

Health Care Reform Checklist for Large Businesses

Some requirements of the health care reform law are already effective and other aspects will be phased in over the next few years. Many regulations have not yet been issued. This checklist can help you prepare for changes this year and in 2014. As always, you should consult your tax advisor and legal counsel to determine the best approach for your business.



May 2013

This guide will be updated frequently as more information becomes available. Please contact your account consultant for the most current version or visit: ExcellusBCBS.com/HealthReform

Date(s)	Requirement	Details	Prepare Your Company	Date Completed
Employer Responsibility (Pay or Play)				
2013 begin reviewing data	Determine if you have 50 or more full-time equivalent employees under Health Care Reform	Using the formula provided by the IRS and at least six continuous months of your 2013 data, determine the size of your group.	1. See our fact sheet if you would like more guidance on how to calculate the number of full-time equivalent employees under Health Care Reform.	
		1. Include the # of full-time employees, which means anyone who worked an average of 30 hours or more per week. plus	2. Consult with your legal counsel for situations specific to your business.	
		2. Add the # of full-time equivalent (FTE) employees. This is calculated on a monthly basis for all employees not considered full-time. Take all hours paid per employee (including paid vacation, illness, and holiday time) and then divide the number by 120	3. Determine the size of your group on an annual basis using the entire calendar year for the calculation.	
1/1/2014 or on renewal	If you have 50 or more full-time equivalent employees, you must offer health insurance to full-time employees and their dependents (but not spouses) or pay a penalty	Full-time is defined as those who work, on average, 30 or more hours per week. As of 1/1/2014 or on your 2014 renewal: If you do not provide health insurance to 95% of your full-time employees and their dependents (not spouses), you may be subject to the following penalty tax: \$2,000 for each FTE employee. The first 30 employees are not counted. Although penalties will not apply for dependent coverage in 2014, employers must show good faith effort to begin offering coverage to dependents.	1. At least six months before your renewal date, determine the current employees that work, on average, more than 30 hours per week.	
			2. If coverage is not offered, you may be subject to a penalty.	

Date(s)	Requirement	Details	Prepare Your Company	Date Completed
Employer Responsibility (Pay or Play) continued				
<p>Effective 1/1/14</p> <p>Measurement Periods may begin as early as 1/1/13</p>	<p>Employer Look-Back Period</p> <p>Determine if any part-time, seasonal, or variable hour employees worked an average of 30+ hours per week and therefore worked full-time and should have been offered coverage</p>	<p>If employees</p> <ul style="list-style-type: none"> were not offered coverage due to part-time, seasonal or variable hour status <p>and</p> <ul style="list-style-type: none"> worked at least 30 hours per week on average for the period of time chosen <p>Then coverage must be offered for that same period of time going forward</p>	<ol style="list-style-type: none"> Define a measurement period of three to twelve months (i.e. April 1st-October 1st) in 2013. You can define when the measurement period begins. Determine any employees who were not offered coverage due to status but were actually full-time. For the identified employees, you have an administrative period of up to 90 days to then enroll or decline coverage. The employee must be offered coverage for at least six continuous months or the same period of time as the measurement period (i.e. six months for this example). 	
<p>1/1/2014 or upon renewal</p>	<p>If you have 50 or more full-time equivalent employees, offer health insurance coverage that meets affordability guidelines or you may have to pay a penalty</p>	<p>As of 1/1/2014 or on your 2014 renewal:</p> <p>If you do not provide <u>affordable</u> health insurance to your full-time employees, you may be subject to the following penalty tax:</p> <p>\$3,000 for each FTE employee that goes to the exchange and is approved for a tax credit to purchase coverage.</p> <p>You must provide coverage where the employee's premium contribution for the lowest single plan you offer is no more than any of the three following factors:</p> <p>(you only need to choose one option as your measure)</p> <ol style="list-style-type: none"> 9.5% of an employee's W-2 wages; 9.5% of an employee's rate of pay times 130 hours; or 9.5% of the Federal Poverty Level for one person. 	<ol style="list-style-type: none"> Determine your full-time employees who are offered coverage. Determine each employee's average annual income. Determine each employee's premium contribution for the six month period. Calculate the % of income each employee paid as premium contribution. Do you have employees paying greater than 9.5% of their income for health insurance? If yes, determine next steps to make coverage more affordable (i.e. decrease premium contribution amount or increase salary) OR choose to pay the penalty for that employee 	

