

# **IMPORTANT BENEFIT NEWS ANNOUNCEMENT**

## **IEBP's Local and Municipal Health Care Choice Act of 2015**

### **Supreme Court Hearing/Marriage Equality/Regulatory Reporting Update Forms/Hospital Bad Debt Concerns with Prevalence of High Deductible Plans/Excise Tax Update**

- I. HR 2869
  - A. Local and Municipal Health Care Choice Act of 2015
  - B. Local and municipal government pools take different forms and can be regulated through interlocal agreements subject to approval by a state attorney general, a state department of health or another designated agency—and not necessarily a state insurance commission, as prescribed by Section 1333 of the ACA.
  
- II. Supreme Court Hearings
  - A. King vs. Burwell Supreme Court Hearing
    1. June 25, 2015
    2. The Supreme Court uphold Affordable Care Act Rule Health Subsidies in States with Federal Exchanges 6/3 vote
      - a. "established by a state"
      - b. "established by the state"
    3. The Court concluded that to threat the two types of Exchanges differently would be inconsistent with the series of interlocking reforms in the Act designed to expand coverage in the individual health insurance market
    4. Saved subsidies for 6.4 million people
    5. Texas has more than 830,000 residents getting subsidies on the federal exchange-that is second only to Florida
    6. The language authorizing Federal subsidies stated that those subsidies in the form of premium assistance, would be available only to those who were enrolled through an Exchange established by the state under section 1311
      - a. 16 states and District of Columbia offer state operated insurance marketplace
      - b. 7 states hybrid
      - c. 27 states rely on a federally government insurance marketplace exchange
    7. Senate Republicans were coalescing around a plan to extend Obamacare subsidies for up to two years is Supreme Court strikes them down
    8. Impact of the Supreme Court Ruling
      - a. Compliance with PPACA
        - i. Employer Mandate
        - ii. Play or Pay regarding affordable and minimum essential healthcare benefits to full-time employees
        - iii. Employer Regulatory Reporting
        - iv. ALE and Non-ALE Reporting Requirements
          - Cadillac/Camry 40% Excise Tax
          - The Affordable Care Act maintains three key reforms
      - b. The Act adopts guarantee issue and community rating requirements (a concept associated with health insurance), which requires health insurance providers to offer health insurance policies within a given territory at the same price to all persons without medical underwriting regardless of their health status
      - c. The Act generally requires individual to maintain health insurance coverage or make a payment to the IRS, unless the cost of buying insurance on the exchange would exceed 8% more than individual's income
      - d. The Act seeks to make insurance more affordable by giving refundable tax credits to individuals with household incomes between 100% -400% of the Federal Poverty Level

- III. Marriage Equality - June 26, 2015: 5/4 vote
  - A. IEBP Benefit Book Language
    - 1. Definition of a Spouse update completed
    - 2. Marriage Equality Qualifying Event Date
      - a. Marriage date if marriage occurs after June 26, 2015
      - b. June 26, 2015 Qualifying Event Date if already married
    - 3. Eligibility of Dependent Spouse
      - a. Marriage
      - b. Common Law/Certificate of Common Law
        - i. Dependent Children will be eligibility with appropriate documentation of eligibility per medical benefit book
    - 4. Benefit Notification Required to:
      - a. Stop Loss
      - b. EAP
      - c. Life/LTD/STD
      - d. Supplemental Benefits: Cancer, Catastrophic Care, Accident
      - e. Retiree Coverage
      - f. Pharmacy Benefit Manager
      - g. Eligibility Auditing Firm (HMS)
      - h. COBRA Administrator
      - i. Section 125 Administrator
- IV. Regulatory Reporting
  - A. The Federal Government has released an updated version of the regulatory reporting forms.
  - B. The Forms released still maintain "DRAFT COPY" verbiage
  - C. IEBP has updated the communication documents we provide to the NON-ALE and ALE Membership
- V. Prevalence of High Deductible Plans - hospitals change how they interact with patients
  - A. Healthcare providers are collecting \$0.18 to \$0.34 on the dollar from patients with high-deductible plans
  - B. Bad Debt risk supports the hospital introduction of a 25% prepayment policy for self-pay patients and those who will owe more than \$1,000 a 20% of the cost scheduled for procedures
- VI. Excise Tax Update Scheduled for 2018 Production
  - A. **Excise Taxes:** Individual \$10,200; Family \$27,500; **High Risk/Maturing attained age 55:** Individual \$11,850; Family \$30,950
  - B. Excise Tax will be calculated on the aggregate cost of applicable coverage.
  - C. Applicable Coverage Includes:
    - 1. Medical Contributions/Premium
    - 2. Integrated Vision and Dental Benefits
    - 3. On-Site clinic if services in excess than deminimis (not defined yet)
    - 4. Wellness Program embedded into group health plan
    - 5. H.S.A. and HRA deductions. Included H.S.A. employer pre-tax contributions
    - 6. FSA funding Employer and Employee because pre-tax
    - 7. Pre-Tax payment on supplemental benefits: critical care, cancer care, accident
    - 8. All pre-tax medical benefit dollars should be aggregated for full dollar value
  - D. Applicable Coverage excludes:
    - 1. Long Term Care
    - 2. Non-integrated vision and dental
    - 3. LTD, STD, AD&D Life
    - 4. Liability Insurance
    - 5. Automobile insurance
    - 6. Worker's Compensation