

HARPER COLLEGE

Health Care Reform Overview

Presented: July 10, 2013

The Willis logo is a dark blue square with the word "Willis" in white serif font.

EXECUTIVE SUMMARY

Health care reform legislation is impacting nearly all employers currently offering a health benefit package to their employees. The range of this impact varies significantly from employer to employer.

The object of this report is to cover the key individual elements of the legislation and presents the impact across the following areas:

- Employee Relations
- Contributions and Administration
- Compliance and Reporting
- Cost implications

Harper's medical plans have retained their "grandfathered" status.

Health Care Reform REGULATIONS

2012 Regulations

- W-2 Reporting of costs of health coverage
- Summary of benefits and coverage (SBCs)
- Comparative Effectiveness Research Fee

2013 Regulations

- Medicare payroll tax increase 0.9%
- FSA limited to \$2,500
- Notice of exchange coverage / tax credits to employees
- Open Enrollment for the Insurance Exchange begins 10/1/2013

2014 Regulations

- Insurance Exchanges Open on January 1, 2014
- Employer Play or Pay
- No pre-existing exclusions for anyone
- Employers will be required to report to the IRS information about the coverage that they offer to full-time employees

Health Care Reform FEES AND TAXES

The 2014 Fees and Taxes are as follows:

Comparative Effectiveness Fee (\$2 / Covered Member)	\$3,123
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Reinsurance Fee (\$63 / Covered Member)	\$98,359
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Fully Insured Premium Fee <u>(2.5% of Premium)</u>	<u>\$233,668</u>
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Total 2014 Fees and Taxes:	\$335,149
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2018 Cadillac Tax: (Due to the PPO Plan)	\$303,005
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PLAY OR PAY IN 2014

The Play provision for 2014 requires that all employees working 30 hours per week be offered a health insurance plan which contains Minimum Essential Coverage and be affordable.

The government defines affordable as employee contributions can be no more than 9.5% of employee's W-2 (Box 1) income. The lowest cost plan that Harper offers employees, the BlueAdvantage HMO fulfills this requirement with employee contributions at \$81.60/month.

The Play provision would also require coverage to be offered to adjunct professors that would qualify due to the number of hours worked. Based upon the current census provided by Harper, this amounts to 55 employees.

The estimated additional cost to Harper if these individuals elected coverage: \$525,192

Pay Provision - Harper fails to offer these individuals coverage, a \$2,000/year penalty would apply, estimated at \$1,402,000

2018 CADILLAC TAX

The Cadillac Tax is to take place in 2018. The tax is 40% on premiums in excess of annual premiums of \$10,200 for Single and \$27,500 for Family.

The Premiums for the PPO Plan will exceed these amounts and the excise tax is estimated as follows:

2018:	\$303,005
2019:	\$417,258
2020:	\$542,301
2021:	\$678,972
2022:	\$828,170
2023:	\$990,863
2024:	\$1,168,086

GRANDFATHER STATUS

The Harper medical plans have all retained their “grandfather” status. If the plans are no longer “grandfathered” the following would apply:

- Preventive Coverage would be covered at 100% - no copays
This would include Women’s Preventive Health with certain Birth Control covered at 100%
- Plans would need to provide coverage for Clinical Trials
- Plans would need to provide for both Internal and External Claim Review
- Plans would be subject to discrimination testing

HEALTH CARE REFORM

QUESTIONS???