

5th Annual
ABC's
of Employee Benefits

Your essential 2015 benefits "to do" list
to keep your company compliant,
competitive and a cut above the rest!

As featured in *Employee Benefit News* magazine.

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Act Now. Although the 2016 ACA IRS reporting requirement is almost a year away, start preparing for it now. You may not have the required employee (and potentially dependent) data and your systems/vendors may not be equipped to provide the respective information. Plus, you want to enjoy your 2015 holidays.

Budget Appropriately. 2015 annual health insurance budgets will be significantly impacted by the ACA (e.g., new fees, internal/external support costs in preparing for the IRS reporting and "play or pay" measurement requirements, etc.). Determine and estimate the ACA costs that will impact your organization in 2015.

Consider Wellness Initiatives. 71% of employers offer wellness programs, up from 68% in 2013. Common wellness programs include weight loss programs, gym membership discounts/on-site exercise facilities, and biometric screening. Gather and analyze as much employee data as allowable by law (through health risk assessments, biometric screenings, self-insured claims) to determine the wellness initiatives that will have the biggest productivity/cost control impact.

Determine if Self-Insurance is Right for You. 59% of employers with 500–1,000 employees are self-insured, up from 55% in 2013. Not surprising given the increased flexibility afforded to self-insured employers, especially around state laws and the ACA requirements. If you are a mid-sized employer with fully-insured plans, running a self-insured cost/benefit analysis may be beneficial.

Expect More From Your Broker. If your broker is not providing comprehensive compliance, administrative, communications, and analytical support, hire a new one. It's a buyer's market and there's a good chance you will find a quality firm to support you in all of these areas at the same (or less) fee than you are paying now.

Follow State and Local Laws. With the significant attention being paid to federal benefits compliance (ACA, HIPAA, etc.), it's easy to miss that some states and cities are enacting their own legislation (e.g., paid sick leave laws, same-sex marriage opportunities, health care ordinances, etc.). Ensure you have the resources in place to assist you with state and local law compliance.

Growing Interest in Telemedicine & Technology. 37% of employers are expected to implement telemedicine (exchange of medical information to improve health using video, email, smart phones, etc.) by 2015 with another 34% considering doing so by 2017. Depending on your demographic, this could be a great opportunity to save health insurance costs by minimizing office/hospital visits.

HIPAA Never Sleeps. While the primary focus in 2013/14 was on omnibus rule compliance, the attention has switched to Health Plan Identifiers (HPID). While the government has suspended enforcement of the HPID requirements, it's likely it will eventually be lifted and you will need to obtain an HPID if you offer a self-insured plan.

Increase in PTO Plans. 58% of organizations, compared to 47% in 2010, offer PTO (paid time off) plans. If you are analyzing the pro's and con's of moving to a PTO plan, don't forget to review how state and local laws, especially the new paid sick leave laws, will impact your PTO plan.

Just Waiting and Wondering. Between continuing to wait for the ACA non-discrimination rules for fully-insured, non-grandfathered plans and automatic enrollment provision regulations (including an effective date) and wondering what impact the new Republican-led Congress will have on the ACA, uncertainty will continue into 2015. Keep an ear to the ground as there could be some significant developments over the next year.



Keep the C-Suite Satisfied. 66% of CEOs and CFOs will be more directly involved in health care strategy decisions than they were 3 to 5 years ago. To ensure a positive working relationship, learn how to speak your CEO and CFO's languages and proactively communicate the ACA's impact on organization healthcare costs, including mitigating strategies, to them.

Learn New Strategies. 29% of employers are starting to evaluate value-based payment methods (payment based on improving efficiency, quality, and outcomes) plus the use of value-based designs (14%) and differentials (20%) (drive participants to high performance or narrow networks for medical care). Evaluate whether any or all of these are viable strategies for your organization.

Mitigate Costs. Companies are taking the following approaches to help mitigate rising healthcare costs: have moved or will move employees to high-deductible health plans (73%), have raised or will raise employee health insurance contributions (71%), have or will move their pre-65 retirees to ACA exchanges (30%), have or will cut back coverage eligibility (27%), have or will more rigorously ensure part-time workers work fewer than 30 hours per week (24%), have or will increase the proportion of part-time workers (12%), and have or will limit the number of full-time hires (10%). You may find these approaches valuable when developing short- and long-term cost mitigation strategies for your organization.

Never Underestimate ERISA 510. With the new ACA employer mandate provision, some employers have considered limiting employee hours to avoid having to offer health insurance. Any employees impacted may attempt to make an ERISA 510 claim. To minimize exposure and risk, consult with counsel before making any business decisions that could result in an ERISA 510 claim.

Overload Ahead. Over the next year, the administrative requirements associated with employee benefits are going to become unmanageable for one HR or benefits department to handle on their own. The ACA "play or pay" benefits eligibility tracking process and IRS reporting requirements alone will introduce hours of work never seen before. As such, request administrative support from other departments (payroll, IT, etc.), your broker, and external vendors. If not handled appropriately, your risk for penalties and audits will increase. Examples include learning the administrative requirements from your broker and utilizing external vendors to assist with the "play or pay" and IRS reporting requirements.

