Health care reform checklist for businesses with 26-50 full-time equivalent employees

Simplify compliance details with a straight-forward list of provisions

When it comes to compliance with the Affordable Care Act (ACA) – it can seem hard to see the forest for the trees. With over 1,000 pages of text and tens of thousands of additional pages of issued regulations, notices and guidance, deciphering the law is no easy task. Aflac can help you take the first step; review this checklist of key provisions, many from the U.S. Small Business Administration, with your benefits consultant to ensure you are complying with the ACA.

Task	Details	Completion Date
Consider offering health insurance to employees through the SHOP Marketplace	Small Business Health Options Program (SHOP) Marketplace is a public exchange for small businesses to shop for and buy health coverage for their employees. The SHOP will be open to employers with 50 or fewer full-time equivalent employees for the first two years. In 2016, the SHOP is required to open to employers with up to 100 employees, and in 2017, may open to employers with more than 100 employees. If you choose to offer insurance through the SHOP Marketplace, keep in mind that your company is required to offer SHOP coverage to all full-time employees. For more information visit: healthcare.gov/marketplace/shop	
Distribute a Summary of Benefits Coverage (SBC) to employees	An SBC must be provided to all applicants and enrollees before enrollment or re-enrollment. The SBC must provide an accurate description of the benefits and coverage under the applicable plan or coverage. This requirement applies to group health plans (both insured and self-insured) and health insurance issuers offering group or individual health insurance coverage.[1] A sample from the Department of Labor (DOL) is available at: dol.gov/ebsa/pdf/CorrectedSampleCompletedSBC.pdf	
Communicate to current and future employees about health insurance marketplaces	This notice was required for employers subject to the Fair Labor Standards Act (FLSA) for all current employees by Oct. 1, 2013. If your company hasn't sent it yet, now is a perfect time to comply with the requirement. Notice to new employees is also required upon hire. Aflac has created a Health Care Reform Communication Toolkit to help employers comply, and the DOL provides two model notices, one for employers that offer insurance and the other for employers that do not offer insurance at: dol.gov/ebsa/healthreform/	

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Distribute applicable MLR rebates due to your employees within three (3) months	Major medical insurers that do not meet new medical loss ratio (MLR) requirements are now required to issue rebates to policyholders by Aug. 1 each year. In most cases, it is the employer's responsibility to distribute the participant portion within three months of receiving the rebate. The details on distribution depend on the type of plan offered (e.g., church plan, ERISA, etc.).[2] The IRS FAQ provides additional information on these rebates at: irs.gov/uac/Medical-Loss-Ratio-%28MLR%29-FAQs	
Comply with flexible spending account (FSA) limits	For cafeteria plan years beginning on and after Jan. 1, 2013, employer-sponsored cafeteria plans must limit employee annual salary reduction contributions to health flexible spending arrangements to $2,500. The $2,500 limit applies to employee participants on a plan-year basis, and will be indexed for cost-of-living adjustments for future plan years.[3] Note: The limit does not apply to certain employer non-elective health FSA contributions, or to any contributions or amounts available for reimbursement under other types of FSAs (such as a dependent care FSA), health savings accounts (HSAs), health reimbursement arrangements (HRAs), or to salary reduction contributions to cafeteria plans used to pay an employee's share of health coverage premiums.	
Withhold additional Medicare tax on high-wage earners	A 0.9 percent additional Medicare tax raises the Medicare tax rate for certain earners from 1.45 percent to 2.35 percent. The additional Medicare tax applies to an individual's wages, compensation and self-employment income that exceeds a threshold amount based on the individual's filing status ($250,000 for married taxpayers who file jointly, $125,000 for married taxpayers who file separately, and $200,000 for all other taxpayers). It is paid solely by employees and does not have to be matched by employers; however, the employer is responsible for withholding the additional Medicare tax from wages or compensation paid to an employee in excess of $200,000 in a calendar year.[4]	
Withhold applicable Medicare assessment on net investment income	A new 3.8 percent Net Investment Income Tax is applied to individuals, estates and trusts with net investment income and modified adjusted gross income above certain thresholds ($250,000 for married taxpayers who file jointly and qualifying widow(er) with dependent child, $125,000 for married taxpayers who file separately, and $200,000 for all other taxpayers). Investment income may include interest, dividends, capital gains, rental and royalty income, non-qualified annuities, income from businesses involved in trading of financial instruments or commodities, and businesses that are passive activities to the taxpayer.[5] Check with your payroll service provider, or tax or accounting advisor for specifics.	
Keep benefits waiting period limits to 90 days or less	Beginning Jan. 1, 2014, health care reform restricts waiting periods to a maximum of 90 days for group health plans and group health insurers.[6]	
Confirm payment to the required contribution to the temporary reinsurance program	During the first three years post reform (2014–2016), a temporary reinsurance program for the non-grandfathered individual insurance market will be funded by a required contribution from all group major medical plans. The per capita amount is paid for each enrollee by the insurer or third-party administrators on behalf of self-funded plans.[7] Confirm with your insurer or third-party administrator that the contribution is assessed for applicable plan years. The fee is not applicable if your company does not offer insurance.	

