Health Care Reform and Religious Organizations

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Health Care Reform

Connecting the Dots

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- A national CPA and consulting firm
- Service areas include audit, tax, consulting, and outsourcing
- 3,600+ professionals
- More than 90 offices nationwide

- Nonprofit group serves 6,000 clients across the country
- Religious practice serves over 1,000 religious and faith based organizations

Speaker Introductions

- **Harold Parsons**

  Harold is the Partner-in-Charge of religious organizations within the Public Sector Group at CliftonLarsonAllen. With 30 years of experience, Harold has led the firm efforts surrounding health care tax credits for religious organizations and coordinates CLA's services nationally to religious organizations.

- **Larry Adams**

  Larry has worked in public accounting since 1985, the year he joined CliftonLarsonAllen. Larry provides audit, tax and financial consulting services to nonprofit organizations including colleges and universities, arts and cultural organizations and religious organizations.

Learning Objectives

At the end of this session, you will better understand

- ACA requirements for religious organizations
- Defining large and small employers under the ACA and the responsibilities of each
- Compliance timelines
- Qualifying and filing for the health care tax credit

What Happened

- In March 2010, Congress passed and the President signed health reform in:
  - **The Patient Protection and Affordable Care Act**
  - **The Health Care and Education Affordability Reconciliation Act of 2010**
    - ◊ Increases **access** to health coverage
    - ◊ Aims to **reduce costs** via payment reductions and focus on wellness and prevention
    - ◊ Seeks to reward "**value-based**" care delivery
- Since passage, numerous additional laws have been passed amending portions of original laws, and rules/guidance issued

Impact of the Act:
- Cost: = $940 billion/10 years
- Coverage = 32+ million by 2019

The ACA

- Applies to all businesses in the US, including religious organizations
- Requires almost all individuals to obtain health insurance coverage or pay a penalty
- Establishes health insurance exchanges (state or federal)
- Employers with 50+ FTE employees may have to pay a penalty if they don't offer full-time employees affordable, minimum level health insurance after 1/1/2015
- Special considerations for religious organizations in defining who is an employee
- Implementation details continue to be outlined through the issuance of new regulations, guidance, and FAQ documents from IRS, HHS, DOL

Reform Summary Timeline

2010

- *High risk insurance pools established.*
- *Small business tax credits for offering employee health insurance established*
- *Insurers can no longer deny coverage to children for pre-existing conditions.*
- *New group and individual plans required to cover preventive services at 100%.*
- *Dependents coverage expanded to age 26.*
- *Annual review of insurance premium increases effective.*
- *Grandfathered plan notification requirements.*

2011

- *Increased penalty on non-medical distributions from HSAs.*
- *Insurance administrative simplification begins.*
- *Medical loss ratios become effective for small group and individual plans.*
- *New simple cafeteria plans available to small businesses*
- *Workplace wellness program grants available for small employers*
- *Annual fees assessed on pharmaceutical companies.*
- *Application of non-discrimination regulations to fully-insured plans.*
- *OTCs no longer reimbursable under various health spending accounts*

2012

- *CLASS Act: National voluntary LTC insurance program established. – ON HOLD*
- *Summary of Benefits and Coverage*
- *Health plans to pay per participant fee to pay for Comparative Effectiveness Research.*
- *Preventive health benefits covered without cost sharing.*

Reform Summary Timeline *(cont'd)*

2013

- *Large employers disclose health insurance benefits on W-2s*
- *Health insurers required to begin following administrative simplification regulations.*
- *Limits placed on flexible spending accounts.*
- *New 3.8% Medicare Tax for Unearned Income .*
- *Medicare Earned Income Tax Increases to 2.35% for higher income earners.*
- *Employer tax deduction for Part D subsidies eliminated.*
- *Insurance Exchange open enrollment begins*

2014

- *State and federal insurance exchanges operational.*
- *Individual penalties imposed for failure to obtain health insurance coverage.*
- *Insurance industry pays fees based on market share.*
- *Insurers prohibited from restricting coverage and imposing benefit limits.*
- *Insurers must guarantee issue and renew plans*
- *Employers to provide Health Insurance Exchange notice to employees.*
- *Waiting period for employer-sponsored insurance not to exceed 90 calendar days.*

