



September 2015

KEEPING YOUR ORGANIZATION COMPLIANT IN TODAY'S CHANGING WORLD

Alicia Scalzo Wilmoth | USI Kibble & Prentice
www.usi.biz




© 2015 USI Insurance Services. All rights reserved.



Today's Agenda

- Legal challenges
- Shared responsibility and reporting requirements
- Fee deadlines
- 2016 plan design changes
- Outlook on Cadillac Plan tax



Supreme Court Cases

The Court ruled on two issues directly impacting employers that sponsor health and welfare plans

Subsidies (<i>King v. Burwell</i>)	Same-Sex Marriage
<p>Court ruled in favor of the ACA and the Obama administration and upheld subsidies in the Federal Marketplace</p> <p>Effect of the ruling is no real change to employers sponsoring group health plan coverage to employees</p>	<p>Court ruled that states must perform and recognize same-sex marriage</p> <p>The likely impact for health and welfare plans is to include a same-sex spouse as a spouse for all purposes of benefits</p> <p>Employers continuing to exclude same-sex spouses should consult with counsel</p> <p>Ruling does not affect/alter domestic partners and civil unions (still not marriage)</p>

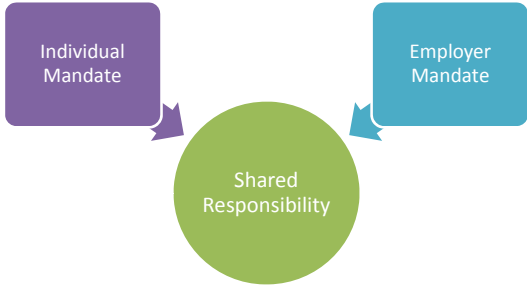
© 2015 USI Insurance Services. All rights reserved.

| 3



Shared Responsibility


Under the ACA, the federal government, state governments, insurers, employers, and individuals share responsibility for improving the quality and availability of health insurance coverage in the United States



```
graph TD; A[Individual Mandate] --> C((Shared Responsibility)); B[Employer Mandate] --> C;
```

© 2015 USI Insurance Services. All rights reserved.

| 4



Individual Mandate


Beginning in 2014, for each month of a CY, all U.S. citizens, residents, and resident aliens must:

- