

# How the Affordable Care Act (ACA) will impact your business in 2014

**12/19/2013** – With 2014 right around the corner it's important that companies take a few minutes to understand what the approaching ACA rules mean for their business.

The provisions listed below affect each \*\*\*small group either on January 1, 2014 or at the time the group's medical coverage renews.

**Definition: \*\*\* Small group is defined as 50 or more FTE's (full-time equivalent employees).** If your company has less than 50 employees, these rules do not apply to you. If your location has less than 50 employees, but you are part of a multi-site/multi-location entity, you may be required to adhere to these changes as you may be considered part of an affiliated service group. Check with your Health Insurance Broker to determine if these rules apply to you.

**1. Affordable Health Care Notice:** All businesses were due to release the Affordable Healthcare Model notice by October 1, 2013. This notice was required to be released to every employee regardless if the employee was part time, full time, on the health plan or not. Companies that do not have a health plan were also required to distribute a Model Notice. Subsequently after October 1, 2013, the Health Care Model Notice is required to be provided to all new employees within 14 days of employment. To ensure proof that the Notice was in fact provided to the employee/new employee we recommend that all employees be required to sign off on the Notice and file the signature page in their employee file. If this Notice is mailed for any reason, employers will want proof of delivery and receipt.

*\*Samples of the model Notice are available on the Department of Labor's website or you can contact McCloskey Partners, LLC and we can assist to ensure compliance. ([215-716-3035](tel:215-716-3035) or [info@mccloskeypartners.com](mailto:info@mccloskeypartners.com))*

**2. Summary of Benefits & Coverage (SBC):** Employers are required to provide a Summary of Benefits & Coverage either at the time of hire or when a plan changes. Technically, all plans will change in 2014, so every employee should receive a new SBC. The SBC's should be obtained from the Insurance Broker. We are recommending that they be distributed electronically. Employers will want proof that the document was in fact distributed.

**3. How your group's rates are determined & cost sharing:** Your group's premium cost will be calculated for each subscriber by summing rates for all covered family members. Companies will be allowed to "charge" an employee the rate that the carrier has assigned to them based on their age and if they are a smoker or a non-smoker. This is called individual member pricing, and it is not considered discriminatory. The other option is to calculate a composite rate and charge each employee the same rate based on the tier they are enrolled in as in previous year's practices. Companies should be having strategy planning sessions with their insurance brokers now to decide how they will handle cost sharing in 2014 and future years.

**4. Eligibility Waiting Period:** In the past, employers got to decide when a new hire could enter the group plan(s). Effective 1/1/2014, or when your group renews, the maximum eligibility waiting period for benefit eligibility that a company can impose is 90 days from the date of hire. This means any company that currently does not allow employees to enter the plan until the first of the month following successful completion of the 90 day intro period will need to amend their plan at the time of renewal.

*\*Some carriers are not prorating (i.e.: Aetna) which means that eligible employees can enter*

*plans **only** on the 1st of the month after date of hire; 1st of month after 30 days or 1st of month after 60 days...no exceptions. It's imperative that businesses are meeting with their insurance brokers and planning NOW so they will not put their group at risk of noncompliance and subsequently be subjected to additional penalties and fees.*

5. **Benefits required to be added:** Previously Pediatric Dental and Vision services generally were not available under small group plans; unless the group specified that they wanted to add these coverages. Effective 1/1/2014, groups are required to offer these benefits.

6. **Taxes & Fees:** There has been a multitude of "updates" about the impending taxes and fees that employers will be assessed through these healthcare reform changes. The two most significant reform fees that are on the horizon for 2014 are:

1) Insurer Fee (also called the Health Insurance Industry Tax): About 2.5% of the total group premium

2) Traditional Fee: About \$5.00/per month/per member (this fee will start in 2014 and will continue to increase through 2016)

*\*Both fees are supposed to be incorporated into the overall premium cost and prorated over 12 months. (So in essence you won't see a separate charge on your monthly invoice for these "taxes & fees." Your premiums will just be increased for these additional charges.)*

7. **Definition of Full Time Employment:** Employers with 50 or more employees will be required to define full time employment as 30 hours and therefore treat that person working 30 or more hours as benefit eligible.

*\*Although the (Obama) administration delayed implementing the "Definition of Employment Rule" until 2015, the penalties 2015 will be based on staffing levels recorded in the second half of 2014. To ensure compliance, employers need to be strategizing NOW and determining today what their workforce will look like tomorrow.*

Any company interested in discussing how this change affects your business should contact us at 215-716-3035 or [info@mccloskeypartners.com](mailto:info@mccloskeypartners.com) to schedule a planning session. The first 30 minutes is free.

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