

September 25, 2014



# Health Care Reform 2015

# Coverage Requirements & Expansion

- **Individual Mandate:** mandates that all Americans, with some very limited exceptions, maintain a minimum level of health insurance or face a tax
- **Insurance Exchanges:** creates state-based health insurance exchanges and provides premium tax credits to assist eligible individuals with the purchase of coverage
- **Medicaid Expansion:** allows states to expand Medicaid up to 133% of federal poverty level – ***not expanded in NC***
- **Employer Mandate:** requires all employers, with 50 or more full-time equivalents, to offer health benefits that meet a defined standard, and pay a set portion of the cost of those benefits on behalf of their employees (**Effective January 1, 2015**)

# Determining Full-time Employees

- **Full-time Employee** – is a common law employee who is employed on average:
  - at least 30 hours of service per week; or
  - 130 hours of service in a month
- **Variable Hour Employee** – an employee, who at the start of employment, the employer cannot in good faith determine whether the individual is expected to work on average 30 hours of service per week
- **Seasonal Employee** – an employee hired into a position for which the customary annual employment is six months or less. Employment should begin each year in approximately the same part of the year, such as summer or winter
- **Student Workers** – does **NOT** include any hour of service performed by a student as part of the Federal (or equivalent State) Work-Study Program

# Determining Full-time Employees

- Beginning January 1, 2015, if a new employee is expected to work 30 or more hours per week for 3 or more months, and is not a seasonal employee, you must offer health coverage to these employees.
- Rules to follow for some groups for the Initial Measurement Period
  - Adjunct Faculty
  - Rehired Retirees
  - Student Workers (graduate and undergraduate)

# Adjunct Faculty

- Adjunct faculty should ordinarily be credited with three (3) hours of work per week for each credit hour assigned to a semester – long course (i.e. an adjunct faculty member teaching one three hour class would be calculated as working nine (9) hours per week.
- Special Circumstances may warrant more or fewer hours of work be credited for each semester hour. Campuses must seek approval from UNC-GA if an adjunct faculty member would be credited with less than 3 hours or work per week /per credit hour assigned to a semester long course.
- If a faculty member will be credited with more than 3 hours of work per week/per credit hour assigned to a semester long course, it must be in writing and approved by the campus Chief Academic Officer.

# Method for Calculating Hours Worked for Adjunct Faculty

Credit Hrs Taught	Hrs/Wk Effort EQUIV	Corresponding FTE	% of FT	
1	3	0.075	7.5%	Not ACA healthcare eligible
2	6	0.150	15%	
3	9	0.225	22.5%	
4	12	0.300	30%	
5	15	0.375	37.5%	
6	18	0.450	45%	
7	21	0.525	52.5%	
8	24	0.600	60%	
9	27	0.675	67.5%	
10	30	0.750	75%	ACA healthcare eligible
11	33	0.825	82.5%	
12	36	0.900	90%	
13	39	0.975	97.5%	
>13	40	1.000	100%	

# Rehired Retirees

- NC General Statute § 135-48.40 (Categories of Eligibility)
  - **Effective until January 1, 2015** - All permanent full-time employees of an employing unit who meet either of the following conditions:
    - a. Paid from general or special State funds.
    - b. Paid from non-State funds and in a group for which his or her employing unit has agreed to provide coverage.

Employees of State agencies, departments, institutions, boards, and commissions **not otherwise covered by the Plan** who are employed in permanent job positions on a recurring basis and who work 30 or more hours per week for nine or more months per calendar year are covered by the provisions of this subdivision.
- The Retirement System Division has informed the UNC System that this statute applied to rehired retirees and would require campuses to move retirees back onto the “active” employee group and off the “retiree” group.

# Rehired Retirees

- The Retirement System Division has previously informed the UNC System that this statute applied to rehired retirees and would require campuses to move retirees back onto the “active” employee health group and off the “retiree” health group.
- UNC has been advising campuses for the past six years to keep rehired retirees under 30 hours per week (less than a .75 FTE), and for less than 9 months.



# Rehired Retirees

- NC General Statute § 135-48.40 (Categories of Eligibility)
  - **Effective January 1, 2015** - All full-time employees of an employing unit. For the purposes of this section, the full-time status of an employee will be determined by the employing unit in accordance with section 4980H of the Internal Revenue Code and the applicable regulations, as amended.
- Rehired Retirees are “**not exempted**” from provisions of ACA, even though they may have coverage as a retiree.
- As of January 1, 2015, retirees will risk losing “retiree” health insurance under the SHP and you will be required to switch them to the “non-permanent” plan offered by the SHP.

