

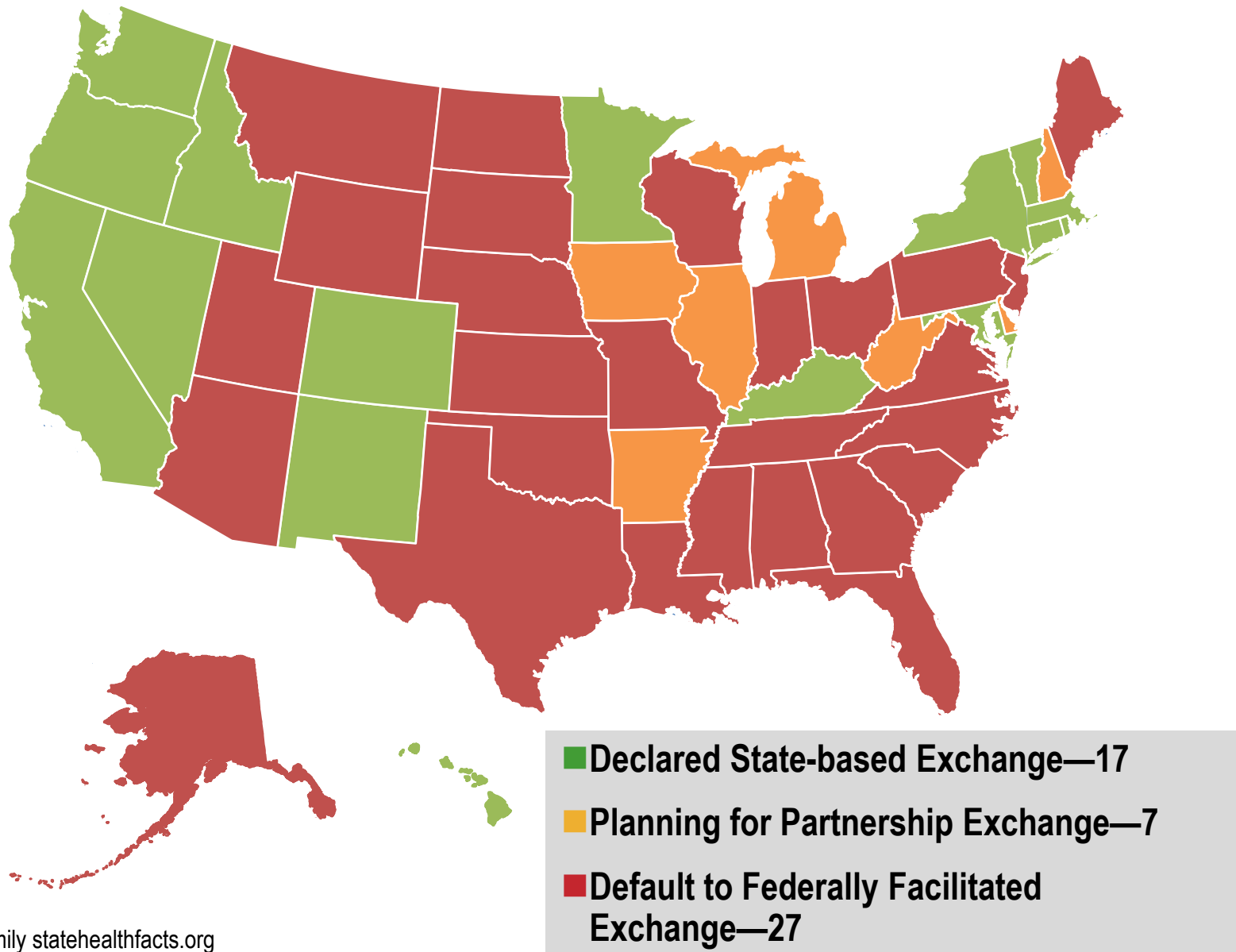
TOWN OF
QUEEN CREEK
ARIZONA

The Affordable Care Act (ACA)

January 2014 Update



ACA- Passed in March 2010



ACA Requirements

Employer Mandate Review:

- Prohibits pre-existing condition exclusions
- Prohibits plans from establishing lifetime limits on the dollar value of benefits; prohibits annual limits beginning 2014
- Include limitations on excessive waiting periods
- Requirement to provide coverage for non-dependent children up to age 26
- Cap medical Flexible Spending Accounts (FSA) to \$2,500



ACA Requirements

Individual Mandate:

- Purchase health insurance coverage beginning Jan. 1, 2014 or be subject to penalty
 - Through employer or through the Federal marketplace (i.e. exchange).
- Penalty for 2014 will be greater of \$95 per adult or 1% of taxable income, \$325 or 2% in 2015, \$695 or 2.5% in 2016



Health Insurance Exchange/Marketplace

- Beginning Jan. 1, 2014, medical coverage is available through the Federal Marketplace for eligible individuals and small businesses (<50 EEs)
 - Large employers (100+) can participate in 2017
- Health plan on the Marketplace must offer “essential health benefits*”
 - *Includes ambulatory services, hospitalization, emergency services, maternity & newborn care, pharmacy, lab, preventive & chronic disease mgmt and pediatric services
- Financial assistance/subsidies will be available for those that qualify
- Medicaid coverage expands to 133% of the Federal Poverty Level in AZ



ACA Impact on Town Plans

- Eliminated pre-existing conditions limit for any plan participant
- Eliminated lifetime maximum
- Expanded eligibility to dependent children to age 26
- Provided Summary of Benefits and Coverage
- Provided Marketplace Notice prior to October
- Flexible Spending Account (\$2,500/year) limit; Add a Carry-Over provision up to \$500 of unused FSA balance to next plan year



ACA Impact - Town

- Town's medical plans meet the "Affordability" test and has an actuarial value of more than 60%
 - Town plans pay 80% of expected claim costs)
- Comply with the \$6,350 individual/\$12,700 family Out of Pocket Limit
 - Town's: \$2,500/\$10,000
- Provide Health Insurance to those employees that work 30 or more hours a week



ACA Impact - Taxes and Fees

- For FY-14, Town moved to Self-Insurance to avoid insurer fee (2.3%) of premium and taxes on Fully-Insured plans
 - Saved approx. \$35,000
- Can't avoid Reinsurance Fee (Approx. \$63 per member per year) through 2016
 - To fund the reinsurance for high claimants in the marketplace
- Can't avoid Research fee to fund research of \$1 per member per year
 - \$2 in 2015



ACA Impact - Employees

- Employees eligible for Town coverage are not eligible for premium subsidies through the Marketplace (Town plans meets “affordability” and “minimum value” tests):
 - Plan not affordable if employee coverage is more than 9.5% of the employee’s household income
 - Our lowest paid employee is only paying 2.6%



Next steps...

- Comply with reporting requirements
 - Reporting to IRS on offering affordable insurance to those employees that work 30+ hours a week.
 - Paying reinsurance and research fees in January 2015 for prior year
- Continue to educate employees on changes to Healthcare Reform
- Continue to provide affordable healthcare to employees