Date(s)	Requirement	Details	Prepare Your Company	Date Completed
Employer Responsibility (Pay or Play) continued				
1/1/2014 or upon renewal	If you have 50 or more full-time equivalent employees, offer coverage that meets <u>minimum value</u> or you may have to pay a penalty	Provide health insurance coverage that covers at least 60% of the cost of health care services. HHS released a Minimum Value calculator to determine the value of each plan. To access the minimum value calculator, visit cciio.cms.gov/resources/files/mv-calculator-final-2-20-2013.xlsm	1. Visit the CCIIO website to understand how to determine the minimum value of your plan.	
			2. Speak with your account consultant or broker to understand if your specific plan is above or below the threshold.	
			3. If you are making a change in plan offerings for 1/1/14, verify they meet minimum value.	
			4. If you have a plan that is below 60%, determine a course of action (change plans, offer a different plan, etc.)	

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Exchange				
<p>No later than 10/1/13 for current employees and for all new employees beginning 10/1/13</p>	<p>Notify employees of Health Insurance Exchanges</p>	<p>The Employer Notice to Employees must be provided in writing, either by mail or electronically, to all employees, even if they are not eligible for health insurance coverage under your plan.</p> <p>Any employer that is subject to the Fair Labor Standards Act (FLSA) needs to provide the notice. The notice needs to be provided by employers who offer health insurance and those who do not offer health insurance. DOL provided two model notices</p> <ul style="list-style-type: none"> • Employers who currently offer health insurance to any or all employees can use this notice: http://www.dol.gov/ebsa/pdf/FLSAwithplans.pdf • Employers who do not offer health insurance to any employees can use this notice: http://www.dol.gov/ebsa/pdf/FLSAwithoutplans.pdf <p>The Model Notice does not have to be used. Employers have the option to draft their own notice as long as it includes:</p> <ol style="list-style-type: none"> 1. A description of what Exchanges are, what they provide, and where employees can go to find more information about them; 2. Information regarding available tax credits if the employer doesn't provide minimum essential coverage and the employee purchases health insurance on the Exchange; and 3. A statement that employees who purchase coverage on the Exchange may lose any employer contributions and that these contributions may be excludable from employees' income when they file their Federal income tax 	<ol style="list-style-type: none"> 1. Decide if you will use a template from DOL or if you will draft your own letter 2. If drafting your own letter, see the requirements under "details" 3. Notify current employees by 10/1/13 and all new employees beginning 10/1/13 	

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Exchange continued				
10/1/13 to 3/31/14	New York Health Benefit Exchange begins open enrollment for individuals Coverage is effective beginning 1/1/14	Help employees who aren't eligible for your health insurance plan to enroll on the New York Health Benefit Exchange. Remember, federal financial assistance is available to individuals who qualify based on household income.	1. Contact us for more information on coverage available for individuals not eligible under your plan.	
			2. Want to offer coverage to more employees? Talk to your account consultant about affordable plan options.	
Grandfathered Plans				
Upon renewal in 2014	Review Grandfathered Plans Annually	You can continue to offer your grandfathered plan as long as you don't make significant changes to benefits and cost-sharing. Keep in mind that grandfathered plans are not exempt from some of Health Care Reform's new mandates.	1. Do you offer a grandfathered plan? If yes, review your plan each year. Fill out a recertification form if you want to maintain grandfathered status.	
			2. If you want to discontinue your grandfathered plan, talk to your account consultant about how to adjust your plan to comply with Health Care Reform.	
Reporting				
1/31/13	Report the cost of health insurance on employees' W-2 forms	Employers who filed more than 250 W-2 forms in 2011 are required to report the cost of employer-sponsored health insurance coverage in Box 12 of W-2 forms. Reported costs should include those paid by the employer and contributions from the employee. We anticipate that all employers will be required to report this information in 2014 for the 2013 tax year. The penalty for non-compliance is \$200 per W-2 form, capped at \$3 million.	See our fact sheet for more information. 1. For more details on required and optional reporting, see the IRS W-2 form instructions.	
			2. Follow up with your payroll company to verify compliance	