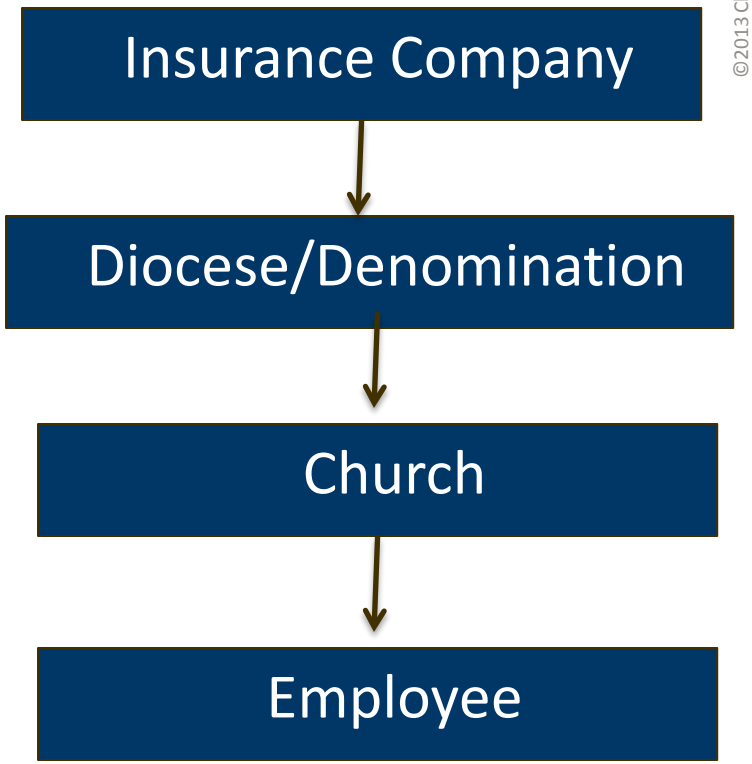
2015 - 2018

- *Employer "shared responsibility" penalties imposed. (2015)*
- *Large employers to begin auto-enrolling FT employees into health insurance plan.*
- *Small employers to begin reporting health benefits on W2s.(Pending further IRS guidance)*
- *Large employers may be able to offer Exchange plan as employer-sponsored coverage (2017)*
- *Excise tax imposed on "Cadillac" health plans (2018)*

Who is Who and Why Does it Matter?

Many regulations refer to the employer/employee and insurance company

- Is the Diocese or Denomination Plan fully or partly self insured?
- Consult with your carrier or Diocese/Denomination
- Make certain it is clear who is fulfilling each responsibility



Summary of Benefits and Coverage Notice to Employees

- **Effective for plan years beginning after 9/23/12**
- Include with open enrollment materials
- Distribute to newly eligible employees, employees with special enrollment rights, and upon request
- A new SBC must be distributed at least 60 days prior to any mid-year plan changes affecting SBC.
- The Department of Labor six-page SBC template can be found at: http://www.dol.gov/ebsa/pdf/correctedsbctemplate.pdf.
- Document your communication

Eligibility for Health Insurance Exchange Notice

Employers to notify employees upon effective date and/or date of hire:

- Information about the existence of state/federal exchange, services offered and how to contact
- Employee may be eligible for assistance to purchase insurance via the Exchange
- Employee loses eligibility for employer contribution to health benefits if purchases insurance via the Exchange

Effective:

- **For current employees,** must issue notices prior to October 1, 2013.
- For **new hires** after 10/1/2013, the notice must be provided within two weeks of hire.

Employers who are:

- Subject to Fair Standards Labor Act
- Hospitals
- Institutions who care for the sick, the aged, mentally ill, or disabled who reside on the premises
- Schools for children with mental or physical disabilities or gifted
- Preschools, elementary and secondary schools, and institutions of higher education
- Governments agencies.

Eligibility for Health Insurance Exchange Notice (cont.)

- Notice of coverage options must be provided to each employee, regardless of plan enrollment status (if applicable) or of part-time/full-time status
- **Department of Labor has model notice language available on its website**
  - Employers who offer a health plan: http://www.dol.gov/ebsa/pdf/FLSAwithplans.pdf
  - Employers who do not offer a health plan: http://www.dol.gov/ebsa/pdf/FLSAwithoutplans.pdf

Defining Full-time Equivalents for Religious Organizations

- Lay employees
- Ministers
- Religious Workers
- Defining who the Employer is

Polling Question

Defining Small and Large Employers

- ***The definition of "large employer" varies depending upon the section of the law one is referring to:***

For Employer Penalties:
50 or more full-time employees plus full-time equivalents.

