



Update on Affordable Care Act (ACA)

Organization, Personnel and Technology
Committee
Item 6b
December 9, 2013

Outline

- Affordable Care Act (ACA) Summary
- CalPERS Responsibilities
- Metropolitan Responsibilities
- Future ACA Issues
- Resources

ACA Summary

- Supreme Court decision on June 28, 2012 to uphold the Patient Protection and Affordable Care Act
- Requires employers to:
 - Offer “minimum essential coverage” (MEC) to eligible employees and dependents
 - Offer “minimum value” (MV) coverage in health plans
 - Offer “affordable” coverage to employees
- Metropolitan is in compliance with these requirements

CalPERS Responsibilities

- CalPERS responsible for all plan design requirements, i.e. MEC and MV
- Requirements include:
 - Waiting periods cannot exceed 90 days
 - Elimination of pre-existing conditions
 - Elimination of annual dollar limits on health coverage
- CalPERS made these changes prior to Affordable Care Act mandates
- Revised Government Code to separate pension and medical eligibility

Metropolitan Responsibilities

- Highlights from 2012
 - Extended dependent coverage up to age 26
 - Provided employees Summary of Benefits and Coverage
 - Reported value of Employer Provided Health Benefits on W-2's

Metropolitan Responsibilities

- Highlights from 2013
 - Limited Flexible Spending Accounts to \$2,500
 - Medical Payroll Tax increased and impacted employees notified prior to change
 - Provided written notification to all employees regarding health exchange
 - “Pay or Play” penalty and other requirements delayed to 2015

Future ACA Issues

- Pay or Play penalty effective January 2015
 - \$2,000/employee for failure to offer Full-Time ACA employees minimum essential coverage (MEC)
 - \$3,000/employee for failure to provide affordable coverage with minimum value
- Annual reporting requirements to IRS effective January 2015
- ACA's definition of Full-Time Employee
 - May impact eligibility for some Metropolitan temporary employees
 - Staff researching policies and practices now

Future ACA Issues

- Penalty on Premium Plans “Cadillac Tax” effective 2018
 - Based on premiums of \$10,200 for single and \$27,500 for family of two or more
 - More than medical plan premiums are included
- CalPERS is going to do “everything possible to not be subject to Cadillac Tax”
 - Recently lowered premiums on most expensive plan by 33%

Resources for Information

- Internal Revenue Service
 - <http://www.irs.gov/uac/Affordable-Care-Act-Tax-Provisions>
- U.S. Department of Labor
 - <http://www.dol.gov/ebsa/healthreform/index.html>
- U.S. Department of Health and Human Services
 - <http://www.hhs.gov/healthcare/rights/index.html>
- Center for Consumer Information and Insurance Oversight
 - <http://www.cms.gov/ccio/index.html>

Next Steps

- Monitor CalPERS implementation of ACA provisions
- Review policies and procedures to implement Metropolitan's requirements of the ACA
- Report back to OP&T if there are any changes to law or impacts to Metropolitan

Questions?

