



**THE TEXAS A&M
UNIVERSITY SYSTEM**

The Affordable Care Act (ACA) & HealthCare Reform

November 2015

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Risk Management and Employee
Benefits**

Compliance without Rules

- Implementation is and will continue to be marked by an **emphasis on assisting (rather than imposing penalties on)** plans, issuers and others that are **working diligently and in good faith** to understand and **come into compliance** with the new law.



Shared Responsibility

- Employer must make **two offers** to certain of its employees and their dependents or it may be subject to a non-deductible tax penalty
 - **Offer 1** – Offer “minimum essential coverage” to all or “substantially all” of its “full-time employees”, and their “dependents”;

PENALTY: “\$2,000 multiplied times number of full time employees minus 30”



Shared Responsibility

- **Offer 2** – Offer self-only coverage to its full-time employees that has “minimum value” (is adequate) and is “affordable”

PENALTY: “\$3,000 multiplied times number of full time employees minus 30”



Affordability

RATE OF PAY SAFE HARBOR

The coverage you offer a full-time employee is affordable if the employee's required **monthly** contribution to premium for the lowest cost, self-only, MEC that has MV ...

....Does not exceed 9.5% of the employee's monthly salary (to be determined by employer using reasonable payroll methodology).

		Annual Salary			
		\$ 20,000	\$ 30,000	\$ 40,000	\$ 50,000
Annual Premium	\$ 1,200	6.00%	4.00%	3.00%	2.40%
	\$ 2,400	12.00%	8.00%	6.00%	4.80%
	\$ 3,600	18.00%	12.00%	9.00%	7.20%
	\$ 4,800	24.00%	16.00%	12.00%	9.60%



Other Changes

- **Benefit Eligible**
 - 30 hours/week = full-time employee
- **Waiting Period**
 - 90-days = maximum waiting period
- **Out of Pocket Max**
 - All-inclusive \$6,850/\$13,700



Measurement and Stabilization Period

- Standard: Ongoing Employees (**ALL**)
 - Measurement Period 6-12 Month Look Back
 - Average Hours >30 Per Week
 - Stability Period whereby employee is eligible for benefits for period = to Measurement Period
- Initial: New Employees
 - Same as above but for different dates



More Highlights

- **Employer Fees**
 - **Transitional Reinsurance Fee**
 - \$63 per Covered Life 2014
 - \$42 per Covered Life 2015
 - \$26 per Covered Life 2016 (ends)
 - **Patient-Centered Outcomes Research Institute Fee**
 - \$2.08 per Covered Life
 - Ends in 2019; indexed to inflation



More Highlights

- Marketplace Letters
- Public & Private Exchanges
- 1095 Reporting
- Cadillac Tax



1095 Reporting

- Must have separate consent (from W-2) to furnish electronically
- Must request dependent SSNs 3 times
- Send to employees by January 31
- File with IRS electronically by March 31



1095-C

Form **1095-C**

Department of the Treasury
Internal Revenue Service

Employer-Provided Health Insurance Offer and Coverage

► Information about Form 1095-C and its separate instructions is at www.irs.gov/form1095c

VOID

600116

OMB No. 1545-2251

CORRECTED

2015

Part I Employee

Employee			Applicable Large Employer Member (Employer)		
1 Name of employee	2 Social security number (SSN)	7 Name of employer	8 Employer identification number (EIN)		
3 Street address (including apartment no.)		9 Street address (including room or suite no.)		10 Contact telephone number	
4 City or town	5 State or province	6 Country and ZIP or foreign postal code	11 City or town	12 State or province	13 Country and ZIP or foreign postal code

Part II Employee Offer and Coverage

Plan Start Month (Enter 2-digit number):

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)													

Part III Covered Individuals

If Employer provided self-insured coverage, check the box and enter the information for each covered individual.

(a) Name of covered individual(s)	(b) SSN	(c) DOB (If SSN is not available)	(d) Covered all 12 months	(e) Months of Coverage											
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
17			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 60705M

Form **1095-C** (2015)

Part I –
Employee Data

Part II – Offer &
Coverage Data

Part III –
Dependent
Coverage Data



1095-C (Part II)

Part II Employee Offer and Coverage							Plan Start Month (Enter 2-digit number):						
	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)													
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)													

Line 14:
Did we offer the person affordable coverage?

Line 15:
How much does our Employee Only Coverage Cost?

Line 16:
Did the Person Enroll in our Coverage?

The IRS will use lines 14 & 15 to determine if EMPLOYER should be penalized



Cadillac Tax

- Scheduled to take effect in 2018
- A 40% non-deductible excise tax on employer-sponsored health coverage
- Includes employer & employee premium, FSAs, HRAs, HSAs,
- Current threshold is \$10,200 for individual coverage/\$27,500 for Family Coverage
- 1 in 4 could be over the threshold by 2018 according to the Kaiser Family Foundation



IRS Notice 2013-54

- IRS Notice 2013-54
 - Employers cannot provide a cash reimbursement to employees to reimburse those employees for the cost of an individual health insurance policy
 - Penalty is \$36,500 per impacted individual per year



ACA and Student Health Insurance

- Does not qualify as Short-Term Limited Duration policy
- Student Health Insurance must be ACA compliant on coverages
- Considered individual coverage at the National level



ACA and Student Health Insurance

- What to do with graduate student employee coverage?
 - Some schools are doing away with providing graduate student employee coverage
 - Associations lobbying Washington
 - Graduate students mobilizing
 - Formal guidance from IRS
 - Most holding status quo



ACA