FT employee: avg. 30 or more hours of service per week

FT equivalents = Hours worked in a month by all PT employees divided by 120

Eligibility for Premium Tax Credits:
25 or fewer employees earning < an avg. of $50,000

Eligibility for the SHOP:
- Fewer than 50 OR
- Fewer than 100

Employer who must auto-enroll: 200 + employees

Tax Credit for Small Employer Health Premiums

Eligible small employer:

	Full Credit	Upper Limit
# of FTEs	≤10	25
Avg. annual payroll per FTE	≤$25,000	$50,000

- Employer contributes ≥50% of employee premium
- Treatment of Ministers and Religious Workers – exclude wages, include as FTE
- ***This will only benefit the smallest employers***

Credit amount is reported on line 44f of the Form 990-T (must be filed to claim credit), however, filing of IRS Form 990 is not required

Tax Credit for Small Employer Health Premiums

- Tax credit for % of employer-provided health insurance premiums (IRC Sec. 45R)

Tax Years	501(c) Credit
2010-2013	25%
2014-2015	35%
Offset	UBIT or Refund

- **Eligible insurance product to qualify for credit**
  - **In 2010 – 13 tax years**: Any health insurance purchased from a licensed insurer and Church plans *(defined benefit)*
  - **In 2014 – 15 tax years**: Employer must purchase coverage via the Exchange. *(defined contribution)*

Small Employer Tax Credit

- **Prior Year Credit Can Still be Claimed:** Eligible small employers that forgot to claim the credit this year on their tax return, can still obtain the credit if they file an amended return.
- **Credit can be applied to other years:** Small employers who did not owe tax during the year, can carry the credit back or forward to other tax years.
- **Credit is Refundable:** If you owe no income tax to the IRS, the amount of the credit will be sent to you in the form of a refund check!

Sequestration:
As of March 1, 2013, the refundable portion of the credit was reduced by 8.7 percent. This reduction is in effect until Sept. 30, 2013 or intervening Congressional action, at which time the sequestration rate is subject to change.

Pending Implementation
Fully-Insured Plans Can no Longer Discriminate

- **Expands the nondiscrimination rules to cover <u>fully-insured group health plans (IRS Code Section 105(h), which already applies to self-insured)</u>**
  - Also includes HRAs or stand-alone Medical Reimbursement Plans (MRPs)
  - Affects non-grandfathered plans for plan years beginning on or after 9/23/10
- **Penalties**
  - An employer who sponsors a discriminatory insured group health plan will be subject to an excise tax liability of **$100 per day per employee affected with a maximum penalty of $500,000**

- As of 12/27/2010, compliance has been **delayed** until guidance/ rules issued
- Additional comment period on proposed guidance closed 3/11/11
  - See IRS Notice 2011-1

Health Plan Fees/Taxes

Cadillac Plan Tax (2018)

- 40% excise tax assessed on health insurer or plan administrator offering "high-cost" health coverage
- "High cost" = annual premium
  - ◊ > $10,200 single coverage
  - ◊ > $27,500 family coverage
- Tax would be on premiums above the thresholds
- Goal is to generate revenue to help pay for coverage for the uninsured and to make the most expensive plans less attractive.

2014 Insurer Reporting Requirements

Insurers must file IRS information returns for coverage provided to full-time employees on or after 1/1/2015 (delayed 7/2/13)

- First returns filed in 2016
- Include information on who is covered and when, if plan is on the health insurance Exchange, plus additional information
- Report information for each covered individual
- Provide written statements that information reported to IRS must be given to each participant
- The Employer could include information along with W-2's issued

2014: Individual Mandate Penalties

- **Penalties for failure to obtain coverage is the <u>greater</u> of:**

	Per Person Amount	Household income**
2014	$95	1.00%
2015	$325	2.00%
2016	$695	2.50%

***Household income over the tax filing threshold*

  - Family penalty = max. 3x per person amount
  - Dependent assessed penalty = 1/2 per person rate

2014: State Health Insurance Exchanges

What is an exchange?