Prepare for the "Cadillac" tax. 25% of employers have already started to redesign their primary health plan to avoid triggering the 2018 "Cadillac" tax, which is a steady increase since 2011. Run a financial projection to determine if your organization is expected to be impacted by the "Cadillac" tax. If yes, develop your "glide path" to minimize the tax impact by 2018.

Questions and More Questions. Given the significant activity and media coverage associated with the ACA, employee questions will continue to increase. Some of the top employee questions are: 1) How does the law affect me? Do I need to do anything?, 2) What will this cost me? Why are my costs going up?, and 3) Will I have an average 30 hours per week and qualify for benefits in 2015? To minimize the impact of such questions on your daily workload, be sure to inform employees that you (and not the news, Internet, or a neighbor) are in the best position to help answer their questions and be prepared to answer these type questions. Plus, if you have a first-time benefits-eligible population (due to the ACA "play or pay" provision), offer a Benefits 101 session to them as they may be completely unfamiliar with benefits.

Ready for ACA "Play or Pay"? Hopefully yes, given the compliance effective date for many applicable large employers is January 1, 2015. However, if not, take the necessary steps to become compliant as there are significant penalties for non-compliance plus your benefits eligibility will need to be correct in order to report accurate employee benefits information to the IRS in early 2016.

Study Employee Health Metrics. To ensure effective health insurance cost control, determine the key drivers of such costs within your organization. Gathering employee health data (to the extent accessible and allowable by law) and determining the drivers will maximize your ability to develop value-add solutions, such as plan changes, eligibility and design modifications, and targeted employee wellness programs.

Take Benefits Compliance Very Seriously. The government's magnifying glass over your health insurance plan will significantly increase over the next few years, especially given the new ACA "play or pay" and IRS reporting requirements. Thus, if your employee benefits program is not currently compliant, you will want to develop a master employee benefits compliance project plan and start taking action now. Some common areas of compliance include: developing and distributing appropriate employee benefits materials (ERISA documentation, notices, and reporting; Section 125 documentation; ACA documentation), non-discrimination testing, and HIPAA Privacy and Security.



U**nderstand Your New Job Description.** It's safe to say that ensuring compliance with the ACA requirements are now part of your everyday job. That said, if you have not taken the time to learn the ACA yet, here are some reasons to do so: 1) Ensure benefits program remains compliant with the law; 2) Best position to develop short- and long-term benefits strategies and solutions; 3) Effectively address any employee compliance questions or issues; 4) Assist employees and dispel any myths they are hearing or reading; 5) Appropriately budget; 6) Validate the information/guidance you receive from your broker; and 7) Lead, as opposed to follow, ACA initiatives with your C-suite.

V**irtual Benefits Information is Available.** Bookmark and sign up for free online benefits information, including Employee Benefits News (<http://ebn.benefitnews.com/>); BenefitsLink (www.benefitslink.com); U.S. Government ACA website (www.healthcare.gov); and U.S. Department of Labor – ACA (www.dol.gov/ebsa/healthreform/).

W**ait-and-See Approach Regarding Private Exchanges.** 4% of large and 6% of midsize companies plan to move to private exchanges in 2015. It's safe to say that many employers are waiting to see if these exchanges can effectively meet their needs before making such a major business decision.

X**-amine "Skinny Plans."** Understand the risks before introducing a "skinny" health insurance plan (plan that is deemed to be minimum essential coverage but does not meet the 60% minimum value test). In addition to the potential plan disruption (if the government decides to abolish these plans), it may be markedly different than the plan you historically offered to the affected employees.

Y**ear of ACA Transitional Relief.** 2015 is shaping up as the "year of ACA transitional relief" – midsize employer delay, non-calendar year plan compliance with "play or pay," etc. In order to delay or minimize the impact of the ACA, determine if any transitional relief applies to your health insurance plan/s.

Z**ero in on Your Numbers.** With your CFO and CEO more involved, prepare a five-year financial model of projected health insurance costs. Not only will you be speaking the CFO's language but he/she will get to see the dramatic financial impact of the ACA over the next five years, including the expected "Cadillac" tax impact. This will provide an opportunity to present short- and long-term strategies to mitigate the financial impact of the ACA.

- C** 2014 PwC Health and Well-being Touchstone Survey
- D** 2014 PwC Health and Well-being Touchstone Survey
- G** Towers Watson's 2014 Health Care Changes Ahead Survey
- I** 2014 Employee Benefits: A Research Report by the Society for Human Resource Management
- K** Towers Watson's 2014 Health Care Changes Ahead Survey
- L** Towers Watson's 2014 Health Care Changes Ahead Survey
- M** 2014 HR@Moore Survey of Chief HR Officers
- P** IFEBP 2014 Employer-Sponsored Health Care: ACA's Impact Survey
- Q** IFEBP 2014 Employer-Sponsored Health Care: ACA's Impact Survey
- W** National Business Group on Health survey and Benfield Research

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Employee benefits are detailed and complex, and this document does not purport to cover every aspect of applicable law. In addition, laws pertaining to employee benefits are constantly evolving, so the information provided is subject to change. This summary does not constitute legal or tax advice. Employers should consult their own legal counsel and tax advisors concerning implementation of the provisions discussed in this synopsis.

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