Date(s)	Requirement	Details	Prepare Your Company	Date Completed
Summary of Benefits and Coverage				
Plan year starting on or after 9/23/12	Issue Summary of Benefits and Coverage (SBCs) to employees	Provide SBCs to employees who are eligible for coverage: <ol style="list-style-type: none"> 1. During open enrollment 2. When they become newly eligible for health insurance 3. At the time of a qualifying event that allows a plan medical change 4. Upon request 	1. Obtain SBCs for each plan you offer. We will provide a master copy of an SBC to all fully-insured and self-funded groups.	
			2. Incorporate SBCs into open enrollment materials when you renew. If you don't distribute enrollment materials, make SBCs available to employees on the first day they're eligible to enroll. If coverage renews automatically, make SBCs available 30 days before the new plan year begins.	
			3. Make SBCs available in New Employee Orientation (NEO) materials no later than the first day the new employee is eligible to enroll.	
			4. Develop a process to ensure SBCs are delivered to employees within 7 days upon employee request.	
			5. Determine review process to periodically review and determine if any contract changes have occurred	
Waiting Periods				
By 1/1/14	Limit waiting periods for new employees to 90 days or less	Employers are required to make health insurance coverage available to new full-time employees within 90 days of their start date. Employees can always opt out of coverage.	1. Determine if your probationary period is greater than 90 days from date of hire. If yes, go to step 2.	
			2. Review your policy and establish a new probationary period for new Employees. (90 days or less)	
			3. Once new time period is established, communicate new probationary period to Excellus BlueCross BlueShield.	
Wellness Incentives				
1/1/14	Offer health-contingent wellness incentives to employees	Employers can reimburse employees who participate in wellness programs like Blue4U that award members for maintaining or improving their health. Beginning in 2014, employees may be eligible for reimbursement up to 30% of the cost of coverage.	1. Talk to your account consultant about offering the Blue4U wellness program to encourage your employees to save money while improving their health.	
			2. If you offer a wellness program and differentiate employee contribution based on wellness results, determine the reimbursement you offer is a maximum of at least 30%.	

Date(s)	Requirement	Details	Prepare Your Company	Date Completed
Coming Soon				
Automatic Enrollment and Renewal				
TBD – Delayed until further guidance from DOL	If you have 200 or more employees, automatically enroll new full-time employees in your health plan	<p>Original effective date was 2014, but it is now deferred until after the release of regulations.</p> <p>Employers, if subject to FLSA oversight, with more than 200 employees are directed to have a process in place to:</p> <ol style="list-style-type: none"> 1. Automatically enroll new hires in a health insurance plan, subject to any waiting periods 2. Continue current employees' coverage 3. Provide notice and opportunity for employees to opt out of coverage 	<ol style="list-style-type: none"> 1. Begin to determine what changes you need to make to accommodate auto enrollment 	
Non-Discrimination Compliance				
TBD – delayed until further notice for fully-insured plans	No discrimination in favor of highly compensated employees	<p>Employers are required to offer the same level of tax-free coverage to all classes of employees. If any employer offers additional benefits only to highly compensated employees, those benefits will be taxed.</p> <p>Employers that don't comply with this rule will be subject to a penalty of \$100/day.</p> <p>This rule, already in effect for all self-funded plans, has been delayed until further notice for fully-insured plans.</p>	<ol style="list-style-type: none"> 1. If you self-fund, these rules are already in effect. 2. If you offer a fully-insured health plan, we'll keep you informed when we have more information about when and how you need to comply. <p>In the meantime, you can continue to monitor the IRS for new rules and regulations.</p>	
Reporting				
TBD – Pending guidance from the IRS	Report health insurance coverage to the IRS and notify employees	<p>Beginning in 2014, employers are required to report health care information to the IRS.</p> <ul style="list-style-type: none"> • All employees enrolled in a health insurance plan offered by the employer, including covered dependents; and • The employer's contribution to the premium. <p>In addition, employers must send a notice to all full-time employees with the same information by January 31st of each year.</p>	<p>The IRS has not issued guidance on this requirement.</p> <p>We'll keep you informed when we have more information about when and how you need to comply.</p> <p>In the meantime, you can continue to monitor the IRS for new rules and regulations.</p>	