A marketplace for individuals and small businesses to shop for insurance.

- Offer a choice of health plans
- Standardize health plan options
- Allow consumers to compare plans based upon price
- Intended to provide a more competitive market
- Provides consumers with a neutral party to assist with plan enrollment, information and eligibility determination for any subsidies

- **Who can participate?**
  - **In 2014, small employers** can offer an Exchange plan as their employer health plan
  - **Individuals:** Includes self-employed or unemployed individuals (2014)
  - In 2017, states can allow l**arge employers to participate**
- Each state must establish a health insurance **exchange**
- HHS Secretary to establish the rules around exchanges

Types of Exchanges

State-Based	State Partnership	Federally-Facilitated
State role: All exchange activities such as: •web portal development/ operation •health plan selection •application format. **State may request federal government assistance for:** • Income verification for Exchange subsidies • Individual mandate exemptions • Risk adjustment requirements • Reinsurance program	**State role:** •Health plan management • Plan selection • Licensing •Consumer assistance •Both	**Federal role:** HHS responsible for all exchange activities, including: application, web portal, plan selection. **State role:** States may elect to run or seek federal government assistance for: • Reinsurance program • Medicaid and CHIP eligibility assessment or determination • May retain rate setting oversight for health plans offered on the Exchange for their residents.

2014: Exchange Plans

Types of exchange plans to be offered by insurers

- **Bronze** = 60% actuarial value
- **Silver** = 70% actuarial value
- **Gold** = 80% actuarial value
- **Platinum** = 90% actuarial value
- **Catastrophic plan**
  - ◊ Only available to individuals < 30 years old, or those exempted from the individual mandate due to unaffordability or hardship.
  - ◊ Plan must cover:
    - "minimum essential benefits"
    - a minimum of three primary care visits per year
- All exchange "metal" plans must cover essential health benefits, limit cost-sharing and have a specified actuarial value

Health Insurance Exchanges

Two Channels: Who can participate?

- **Employers**
  - ◊ **2014: small employers** (state choice: 50 or fewer, or 100 or fewer FTEs) can offer an Exchange plan as their employer health plan
  - ◊ **2016**: Available to all employers with 100 or fewer FTEs.
  - ◊ **2017:** states can opt to allow l**arge employers** to participate
- **Individuals:** Includes self-employed or unemployed individuals (2014)

- Each state was required to establish a health insurance **exchange** , submit to participate in a federal partnership exchange or a federal exchange will be made available to the state's residents.
- HHS Secretary has established the rules regarding exchanges

Exchange Trends

- **Who is participating in the Exchanges?**
  - Insurers already active in market are most likely to offer plans in marketplace
  - Typically, more insurers participating in individual vs. SHOP channel
  - Some state SHOPs have only one insurer offering plans and they don't always cover entire state geography
  - Still unknown which plans may offer a national plan via the Federally Facilitated Exchange
  - Plans offered appear to have narrower provider networks
- **Preliminary and Approved Premium Rates**
  - State regulators are negotiating for lower rates
  - Great variability in whether Exchange premiums are higher or lower than current

Small Business Health Options Program (SHOP)

- State-based exchanges must operate both the individual and SHOP exchange.
- **Employers eligible to participate**
  - **2014:** 50 or fewer full time-equivalent employees (FTEs)
  - **2016:** Up to 100 FTEs
  - Self-employed with no employees eligible for individual channel not SHOP
- **Employers participating in SHOP**
  - Must offer coverage to all FT employees (e.g. average 30 hours +per week)
  - May be required to meet additional State-specific participation criteria
    - ◊ Minimum employee participation requirement (e.g. 75%)

SHOP: Employer/Employee Choice Models

- Allows small employers a variety of approaches for selecting the coverage they offer to employees via the SHOP
  - **Full employee choice**: may choose any plan at any tier level
  - **Partial employee choice**: employer chooses tier level and employee may choose any plan available at selected tier level
  - **Single plan with varying coverage tiers:** Employers select specific SHOP plan and employees select their preferred coverage tier (cost sharing levels)
  - **Employers select a reference tier level** and employee may choose any available plan in that tier or adjacent tiers
  - **Full employer choice**: employers select SHOP plan at specific coverage level ; employees only choose whether or not to enroll

