

# The Affordable Care Act's Impact: Past, Present & Future

Presented by:  
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# About OperationsInc

OperationsInc ([www.OperationsInc.com](http://www.OperationsInc.com))

- Human Resources Outsourcing and Consulting firm, established in 2001 (16+ years)
- Team of 50+ HR professionals who operate as an HR department for hire, one hour at a time
- Recognized HR subject matter experts
- Support a base of over 1,300 clients

# AGENDA

- Review of ACA as it stands TODAY
- What compliance looks like
- The new PROPOSED changes to the ACA
- The outlook

# Overview

- 100 + FTE = You should have been complying as of 1/1/15
- 50 – 99 FTE = You were required to comply (or pay penalties) starting 1/1/16
- Under 50 FTE = some compliance items, but issues and challenges are far fewer
- ALL = New IRS forms to complete / file



# Key ACA Terms / Guidelines / Issues

- FTE = Full Time Equivalents
- Part-timers, Seasonal, Turnover
- What is Affordable / Bronze / MEC



# 1094 / 1095 Forms

- New IRS Forms
- One for the Employee (to file with their taxes)
  - Given to them by 3/2/17 (extended deadline)
- One for the Employer (to file with the IRS)
  - Sent to the IRS by 2/28/17 (or 3/31/17 if filed electronically)
- Explains what you provided
  - Affordable Care to all... Or not

www.irs.gov/pub/irs-acce: x

www.irs.gov/pub/irs-access/f1095b\_accessible.pdf

Apps ACJ CT News Q TTST 88 FB FNews FS Google Intranet MN NBC OI FCB Fantasy LI berg C D News NYP Svy Twitter W Traffic XYZ CBS 12 Salesforce Madgex

Form **1095-B** **Health Coverage** ☐ VOID ☐ CORRECTED

Department of the Treasury Internal Revenue Service

► Information about Form 1095-B and its separate instructions is at [www.irs.gov/form1095b](http://www.irs.gov/form1095b).

560115 OMB No. 1545-2252 **2014**

**Part I Responsible Individual (Policy Holder)**

1 Name of responsible individual 2 Social security number (SSN) 3 Date of birth (If SSN is not available)

4 Street address (including apartment no.) 5 City or town 6 State or province 7 Country and ZIP or foreign postal code

8 Enter letter identifying Origin of the Policy (see instructions for codes): . . . . . ► ☐ 9 Small Business Health Options Program (SHOP) Marketplace identifier, if applicable

**Part II Employer Sponsored Coverage (If Line 8 is A or B, complete this part.)**

10 Employer name 11 Employer identification number (EIN)

12 Street address (including room or suite no.) 13 City or town 14 State or province 15 Country and ZIP or foreign postal code

**Part III Issuer or Other Coverage Provider**

16 Name 17 Employer identification number (EIN) 18 Contact telephone number

19 Street address (including room or suite no.) 20 City or town 21 State or province 22 Country and ZIP or foreign postal code

**Part IV Covered Individuals (Enter the information for each covered individual(s).)**

(a) Name of covered individual(s)	(b) SSN	(c) DOB (If SSN is not available)	(d) Covered all 12 months	(e) Months of coverage											
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
23			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
25			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
26			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
27			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
28			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60704B Form **1095-B** (2014)



# 1094 / 1095 Forms (continued)

- Under 50 Employees
  - Forms still get filed
  - Carrier / Insurer is responsible
- 50– 99 employees
  - Forms still get filed
  - Employer is responsible
- 100+ employees
  - Forms still get filed
  - Employer is responsible



For ALL -- Affordability MATTERS... or face a penalty



# Information on 1094 / 1095 Forms

- Summary of info that you need to assemble in order to complete these forms:
  - Core Employee Data
  - Timekeeping for years
  - Insurance Bills
  - Waiver forms
  - Applicable Insurance Codes
  - Core Employer Data
  - Benefit Plans, SPDs, and Associated Rates



# Where Your Payroll Provider Plays a Role

- Core data needed for 1094 / 1095 housed in two key places
  - Payroll records
  - Timekeeping system
- Offering Services to Output 1094 / 1095
  - Available through many/most providers
  - Costs vary, as does the requirement to be on a certain platform level

IF your payroll service provider does not offer (a compelling) an option for filing, you need to seek out alternatives, including manual tabulation and form completion.

# Penalties tied to 1094 / 1095 Failure to File

- IRS says they will be lenient in the first year IF employer acts in good faith
- Penalties (when in full force):
  - \$30 - \$100 per missing form
  - \$250,000 - \$1,500,000 overall



# Common Ownership Issues

- Your business is one of several owned by the same person / entity / group
- Different Tax ID numbers / LLC registration / Etc.
- Entities SHARE some services / resources
  - Accounting Department
  - HR
  - Space
  - Maybe even just the owner
- COLLECTIVE entities are considered ONE BUSINESS
  - Must total up all employees across all firms for your calculation purposes

# 90 Day Waiting Period Guidelines

- Old plan designs / options
  - Offer benefits that only start / you are only eligible after 90 days or more of employment
  - Starts the 1<sup>st</sup> of the month after 90 days (or more)
- ACA Requirement as of 1/1/14
  - Benefits must be offered / eligible for coverage NO LONGER THAN 90 days from hire
  - Need to change your eligibility terms at time of renewal to reflect this requirement



# Strategies to Avoid Penalties

- Keep your staff below 50 employees
  - Follow the guidelines for calculating this
  - Watch as you grow / add headcount and the potential impact
- Outsource staffing needs to agencies
  - Look for likely increases in billable rates from the agency community
  - Smaller agencies COULD be cheaper... or 2-3x more expensive than before



# Non-Employees?

- Be sure to clearly define those engaged through agencies as “non-employees”
  - Should be employed by the agency (or third party)
- Independent Contractors / 1099s
  - NOT a viable option
  - Fines likely to increase / doable / triple if caught





# The Case for Offering UNAFFORDABLE Care

- Compare cost to comply vs. renewing current “unaffordable” plan and paying the penalty
- Cost of current premium the employer pays + \$2,000 penalty (for fulltime employee 31+) MAY be less than the cost of providing affordable care.



# Misc. Nuances with the ACA

- Reimbursing your employees for their premiums = \$100/DAY fine per incident / \$36,500 per year
  - Different from HRA
  - Reimbursing for COBRA is likely still okay
- Enforcement roles / agencies UNCLEAR as to exactly who, to what extent, “cure periods”, etc.
- You MAY be able to renew your plans early and delay some ACA requirements.
- More salary for not taking benefits? More \$\$ towards premiums for executives, etc.?
  - Terms like “Maybe, Tricky, Possibly”

# Penalties for 50+ FTE Employers as of 1/1/16

- Failure to provide coverage to 95% of all fulltime employees
  - Employer then is subject to a penalty
  - \$2,000 per FULLTIME employee per year (net of 30)
    - Assessed \$167.67 per month per employee
- Failure to provide AFFORDABLE coverage
  - Cost to employee is EQUAL to or GREATER THAN 9.5% of the employee's W-2 wages
  - \$3,000 / employee who receives a premium tax credit
    - Secured if/when employees secure coverage via Exchange
- Fine is for your employee count REDUCED by 30 employees

# Game Changer for Brokers / Broker Selection

- Brokers are now Consultants and Communications Resources... IF they choose to be
- Lines will most definitely be drawn; limitations will show
- Multiple Options / Angles / Considerations
- Impact on Plan Design / Limits / Rate Increase Distribution
- Day of the “General Agent” who is a Jack of All Insurances, Master of NONE... is over

The time to ensure your broker is truly a subject matter expert on ACA is NOW.

# Proposed CHANGES

- 30 HOUR rule
- Definition of “Bronze” plan
- Definition of FTE
- Mandate to be covered
- Exchange plan design options
- Likely impact not before 1/1/18

Anticipated Impact – INCREASE in Premiums



# Insurance 101

- If 100 people are in the insurance “pool”, most (e.g. 85+) need to be low users / no claim participants.
- The balance (higher users / filing claims) are paid for by the majority.
- Carriers make \$\$ if the amount collected in premiums for all 100 is GREATER than the amount paid out.





# What Do You Do Now?

- Nothing. Wait and See.





# Helpful Links

- [http://mcgladrey.com/content/mcgladrey/en\\_US/what-we-do/services/tax/new-information-reporting-requirements-under-the-affordable-care.html](http://mcgladrey.com/content/mcgladrey/en_US/what-we-do/services/tax/new-information-reporting-requirements-under-the-affordable-care.html)
- <http://www.irs.gov/Affordable-Care-Act/Employers/Information-Reporting-by-Providers-of-Minimum-Essential-Coverage>
- [www.irs.gov/Affordable-Care-Act](http://www.irs.gov/Affordable-Care-Act)
- <http://www.shrm.org/hrdisciplines/benefits/articles/pages/healthcareref orm.aspx>
- <http://www.irs.gov/Affordable-Care-Act/Employers/Questions-and-Answers-on-Employer-Shared-Responsibility-Provisions-Under-the-Affordable-Care-Act>
- <http://www.irs.gov/Affordable-Care-Act/Individuals-and-Families/Self-Insured-Employers-Must-File-Health-Coverage-Information>Returns>

# Summary

- The time to act is... not clear yet.
- The rules / guidelines will change to some extent, and announced by 8/1/17.
- The most important partner in all of this is still going to be your broker and/or HR partner.
- With so many moving parts you should comprehensively assess all angles and options.
- Get piped in to the channel of news on the ACA.
- Expect the need to track the ACA regularly, get educated, get expert help.

# Thank You

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