# Rehired Retirees

- As a general rules rehired retirees should **NOT** work more than 30 hours per week.
- Campuses should develop reports to closely monitor rehired-retiree.

# Student Coverage & Student Workers

- UNC Students (undergraduate and graduate) may be required to have coverage based on their “student status”
- UNC sponsors the Student Health Insurance Plan underwritten by Blue Cross/Blue Shield of NC (also known as “Student Blue”)
- The Student Blue Plan meets all requirements of an “insured” plan under the ACA.
- The plan is an experienced rated plan with individual policies. It satisfies a student’s requirement to meet the ACA “Individual Mandate.”
- On average, the Student Blue Plan covers over 40,000 students each semester. Students that do not have the Student Blue Plan generally have another form of coverage.
- The plan is **NOT** an “Employer” sponsored group insurance plan and does **NOT** meet the ACA requirement of the “Employer Mandate”

# Student Coverage & Student Workers

- Student workers that are hired on a “non-permanent” basis must be measured and offered coverage under the State Health Plan’s new HDHP plan, if they meet the requirements based on hours worked.
- When measuring students, do **NOT** include any hour of service performed by a student as part of the Federal Work Study Program (or equivalent State program).

# Plan Comparisons

## Student Health Plan Student Blue

## State Health Plan HDHP Plan

PLAN HIGHLIGHTS	In-Network	Out-of-Network		In-Network	Out-of-Network
Deductible	\$0 at Student Health Center, \$300 per insured member in-network	\$300 per insured member		\$5,000 (individual), \$10,000 (Family)	\$10,000 (Individual), \$20,000 (Family)
Coinsurance	80%, after the deductible	70%, after the deductible		50%	60%
Out-of-Pocket Maximum	\$0 at Student Health Center \$4,000 (Individual), \$8,000 (Family)	\$8,000 (Individual), \$16,000 (Family)		\$6,450 (Individual), \$12,900 (Family)	\$12,900 (Individual), \$25,800 (Family)
Preventive Care	100%	70%, after the deductible		100%	60%, after the deductible
Student Health Center	100%, no deductible	Not Applicable		Not Applicable	Not Applicable
Office Visits (Primary)	\$20 copayment, then 80% after deductible	\$20 copayment, then 70% after deductible		50%, after the deductible	60%, after the deductible
Special Visits	\$20 copayment, then 80% after deductible	\$20 copayment, then 70% after deductible		50%, after the deductible	60%, after the deductible
Inpatient Care	80%, after the deductible	70%, after the deductible		50%, after the deductible	60%, after the deductible
Prescription Drugs	\$10 for all 30-day prescriptions at the Student Health Center	Co-payment + charge over in-network allowed amt		50%, after the deductible	50%, after the deductible
	Tier 1 (generic): \$25 copayment Tier 2 (preferred brand): \$50 copayment Tier 3 (brand and speciality): \$100 copayment				

# Plan Comparisons

	<b>Student Blue Plan</b>	<b>SHP HDHP Plan</b>
	Student Rate	Employee Rate
<b>Individual</b>	\$1,604	\$1,108
<b>Family</b>	\$9,188	\$6,755

Rates are annualized for comparison purposes

Student Rates are for the 2014-2015 Academic Year

SHP HDHP Rates are for the 2015 Calendar Year

# Other Non-permanent Employees

- Hourly Employees
- Salaried Employees
- On-call Hours of Service
- One-time payments
- Interns

# Who to Measure

- **All Permanent Employees & Non-permanent Employees** who receive a W-2 from your institution



# Exclusions from the Initial Measurement

- **Postdoc employees** - from UNC-Chapel Hill, UNC Charlotte, NC State University, East Carolina University and NC Central University covered or offered coverage under the Postdoc Plan. Options being considered for coverage for the 2015-2016 Academic Year
- **Rehired Retirees** - but only from the measurement period for which action is required in 2014
- **Student Workers** – Can exclude hours for student workers for any hour of service performed by a student as part of the Federal Work Study Program (or equivalent State Program)
- **Bona Fide Volunteers**