Large Employer Penalties

2015: Potential Large Employer Penalties

Law does NOT require employers to offer health insurance

- **Large employers** subject to one of two **"shared responsibility" penalties** if any FT employee receives Exchange subsidies
  - For employers that own multiple companies, the 50 + employees is determined by control group or affiliated service group

Large employer = 50 or more full-time employee + FTEs

FT employee = avg. 30 or more hours of service per week

FT equivalents = Hours worked in a month by all PT employees divided by 120

For "minimum essential coverage", see IRS Notice 2012-31 at: http://www.irs.gov/pub/irs-drop/n-12-31.pdf

Employer "shared responsibility" Penalties

Penalty only assessed if a FT employee receives Exchange subsidies. Employees ineligible for subsidies if employer coverage affordable

No Insurance Coverage Penalty

Amount = $2000 x each full-time employee (after first 30 employees)

Unaffordable Employer Coverage Penalty If employer fails to offer coverage that is:

1. **Minimum essential coverage and** minimum 60% actuarial value **offered to employees and their children under age 26.**
2. **Affordable** = Employee premium cost for single coverage < 9.5% of household income.

Amount = $3000 x # of full-time employees who receive exchange subsidies

"Affordable" = the employee premium contribution for single coverage is **less than** 9.5% of their MAGI household income, or one of three employer safe harbor options exist. (e.g., W-2 wages)

Maximum penalty = no insurance penalty

Inflationary adjustments to penalties begin in 2015

Employer pays **no penalty for Medicaid** eligible employees

Employer "shared responsibility" Penalties Delayed Until 2015

- **What does delay mean for large employers?**
  - Do not need to offer full-time employees and their dependent children minimum essential and affordable coverage in 2014
  - No penalties if coverage offered is "unaffordable" in 2014
  - No penalties if coverage offered does not meet minimum essential requirements in 2014
  - No penalties if employer offers no coverage
  - Do not have to file an information return with IRS in 2014
    - ◊ Further guidance from IRS on information return is expected to be issued summer 2014

Controlled Group Rules

- Controlled/Affiliated group rules
  - IRS has not determined how rules should apply to churches, a convention or association of churches
    - ◊ Allow employers to use a reasonable, good faith interpretation of Section 414(b), (c), (m), or (o) rules in determining applicable large employer status
- Health care sharing ministry
  - Members of recognized health care sharing ministry are statutorily exempted from individual mandate requirement to obtain minimum coverage

Employers Still Need To:

- **Exchange Notice:** Supply all employees (part-time and full-time) with notice about the availability of the Health Insurance Exchanges by October 1, 2013
- **Benefit Summaries:** Provide Summary of Benefits and Coverage when making certain changes to plans offered
- **Enrollment waiting period:** Ensure employee waiting period for enrollment in employer-sponsored insurance does not exceed 90 calendar days starting in 2014

What Does the July 2013 Employer Penalty Delay Mean for Individuals and Employees?

- In 2014, individuals will still need to obtain minimum essential coverage or pay a penalty (individual mandate)
- Health Insurance Exchanges are still scheduled to open for enrollment October 1, 2013
- Individuals who earn between 100-400% of FPL and do not have access to affordable coverage through an employer may still be eligible for Exchange subsidies (tax credits and/or cost sharing assistance)
- Insurers cannot deny coverage to individuals for pre-existing condition

90 –Day Waiting Period: Newly Hired, Full-Time Employees

- **Beginning January 1, 2014, an employer's waiting period for insurance generally cannot exceed 90 calendar days**
  - IRS Notice 2012-59 provided guidance on 90-day waiting limitation (Public Health Service Act § 2708)
- **Newly Hired, Full-Time Employees:** If employee is reasonably expected to be full-time, then must be eligible to enroll within 90 days of start date
  - ◊ Not permitted to wait until the 1st of the month after 90 days
  - ◊ May require employers to allow mid-month enrollment or participate well before 90 days have passed

90-Day Waiting Period & Variable Hour Employees

- **For variable hour employees:**
  - Employer can take a reasonable period of time to determine whether employee meets plan's eligibility requirements. Reasonable time can include:
    - A measurement period of up to 12 months
    - An administrative period up to 90 days
  - Coverage must be effective no later than 13 months from employee's start date
    - If employee's start date is not the first day of a calendar month, will include remaining time until the first day of the next calendar month

