.

Q: **Can employers limit plan coverage to employee-only and not offer family coverage?**

A: Yes that is permitted under the current legislature.

Q: **What will EMS do to help us calculate our most cost effective way to manage?**

A: Employee Management Services (EMS) is committed to delivering healthcare solutions that will work for your business. This is new legislature and still changing – our advisory group and steering committee will be developing industry and client specific solutions in the weeks and months to come. We are currently researching options that we will be working with Benefits Network Insurance, Anthem and other partners to put the best options together. EMS has begun work on financial worksheets with calculators to evaluate all the options we discussed during our seminar. We intend to meet with each client and go through this analysis, present the findings, and discuss the right course of action. We will have a specific plan and timeline that we will be communicating and putting into action after the first of the year. As stated in our meeting, you need a team that has the best advisors and experienced professionals to bring innovative, cost effective healthcare solutions for your business. Employee Management Services and their partners are on the case for you and your business.
Q: **How will my carrier rates be affected?**
A: It will all depend on how large of a group you are and how your current rates are calculated. In general, those groups that have good claims history could be negatively impacted due to community rating, and those groups with high claims history could see a reduction in their premiums since their own history will not be permitted as part of the new rating methodology that the ACA allows.

Q: **Is Healthcare reform going to slow down the sky-rocketing cost of healthcare?**
A: Experts feel this will not impact the actual cost of care, but it will change how some providers are paid depending on whether their customers are in exchanges, on employer plans or eligible for Medicaid.

Q: **How does the new law change the scenario of children under age 25 on parents insurance? How do those children prove to the IRS that they have coverage?**
A: The Affordable Care Act (ACA) is the legislature that required employer healthcare plans to insure employee’s children to this higher legal age limit (up to age 26) and eliminated the requirement for them to be full time students. How these individuals (and others such as covered spouses who also work) will prove that they are covered is yet to be determined.

Q: **Is there a pre-existing condition fee? If so, is it per employee or per dependant?**
A: There is not a “fee” for pre-existing conditions under the PPACA, but they will no longer be excluded from coverage. A pre-existing condition cannot be used to deny an individual health insurance coverage beginning January 1, 2014. Currently, minor children under the age of 19 cannot have a pre-existing condition clause imposed on them or cannot be denied coverage.

Q: **If a plan renews on 1/1/2013, do we have to decide on an exchange by October, 2013?**
A: Employer Plans are not required to enroll in an exchange under the ACA.

Q: **Please explain the reporting of 2012 health benefits on individual’s W-2. Who determines the amount to be included?**
A: Employers that generate 250 W-2’s or more must report the employer cost of sponsored healthcare plans on an employee’s W-2 starting in 2012. In general, the amount reported should include both the portion paid by the employer and the portion paid by the employee. In the case of a health Flexible Spending Account (FSA), the amount reported should not include the amount of any salary reduction contributions.

Q: **Does the EMS healthcare pool qualify for a medical rebate? If so, how will we be notified?**
A: The Employee Management Services’ healthcare pool with Anthem Ohio did not qualify for any rebate in 2012. If the EMS healthcare pool qualifies for a medical rebate then we will notify you and make the rebate available to our clients participating in the pool.

Q: **What is minimum coverage?**
A: Any plan that covers no less than $0.60 of every $1.00 charged for medical care to the typical plan participant.

Q: **What effect will this have on HSAs?**
A: The Affordable Care Act (ACA) has no impact on Health Savings Accounts. Health Savings Accounts will still be an excellent way to cover medical costs that is not covered by an individual’s healthcare plan.
Q: **If an employer is currently under 50 employees and sometime during the year exceeds 50, is the exposure immediate or starting with the next calendar or renewal year?**

A: Employers will determine each year, based on their current number of employees, whether they will be considered a large employer for the next year. For example, if an employer has at least 50 full-time employees, (including full-time equivalents) for 2013, it will be considered a large employer for 2014. Employers average their number of employees across the months in the year to see whether they meet the large employer threshold. The averaging can take into account staffing fluctuations that many employers may experience in their work force across the year. For those employers that may be close to the 50 full-time employee (or equivalents) threshold and need to know what to do for 2014, special transition relief is available to help them count their employees in 2013. Rather than being required to use the full twelve months of 2013 to measure whether it has 50 full-time employees (or an equivalent number of part-time and full-time employees), an employer may measure using any six-consecutive-month period in 2013. So, for example, an employer could use the period from January 1, 2013, through June 30, 2013, and then have six months to analyze the results, determine whether it needs to offer a plan, and, if so, choose and establish a plan. The Internal Revenue Service (IRS) has provided guidance on this procedure and additional information may be found at [http://www.irs.gov/uac/Newsroom/Questions-and-Answers-on-Employer-Shared-Responsibility-Provisions-Under-the-Affordable-Care-Act](http://www.irs.gov/uac/Newsroom/Questions-and-Answers-on-Employer-Shared-Responsibility-Provisions-Under-the-Affordable-Care-Act).

Q: **Some of our employees are employed directly by our company and others are employed by EMS. How do we count the number of employees for the purposes of the ACA?**

A: You should count all employees that fall under your employment and are provided W-2’s with your EIN.

Q: **If insurance is offered – can an employee still choose the exchange instead of the offered plan?**

A: Yes, if your group employs less than 50 full time equivalents then there is no penalty. If your group employs 50 or more full time equivalents and the plan is affordable (less than 9.5% of W-2 wages) then there is no penalty. If your group employs 50 or more full time equivalents and the plan is not affordable with the employee qualifying for a subsidy then there is a penalty.