

The ACA and Its Effects on Employers

for Small Employers – Oregon



2012 - 2013

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.

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.

W-2 Reporting of Employer-sponsored Health Coverage

For groups with fewer than 250 W-2s: this requirement is suspended until further guidance is provided by the IRS, but may 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).

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) • Notification of exchanges and premium subsidies • Exchange begins open enrollment in October for January
2014	<ul style="list-style-type: none"> • Coverage obtained through the exchange takes effect • Coverage for essential health benefits required with no annual or lifetime dollar limits • Maximum deductibles • 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 • Mandatory coverage for clinical trials of life-threatening diseases • Employer-based wellness program incentives enhanced • Proposed Oregon legislation to define small group as 1-50 employees
2016	<ul style="list-style-type: none"> • Small group size definition changes to 1–100 employees.

Notification of the Exchange

Health insurance exchanges are online marketplaces where individuals and small businesses can compare and shop for health plans. (Individuals will also be able to find out if they qualify for financial assistance.) Employers are not required to purchase their health plan through the exchange.

Employers will be required to notify current employees of the exchanges. While an exact deadline has not been announced, the expected timeframe for this requirement is late summer or fall of 2013. After the initial notice, all new employees must receive the notice at their date of hire. The written notice must provide the following information:

- Basics: existence, services, how to contact
- Cost: potential premium subsidy or a cost-sharing reduction
- Ramifications: loss of any employer contribution if receiving individual coverage through exchange

The Department of Labor is considering creating a model notice. If they do not, PacificSource will create an editable one for our clients to use.

Exchange Enrollment Begins in October

Oregon's health insurance exchange, Cover Oregon, begins open enrollment in October 2013 for plans effective on or after January 1, 2014.

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

Small group and individual plans must include "essential health benefits," which includes: 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.

Annual and lifetime dollar limits are also eliminated for essential health benefits.

Maximum Deductibles

Deductibles for plans in the small group market are limited to \$2,000 for an individual and \$4,000 for a family, based on current guidelines and indexed for inflation.

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 based on state regulations.

90-Day Probationary Waiting Period

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

Hourly Eligibility

Small group employers can continue to set the minimum number of hours employees must work each week to be eligible for group health insurance between 17.5 and 40.

If an 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 it 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.

Additional Eligibility and Enrollment Rules

For small employer groups that elect to obtain coverage through Cover Oregon (state exchange marketplace), the following apply and will be calculated at the exchange level:

- Minimum employer contribution toward employee-only premium: 50 percent.
- Minimum participation of employees not waiving to other qualified group coverage: 75 percent.
- Rehire provision: If rehired within nine months, the eligibility waiting period is waived.

For small employer groups that elect to obtain coverage directly through an insurer, these provisions will be determined by each of the insurers later this year.

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 more information, visit:

HealthCareLawGuide.com (for the general public) or **PacificSource.com/reform** (for PacificSource customers)