Identifying Full-Time Employees

- Employee engaged in average of 30 “hours of service” per week or 130 hours in a month.
  - Uses common law definition of employee
  - Hours of service = hours worked and hours paid but for which no work was performed (e.g., PTO, FMLA, Deployment leaves, disability, etc.)
  - Salaried workers use actual hours, or 8 hours/day or 40 hours per week standard.
  - Seasonal workers: If 120 days or fewer; or 4 calendar months of work, then excluded from calculation of large employer

Safe Harbors: Full-Time Employee

- IRS Notice 2012-58 and Dec. 2012 IRS/HHS proposed regulations explain a method employers may use to determine full-time status for ongoing employees, new employees expected to work full-time, and variable hour and seasonal workers.

  - Measurement period: 3 – 12 months (employer determined)
  - Administrative period(Optional): Up to 90 days for employee eligibility for coverage determinations, notification and enrollment of employees
  - Stability period: The greater of 6 months or the duration of the standard measurement period

Strategies for 2014 and Beyond

Defining Which Employees are Full-Time

Strategies

•Select measurement and corresponding stability period to capture fewest number of full-time employees.

•**Limit employee hours** of service to less than 30 hours/week or 130 hours per month.

•If not offering ESI, **limit full-time status to 30** or fewer hours across businesses - risks?

- **Why is this Important?**
  - Employers must offer to full-time employees and their children under age 26 health insurance coverage or pay a penalty.
  - Penalties are assessed for full-time employees only
  - Current FT employees who waive coverage may enroll in ESI in 2014 adding bottom line, non-penalty costs to employers.
  - Now is the time to make strategic decisions to limit penalty risk

"Minimum Value" Plan

- **Law requires "large" employer to offer at least one plan with a minimum 60% actuarial value**
  - Desired by employees in order to meet individual mandate = New Benefit Floor
  - Premiums for this level plan should be lower than higher actuarial value plans
- **IRS to Make Actuarial Value calculators available to employers and plans**
- **Actuarial Value looks at a variety of components:** deductibles, co-payments, co-insurance, as well as employer contributions to HRAs and HSAs.

60% Actuarial Value means: on average the plan pays for 60 % of the costs for covered benefits and enrollees, on average, pay the remaining 40 percent through cost-sharing such as deductibles, copayments and coinsurance.

Three Employer Affordability Safe Harbors: W-2 Safe Harbor *IRS Notice 2012-58*

Form W-2 Safe Harbor: If employee's premium cost for self-only coverage is less than 9.5% of their W-2 wages for the employer, the health insurance is considered affordable AND

- The employer will not pay a penalty for that employee
- The employee may still be eligible for premium tax credits in the Exchange based upon Modified Adjusted Gross Income of Household.
- Employer is not subject to penalty if employee receives tax credit but later employer-sponsored insurance is determined to be affordable.
- **Affordability for related individuals**: Employers don't need to make coverage affordable for dependents (e.g. family coverage, Employee+1)

Affordability Safe Harbors: Rate of Pay

December 2012 proposed regulations

- Coverage considered affordable for calendar month if employee's required contribution for month for lowest cost, self-only coverage provides minimum value does not exceed 9.5% of a Rate of Pay Safe Harbor Amount
  - **Rate of Pay Safe Harbor Amount** = 130 hours multiplied by employee's hourly rate of pay as of the first day of the coverage period (generally first day of plan year)
  - Salaried employees use monthly salary instead of hourly rate of pay
- Available as long as employer does not reduce hourly rate of pay or monthly wages during calendar year

Employee Maximum Premium Cost (30-40 hours/week)

- **@100% FPL** = $68.22 - 90.96
- **@138% FPL** = $94.14 – 125.52
- **@400% FPL** = $ 272.88 – 363.85

Strategies for Small Employers

- Understand your options inside the SHOP
- Take advantage of employer premium tax credits, when available
- Evaluate value of employer premium tax credit via Exchange vs. any discounts or premium costs for small group products outside the Exchange.
- Move to a defined contribution strategy
- Consider what you can afford to offer vs. what is available to employees in the Exchange

