

The ACA and Its Effects on Employers

for Large Employers – Oregon

Oregon currently defines large employers as those with 51 or more employees; however, the Affordable Care Act (ACA) will require that definition to change in 2016. Please see 2016 on reverse for more information.

2012 - 2013

Women’s Preventive Care

The definition of preventive care was expanded to include additional services for women as groups and individual policies renew on or after August 1, 2012. Member cost-sharing and dollar limits are eliminated for certain services when received in-network.

These services include contraceptives, breast pumps and support, gestational diabetes screening, and screening and counseling services for things such as HPV, domestic violence, HIV, and sexually transmitted diseases.

Summary of Benefits and Coverage

This document allows for comparison between carriers and plan designs. It became effective September 23, 2012, and is being distributed to employers upon renewal or benefit change. Distribution of the SBC is a shared responsibility between employers and insurers.

W-2 Reporting of Health Coverage

Beginning with the 2012 tax year, employers that produced 250 or more W-2s in the preceding year are required to include the cost of employer-sponsored health coverage on employee’s W-2s. This includes both employer

ACA Mandates at a Glance	
2012 -2013	<ul style="list-style-type: none"> • Women’s preventive care – upon renewal on or after August 1, 2012 • Summary of Benefits and Coverage (SBC) – upon application or renewal on or after September 23, 2012 • W-2 reporting of employer-sponsored health coverage if 250 or more W-2s • Changes to flexible spending accounts (FSAs)
2014	<ul style="list-style-type: none"> • No annual or lifetime dollar limits on essential health benefits, if covered • Maximum out-of-pocket limits • Pre-existing condition exclusions eliminated • Probationary waiting periods limited to 90 days • Hourly eligibility requirements changed • Nondiscrimination rules and other eligibility/enrollment rules begin • Automatic enrollment required for employers with 200+ FTEs • Mandatory coverage for clinical trials of life-threatening diseases • Employer-based wellness program incentives enhanced
2016	<ul style="list-style-type: none"> • Large group size definition changes from 51 or more employees to 101 or more employees.

and employee portions of the cost of health benefits. This dollar amount does not include health FSA contributions. Vision and dental should only be included if they are part of the medical plan. PacificSource can provide a list of 2012 premiums by employee.

Groups with fewer than 250 W-2s: The W-2 reporting requirement is suspended until further guidance is provided by the IRS, but could be required in the future.

Changes to FSAs

Beginning on or after January 1, 2013, there is a \$2,500 maximum contribution to healthcare flexible spending accounts (FSAs).

Continued from reverse.

2014

(Unless otherwise noted, the rules outlined here are effective as groups renew for plan years starting on or after January 1, 2014.)

Essential Health Benefits

While large groups will not be required to cover essential health benefits (EHBs), if they do decide to cover them, the annual and lifetime dollar limits will be eliminated for those benefits, which include:

1) ambulatory patient services, 2) emergency services, 3) hospitalization, 4) maternity and newborn care, 5) mental health, substance use, and behavioral health, 6) prescription drugs, 7) rehabilitative and habilitative services and devices, 8) laboratory services, 9) preventive, wellness, and chronic disease management, and 10) pediatric services, including oral and vision exams.

Maximum Out-of-pocket Limits

Upon renewal in 2014, the member cost sharing limit on any health plan can be no greater than those in a health savings account (HSA). The current \$6,250 individual limit is indexed annually, and is estimated to be \$6,645 in 2014; the family limit is twice that of individual. This limit does not apply to cost sharing for out-of-network services.

Pre-Existing Condition Exclusions

Insurers will be prohibited from denying coverage or charging higher premiums due to a pre-existing condition. Insurers must also eliminate any pre-existing condition waiting periods.

90-Day Probationary Waiting Period

Eligibility waiting periods for group health insurance cannot exceed 90 calendar days.

Hourly Eligibility

Hourly eligibility refers to the minimum number of hours employees must work each week to be eligible for group health insurance. If the employer has 50 or more full-time equivalent employees as defined under the ACA's shared responsibility provision, they may face a penalty if they set this minimum at higher than 30 hours.

Nondiscrimination Rules

Employers will be prohibited from providing better eligibility, health benefits, or employer contribution to highly compensated individuals. Differences based on age, years of service, or compensation is not permissible. Waiving of the probationary period for key employees will also not be allowed. The Department of Labor has suggested violators could face fines of up to \$100 a day for each employee discriminated against.

Automatic Enrollment

Employers with more than 200 full-time employees offering a health insurance plan must automatically enroll all new full-time employees in the plan and automatically continue the enrollment of current employees, unless either opts out.

Mandatory Coverage for Clinical Trials of Life-Threatening Diseases

Group health insurance plans are required to provide coverage of routine patient costs associated with approved clinical trials.

Employer-Based Wellness Programs

The proposed rules increase the maximum reward under a health-contingent wellness program. Employers will be allowed to offer a reward of up to 30 percent off the premium contribution. For example, the employer could pay 100 percent of the premium for those who participate and meet the criteria and 70 percent for those who don't participate. An additional 20 percent will be allowed if it is in connection with a program to reduce or prevent tobacco use, for a total of up to 50 percent.

2016

The Affordable Care Act (ACA) defines a "large employer" as an employer with 101 or more employees in the preceding year. States must adopt this definition no later than 2016. Oregon has elected to not initially adopt this definition, and current Oregon legislation proposes small employer to be 1-50 for 2014 (with large employer remaining at 51 or more employees).

For more information, visit:

HealthCareLawGuide.com
(for the general public) or

PacificSource.com/reform
(for PacificSource customers)