

Affordable Care Act (ACA) Provisions for Large Group (101+)

Including, but not limited to the following:	Grandfathered	Non-Grandfathered
2010		
Annual limits restricted on “Essential Health Benefits” to: <ul style="list-style-type: none"> \$750K for Plan Years after Sept. 23, 2010. \$1.25 million for Plan Years after Sept. 23, 2011. \$2 million for Plan Years after Sept. 23, 2012. Grandfathered plans may retain annual limits that existed prior to March 23, 2010. 	X	X
Dependent coverage <ul style="list-style-type: none"> Young adult dependents covered up to age 26. Grandfathered groups do not have to offer enrollment to dependents if they are eligible for coverage through other employer-based plans (extended to grandfathered plans in 2014). 	X	X
Emergency services <ul style="list-style-type: none"> Pre-authorization/referrals prohibited. 	N/A	X
Emergency services non-network coverage¹ <ul style="list-style-type: none"> Covered services paid at the in-network benefit level. 	N/A	X
Internal and external appeals procedures <ul style="list-style-type: none"> Must be compliant with internal and external appeals procedures. Ongoing process for self-funded groups. 	N/A	X
Lifetime limits on “Essential Health Benefits” are prohibited.	X	X
Non-discrimination testing required <ul style="list-style-type: none"> Fully insured market. Rules have been delayed indefinitely, no change in previous rules for self-funded market. 	N/A	X
No rescissions <ul style="list-style-type: none"> Except for fraud and intentional misrepresentation. 	X	X
OB/GYN referral/pre-authorization prohibited	N/A	X
Pre-existing condition limitations for any covered member under age 19 is prohibited (everyone in 2014).	X	X
Preventive services <ul style="list-style-type: none"> Recommended preventive services as defined in ACA must be covered with no cost share (when delivered in-network). 	N/A	X
2011		
Health Savings Account (HSA) non-qualified distributions <ul style="list-style-type: none"> Penalty increased from 10 percent to 20 percent, plus income tax. Effective date: first Plan Year after 2011. 	X	X
Medical loss ratio (MLR) <ul style="list-style-type: none"> 85 percent for large groups. Not applicable to self-funded groups. 	X	X
Over-the-counter (OTC) drugs <ul style="list-style-type: none"> No longer reimbursable under Flexible Spending Account (FSA), Health Savings Account (HSA), Health Reimbursement Account (HRA), or Medical Savings Account (MSA) unless prescribed by a doctor. Insulin will continue to be reimbursed even without a prescription. Effective for expenses incurred after Dec. 31, 2010. 	X	X