Employer "shared responsibility" Penalties Delayed Until 2015

- What does delay mean for large employers?
  - Do not need to offer full-time employees and their dependent children minimum essential and affordable coverage in 2014
  - No penalties if coverage offered is "unaffordable" in 2014
  - No penalties if coverage offered does not meet minimum essential requirements in 2014
  - No penalties if employer offers no coverage
  - Do not have to file an information return with IRS in 2014
    - ◊ Further guidance from IRS on information return is expected to be issued summer 2014

Where to Start

- Understand and comply with reporting and fee requirements and due dates
- Calculate and document full-time employees and equivalents
- If clearly under 50 FT employees and FTEs, evaluate SHOP defined contribution option vs. existing small group market coverage for 2014 and beyond or free standing defined contribution model separate from SHOP
- If around 50 FTEs, consider strategies and penalty implications
- If clearly over 50 FTEs, calculate financial impact including penalties
- Have at least one employee/consultant responsible for monitoring and understanding what your state and/or the federal government are deciding as implementation nears

CLIFTONLARSONALLEN HEALTH INSURANCE & PENALTY (HIP) CALCULATOR

What Does this Mean for Your Organization?

- Real costs **are** at stake
- Beginning 2015, there is a fork in the road

Today's ESI Coverage

ESI Coverage Status Quo

Total HC Cost - ($000s)	EMPLOYER HC COST
TODAY'S COST	62
2014 PRE REFORM ESI	74
2014 POST REFORM ESI	231
2014 POST REFORM NO ESI	170
2014 FUNDED ALTERNATIVE	263

Private or Exchange Insurance

Employer Health Insurance & Penalty (HIP) Costs

Impact of Employer Health Insurance Reforms		
Full-Time Employees	115	*(20 Insured / 95 Waived)*
Total Staffed	382	*(6 PT Insured/261 PT No ESI)*
2014 PPACA FTEs	252	

HEALTH REFORM KEY DRIVERS

Today's Single Coverage Employer Premium Cost

Average Single Employer Cost	$ 2,400	
Employer Contribution %	*39%*	

Medicaid Eligible Employees

Total FT Medicaid Enrollees	23	
Employer Estimated Cost Savings	$ 6	*($000s)*

Employer Unaffordable Coverage Penalty

Subsidy Eligible Full-Time Employees	79	
Subsidy ($3,000)	$ 3	
Estimated Subsidy Penalty	$ 237	*($000s)*
% Total Full-Time Employees	*68.7%*	

Employer No ESI Insurance Penalty

Total Full-Time Employees	115	
Less: 30 Employees	(30)	
Adjusted Full-Time Employees	85	
No Insurance Penalty ($2,000)	$ 2	
Estimated Subsidy Penalty	$ 170	*($000s)*
2014 Pre Reform Projected HC Costs	*$ 48*	*($000s)*
Estimated Net Cost	*$ (122)*	*($000s)*

HEALTH REFORM SUBSIDIES IMPACT ON HEALTH COSTS

Sample Organization ($000s)	Today's Cost	2014 Offer Coverage	2014 Drop/ Don't Offer
Baseline Premium Cost	$ 62	$ 62	$ 62
2012-2014 Premium Increase (9.0% / Yr)	-	12	12
Pre-Reform Projected Premium Cost	62	74	74
Tax Adjusted Premium Costs	40	48	48
PLUS: Additional Reform Impact			
Previously Waived FT Employees	-	211	-
Penalty: Subsidy Eligibles & ESI	-	170	-
Health Reform Increased Cost	-	381	-
LESS: Previous Premium Liabilities			
Medicaid Employee ESI	-	(6)	-
Subsidy Eligible FT Employees ESI	-	(225)	-
Health Reform Decreased Cost	**-**	**(231)**	**-**
No Minimal Essential Coverage			
Less: 2014 Inflation Adjusted HC Cost	-	-	(74)
Plus: Subsidy Eligible Penalty	-	-	170
Health Reform No ESI Cost	**-**	**-**	**96**
Post Reform HC Costs	**$ 62**	**$ 224**	**170**
HC Cost Change to 2014 Projected		***$ 150***	***$ 96***
% HC Cost Change to 2014 Projected		***203%***	***130%***
Tax Adjusted HC Costs	**$ 40**	**$ 205**	**170**

Questions?

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Thank you!

For more information on health reform: CLAconnect.com/healthreform

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