Date(s)	Requirement	Details	Prepare Your Company	Date Completed
Reporting continued				
<p>TBD – Pending guidance from the IRS</p> <p>January 31, 2014</p> <p>Guidance TBD</p>	<p>Report to the IRS that you meet minimum essential coverage requirements</p>	<p>Beginning in 2014, employers are required to certify they meet minimum essential coverage requirements by reporting the following information to the IRS:</p> <ul style="list-style-type: none"> • Any waiting period for new employees; • The lowest cost premium offered to employees; • The employer’s share of the cost; • Number of full-time employees enrolled each month; • Name, address and taxpayer identification number of each individual covered; and • The dates each individual was covered under minimum essential coverage during the calendar year. <p>In addition, employers must send a notice to all full-time employees with the same information by January 31st of each year.</p>	<p>The IRS has not issued guidance on this requirement. We’ll keep you informed when we have more information about when and how you need to comply.</p> <p>In the meantime, you can continue to monitor the IRS for new rules and regulations.</p>	

Your Action Plan At A Glance

Action	Effective Date	Mandatory?	Create Your Action Plan
Automatic Enrollment and Renewal			
If you have 200 or more employees, automatically enroll new full-time employees in your health plan	TBD pending further guidance	Yes	
Employer Responsibility (Pay or Play)			
Determine if you have 50 or more full-time equivalent employees under Health Care Reform	Begin reviewing data on 7/31/13 to determine your 2014 group size	Yes	
Determine if any part-time, seasonal, or variable hour employees worked an average of 30+ hours per week	Based on your measurement period, begin reviewing data for the 2014 plan year	Yes	
If you have 50 or more full-time equivalent employees, offer coverage to full-time employees or pay a penalty	Penalties are assessed for your plan year beginning in 2014	Yes	
If you have 50 or more full-time equivalent employees, offer coverage that meets affordability guidelines or you may have to pay a penalty	Penalties are assessed for your plan year beginning in 2014	Yes	
If you have 50 or more full-time equivalent employees, offer coverage that meets minimum value or you may have to pay a penalty	Penalties are assessed for your plan year beginning in 2014	Yes	
Exchanges			
Notify employees of exchanges	No later than 10/1/13	Yes	
Grandfathered Plans			
Review Grandfathered Plans Annually	Upon renewal each year	Yes (grandfathered plans only)	

Action	Effective Date	Mandatory?	Create Your Action Plan
Non-discrimination Compliance			
No discrimination in favor of highly compensated employees	TBD pending further guidance	Yes	
Reporting			
Report the cost of health insurance on employees' W-2 forms	Anticipated compliance date for all employers is 1/31/14	Yes	
Report to the IRS that you meet minimum essential coverage requirements	TBD pending further guidance	Yes	
Summary of Benefits & Coverage			
Issue Summary of Benefits and Coverage (SBCs) to employees	Effective upon renewal on or after 9/23/12	Yes	
Waiting Periods			
Limit waiting periods for new employees to 90 days or less	Effective 1/1/14	Yes	
Wellness Incentives			
Offer health-contingent wellness incentives to employees	Effective upon renewal on or after 1/1/14	No	