# Measuring and Covering Employees

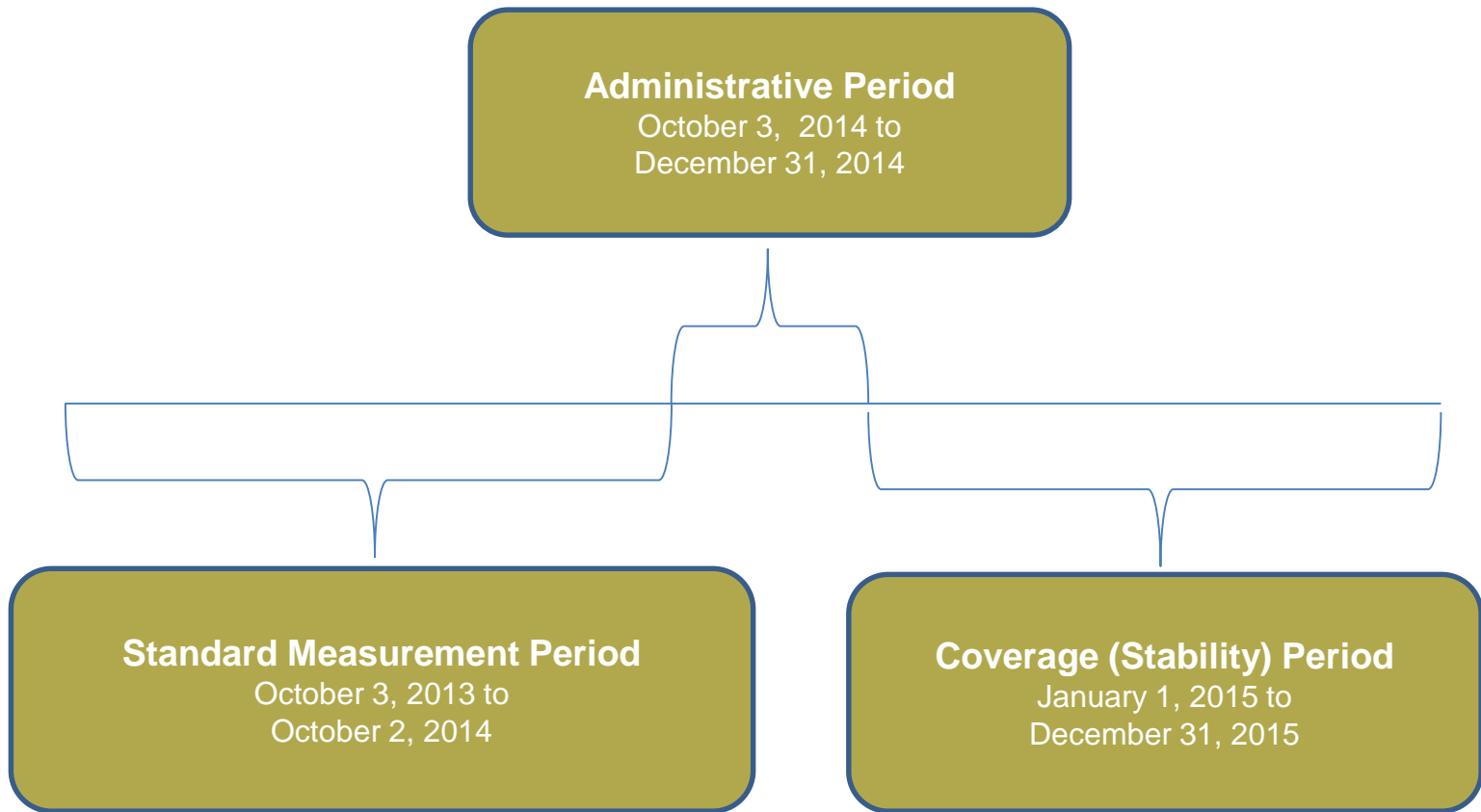
- **Measurement Period** – (a.k.a – look back period) - time frame used to identify full-time employees on a month-by-month basis
- **Coverage Period** (a.k.a. – Stability Period) - period during which health coverage may have to be provided, depending on full-time status during a measurement period.
- **Administrative Period** – period that allows time for enrollment and disenrollment of employees between the “measurement” and “coverage” periods.
- **Enrollment Period** – period of time that allows time for the employee to enroll.