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2012		
Patient-Centered Outcomes Research Institute (PCORI) fee <ul style="list-style-type: none"> \$1 per member, per year. Increases to \$2 in 2013 — see below. 	X	X
Summary of Benefits and Coverage <ul style="list-style-type: none"> Effective date: Sept. 23, 2012. 60-days prior notice to members for material modifications. Must be issued upon application or distribution of renewal materials, within 90-days for "special enrollment," within 30-days of the new plan year if the policy is auto-renewed, and upon request to any participants or beneficiaries. 	X	X
Women's preventive services <ul style="list-style-type: none"> Plans must cover certain women's preventive services. Effective date: first Plan Year on or after Aug. 1, 2012. 	N/A	X
2013		
Elimination of retiree prescription drug tax deduction	X	X
FSA medical limit <ul style="list-style-type: none"> Limit will be capped at \$2,500 for Plan Years starting after Dec. 31, 2012. 	X	X
Notice of Exchange to group employees <ul style="list-style-type: none"> Anticipated summer/fall 2013. 	X	X
Patient-Centered Outcomes Research Institute (PCORI) fee increase <ul style="list-style-type: none"> \$2 per member, per year. 	X	X
W2 reporting <ul style="list-style-type: none"> Value of employer-sponsored coverage. Reported for the 2012 tax year. For groups with 250+ employee lives. 	X	X
2014		
Annual Health Insurer Fee <ul style="list-style-type: none"> Fees to start in 2014 and will increase year after year. 	X	X
Annual limits on "Essential Health Benefits" is prohibited.	X	X
Auto-enrollment (2014-2015) <ul style="list-style-type: none"> Employers with > 200 full-time employees. 	X	X
Dependent coverage <ul style="list-style-type: none"> Young adult dependents covered up to age 26; even for those with employer coverage. 	X	X
Employer shared responsibility (Penalties) <ul style="list-style-type: none"> Employers with 50 or more full-time equivalent employees will be subject to a penalty if one of the following is true: <ul style="list-style-type: none"> No coverage penalty – does not offer access to minimum essential coverage AND if any full-time employee receives a premium tax credit on the exchange. Inadequate coverage – offers employer-sponsored coverage that does not meet minimum value requirements of at least 60 percent actuarial value AND employee contribution is more than 9.5 percent of employee's annual household income.² 	X	X
Mandatory coverage for clinical trials	N/A	X
No waiting periods over 90 days	X	X
Out-of-pocket cost-sharing limits <ul style="list-style-type: none"> Must comply with HSA compatible high-deductible health plan cost-sharing limits. 	N/A	X
Pre-existing condition limitations <ul style="list-style-type: none"> No one is denied coverage due to pre-existing conditions. 	X	X
Transitional reinsurance program (2014-2016)	X	X
2015		
Employer reporting requirements <ul style="list-style-type: none"> Reported for the 2014 tax year. 	X	X

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2017		
Large group health benefit exchange participation <ul style="list-style-type: none"> State may elect to expand SHOP to include large group. Based on State decision. 	N/A	X
2018		
Excise "Cadillac" tax	X	X
TBD – Quality of Care Reporting	N/A	X

¹ Self-funded ERISA groups may need to add.

² The IRS has proposed a “safe harbor” to make it easier for employers to determine whether the health coverage they offer is “affordable.” The safe harbor would use 9.5 percent of wages the employer paid to an employee, instead of the employee’s household income, as the standard for affordability. Source: <http://www.nlrg.com/employment-law-legal-research/bid/80506/EMPLOYMENT-LAW-UPDATE-Supreme-Court-Upholds-ACA-What-Employers-Must-Do-Now>.

First Administrators is not providing any legal advice with regard to compliance with the requirements of the Affordable Care Act (ACA) or the Mental Health Parity Addiction Equity Act (MHPAEA). Regulations and guidance on specific provisions of the ACA and MHPAEA have been and will continue to be provided by the U.S. Department of Health and Human Services (HHS) and/or other agencies. The information provided reflects First Administrators’ understanding of the most current information and is subject to change without further notice. Please note that plan benefits, rates, renewal rate adjustments, and rating impact calculations are subject to change and may be revised during a plan’s rating period based on guidance and regulations issued by HHS or other agencies. First Administrators makes no representation as to the impact of plan changes on a plan’s grandfathered status or interpretation or implementation of any other provisions of ACA. Any questions about First Administrators’ approach to the ACA or MHPAEA may be referred to your First Administrators account representative. First Administrators will not determine whether coverage is discriminatory or otherwise in violation of Internal Revenue Code Section 105(h). First Administrators also will not provide any testing for compliance with Internal Revenue Code Section 105(h). First Administrators will not be held liable for any penalties or other losses resulting from any employer offering coverage in violation of section 105(h). First Administrators will not determine whether any change in an Employer Administered Funding Arrangement affects a health plan’s grandfathered health plan status under ACA or otherwise complies with ACA. First Administrators will not be held liable for any penalties or other losses resulting from any Employer Administered Funding Arrangement. For purposes of this paragraph, an “Employer Administered Funding Arrangement” is an arrangement administered by an employer in which the employer contributes toward the member’s share of benefit costs (such as the member’s deductible, coinsurance, or copayments) in the absence of which the member would be financially responsible. An Employer Administered Funding Arrangement does not include the employer’s contribution to health insurance premiums or rates.