Task	Details	Completion Date
Comply with applicable health-contingent wellness incentive standards	Health care reform increases the maximum permissible reward under a health-contingent wellness program from 20 percent to 30 percent of the cost of individual health coverage, and also increases the maximum reward to as much as 50 percent for programs designed to prevent or reduce tobacco use. Generally, a health-contingent wellness program requires individuals to meet a specific health standard to gain a reward. Examples include: a reward for not using or decreasing use of tobacco, or a reward for achieving a specified cholesterol level or weight.[8]	
Gear up for health insurance coverage reporting	**Self-insured employers** must report information to the IRS on the employees receiving coverage, dates of coverage and other information the Department of Health and Human Services (HHS) may require. They must also identify the employer, the employer-paid portion of the premium and other information HHS may require with respect to the small employer tax credit. Statements are to be provided annually to employees by Jan. 31. The annual reporting begins in 2016 for the 2015 plan year.[9,10]	
Ask your benefits consultant about requirements, standards, restrictions and limits	If your company offers health coverage to employees, there are several benefits design requirements, including standards, restrictions and limits. Be sure to ask your benefits consultant about: » **Design requirements:** Benefits plans offered in the small group market must (1) meet actuarial value standards, (2) include essential health benefits and (3) set limits on cost-sharing. » **Out-of-pocket limits:** Employee cost-share payments for in-network covered services and out-of-network emergency services cannot exceed specified out-of-pocket limits: $6,350 for individual coverage and $12,700 for family coverage in 2014. » **Lifetime and dollar limits:** are prohibited on essential health benefits. » **Deductible limits:** $2,000 for individual coverage, and $4,000 for family coverage in 2014. » **Rating restrictions:** Premiums cannot vary based on health status or gender, and rate fluctuations are limited to a few general factors: family size or tier, geography, age (3:1), and tobacco use (1.5:1). » **Exclusions:** Employees cannot be excluded based on pre-existing conditions. » **Dependent coverage:** Coverage must be accessible for dependent children up to age 26. » **Non-discrimination requirements:** Highly compensated employees cannot be offered better health insurance coverage than other employees.	

Sources:

[1] Federal Register (2012). Summary of Benefits and Coverage and Uniform Glossary, accessed on September 25, 2012, from gpo.gov/fdsys/pkg/FR-2012-02-14/pdf/2012-3228.pdf.

[2] Internal Revenue Service (2012). Medical Loss Ratio (MLR) FAQs, accessed on September 25, 2012, from irs.gov/uac/Medical-Loss-Ratio-(MLR)-FAQs.

[3] Internal Revenue Service (2012). Section 125 Cafeteria Plans, accessed on September 25, 2012, from irs.gov/pub/irs-drop/n-12-40.pdf.

[4] Internal Revenue Service (2013). Questions and Answers for the Additional Medicare Tax, accessed on September 27, 2013, from irs.gov/Businesses/Small-Businesses-&-Self-Employed/Questions-and-Answers-for-the-Additional-Medicare-Tax.

[5] Internal Revenue Service (2012), Net Investment Income Tax FAQs, accessed on March 6, 2013, from irs.gov/uac/Newsroom/Net-Investment-Income-Tax-FAQs.

[6] U.S. Department of Labor (2013). Frequently Asked Questions from Employers Regarding Automatic Enrollment, Employer Shared Responsibility, and Waiting Periods, accessed March 5, 2013, from dol.gov/ebsa/newsroom/tr12-01.html.

[7] Federal Register (2012). 45 CFR Part 153, accessed on September 27, 2013, from gpo.gov/fdsys/pkg/FR-2012-03-23/pdf/2012-6594.pdf.

[8] Federal Register (2013). 45 CFR Parts 146 and 147, accessed on September 27, 2013, from gpo.gov/fdsys/pkg/FR-2013-06-03/pdf/2013-12916.pdf.

[9] Internal Revenue Service (2012). Request for Comments on Reporting of Health Insurance Coverage, accessed March 5, 2013, from irs.gov/pub/irs-drop/n-12-32.pdf.

[10] Internal Revenue Service (2013). Transition Relief for 2014 Under §§ 6055 (§ 6055 Information Reporting), 6056 (§ 6056 Information Reporting) and 4980H (Employer Shared Responsibility Provisions). Accessed on August 21, 2013, from irs.gov/pub/irs-drop/n-13-45.pdf.

For more information

As you continue to navigate health care reform, you can rely on Aflac to provide updates and helpful information at: aflac.com/insights. To learn more about coverage available in your state, visit: healthcare.gov, sba.gov/healthcare, cciio.cms.gov and irs.gov.

This material is intended to provide general information about an evolving topic and does not constitute legal, tax or accounting advice regarding any specific situation. Aflac cannot anticipate all the facts that a particular employer or individual will have to consider in their benefits decision-making process. We strongly encourage readers to discuss their HCR situations with their advisors to determine the actions they need to take or to visit healthcare.gov (which may also be contacted at 1-800-318-2596) for additional information.

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