# UNC Measuring and Coverage Periods

- **Measurement Period** - 12 month period
- **Coverage Period** - 12 month period
- **Administrative Period** - 90 days
- **Enrollment Period** - 30 days

# Measurement Period – How it Works

12 month measurement and stability period for 2015 plan year



# Measurement Period – How it Works

## October 2014 Action

- **Initial Measurement Period,** *” you will measure employees hired **prior to October 1, 2013***
- **Measurement Period:** Measure hours worked from October 3, 2013 through October 2, 2014 (12 month measurement period)
- **Coverage Period (Stability Period):** January 1, 2015 – December 31, 2015
- Load eligibility information into the COBRA Guard System
- **Enrollment Period:** November 1 - November 30, 2014

# Measurement Period – How it Works

## November 2014 Action

- **Measurement Period** - *you will roll forward your hire dates and now measure employees hired from October 1 through October 31, 2013 (these are your newly eligible employees)*
- Measure hours worked from November 1, 2013 through October 31, 2014 (12 month measurement period)
- **Coverage Period (Stability Period):** January 1, 2015 – December 31, 2015
- Load eligibility information into the COBRA Guard System
- **Enrollment Period:** November 1 - November 30, 2014

# Measurement Period – How it Works

## December 2014 Action

- **Measurement Period** – Continue to *roll forward your hire dates and now measure employees hired from November 1 through November 30, 2013 (these are your newly eligible employees)*
- Measure hours worked from December 1, 2013 through November 30, 2014 (12 month measurement period)
- **Coverage Period (Stability Period):** January 1, 2015 – December 31, 2015
- Load eligibility information into the COBRA Guard System
- **Enrollment Period:** December 1 – December 30, 2014

# How to Measure Hours Worked

- Hourly Employees – count actual hours worked for which payment is made or is due (vacation, holiday, sick time, etc.).
- Non Hourly Employees – count hours worked based on FTE equivalency (i.e. 0.75 FTE = 130 hours per month) for which payment is made
- Adjunct Faculty – count hours worked based on FTE equivalency for an entire semester
- Include in the calculation weeks or months for which the employee did not receive any pay, but was still listed as “active” in your HR/Payroll Systems



# How to Measure Hours Worked

- **Breaks of Service** - if an employee has a break for 26 or more weeks, can use “rehired date” for measuring the employee as “new.” Campuses can also use the “rule of parity” that says an employee may be treated as a new employee if the period of non-employment is shorter than 26 weeks but is at least four weeks long ---and is longer than the employee’s period of employment immediately preceding the period of non-employment.

*For example, if an employee works six weeks, terminates employment, and is rehired ten weeks later, that rehired employee is treated as a new employee because the ten-week period of non-employment is longer than the immediately preceding six-week period of employment.*

# How to Measure Hours Worked

- Develop reports to review employees who are eligible
- Verify and validate hours worked for eligibility purposes
- Once an employee complete a full measurement period, if they elect coverage, they stay covered under the plan, regardless of their hours worked
- If an “eligible employee” elects coverage and then terminates employment, you would process the termination in the COBRA Guard system and then COBRA will be extended to the former employee.

# Enrollment & Billing

- HDHP is being offered by Medcost and webinars have been offered by the State Health Plan
- Enrollment & Billing is being provided by COBRA Guard
- File formats to import data to COBRA Guard are available
- Direct Billing vs. Payroll Deduction for employee contributions
- HBR contact information required for the point of contact on your campus handling the enrollment & billing
- Coverage Begin/End Dates
- Keeping data current (i.e. process termination timely)

# Parking Lot Issues

- Post Docs and the UNC Post Doc Plan
- Student Worker Exemption Act – introduced by Rep. Meadows of Western North Carolina (11<sup>th</sup> District) introduced in the House of Representatives at the end of July
- State Health Plan HBR Alerts notifying you of only two open enrollments periods for the HDHP Plan for Non-permanent Employees:
  - October 6 – October 31, 2014
  - November 20 – December 19, 2014
- **The “Open Enrollment” for the “initial measurement period” for Full-time Non-Permanent Employees for all UNC Constituent Institutions will run from November 1 – November 30, 2014**

# Parking Lot Issues

- Employee who obtained coverage in the exchange for 2014, and qualified for a subsidy, will **not** be eligible for a subsidy in the exchange in 2015 if they are eligible for the new HDHP plan.
- Email communications are being developed by Buck Consultants for campuses to notify non-permanent employees who become eligible for this new plan

# Reporting Requirement

- Calendar year reporting for 2014 W-2s – must include the “cost of coverage” on the **W-2—this includes reporting for non-permanent employees.**
- New Reporting Requirement s- large employer reporting – IRC Section 6055 and 6056 reporting.
  - Mandatory reporting for 2015 calendar year reported in 2016.
  - Will report on new Form 1095-C to employees by January 31 and on new Form 1094-C to IRS by February 28
  - **Will need to report SSNs for dependents covered under any of the State Health Plan programs.**

# Questions

