



Update on Affordable Care Act (ACA)

Organization, Personnel and Technology
Committee
Item 7c
December 9, 2014

Purpose

- *Highlight Actions in 2014 to Comply with ACA*
- *Review Upcoming Obligations Under ACA and Next Steps*

Outline

- ACA Summary
- Summarize Actions Already Taken by CalPERS & Metropolitan
- Metropolitan Actions in 2014
- Future ACA Requirements
- Next Steps

ACA Summary

- In 2012, US Supreme Court upheld the Patient Protection and Affordable Care Act
- Requires employers to:
 - Offer “minimum essential coverage” to eligible employees and dependents
 - Offer “minimum value” coverage in health plans
 - Offer “affordable” coverage to employees
- ***Metropolitan is in compliance with these requirements***

What CalPERS Has Done

- Responsible for all plan design requirements, including:
 - Waiting periods cannot exceed 90 days
 - Elimination of pre-existing conditions
 - Elimination of annual dollar limits on health coverage
- These changes were made prior to Affordable Care Act mandates
- Responsible for administering Government Code separating pension and medical eligibility

What Metropolitan Has Done

- In 2012 & 2013, Metropolitan Met ACA Requirements, Including:
 - Extending dependent coverage up to age 26
 - Providing Summary of Benefits and Coverage, and Reporting value of Benefits on W-2's
 - Limiting Flexible Spending Accounts to \$2,500
 - Notifying impacted employees of Medicare Payroll Tax increase
 - Providing written notification to all employees regarding health exchanges

What Metropolitan Did in 2014

- Metropolitan Met Additional Requirements by:
 - Drafting “Safe Harbor Policy” that outlines measurement period for variable and seasonal employees (temporary/intermittent employees)
 - Reviewing temporary staffing agency contracts to ensure coverage offered by staffing agency qualify Metropolitan for safe harbor relief
 - Conducting “Workforce Analysis” to determine if additional employees are eligible for medical insurance

Workforce Analysis Results

- ACA Defines Eligibility as: ***“Employees that work 30 hours or more a week for 30 days”***
- Analyzed 30 employees currently not eligible for medical
- Thirteen (5) additional employees are now eligible under ACA definition
- Management informed of new eligibility rules
- Impacted employees' hours will be reviewed; otherwise coverage will be offered to them effective January 1, 2015

What's Next Under the ACA?

- “Pay or Play” penalty effective January, 2015
 - \$2,000/employee for failure to offer Full-Time employees minimum essential coverage
 - \$3,000/employee (who receives a subsidy from the Marketplace) for failure to provide affordable coverage with minimum value
- Complying with annual IRS reporting requirements effective January, 2016
 - Reports required to be filed February 29, 2016 (by mail) or March 31 (electronically)
 - Will start tracking employees to comply
 - Penalties apply for noncompliance

What's Next Under the ACA?

- “Cadillac Tax” on Premium Plans 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, pending final regulations
- CalPERS is going to do “everything possible to not be subject to Cadillac Tax”
 - Will continue to monitor CalPERS progress on this issue

Next Steps

- Continue monitoring CalPERS implementation of ACA provisions
- Review policies and procedures to ensure compliance with ACA
- Post finalized Safe Harbor policy and provide copies to employees not eligible for medical
- Inform management of eligibility changes and potential impacts on temporary or seasonal employees
- Report back to OP&T if there are any changes to law, or impacts on Metropolitan

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>

Questions?

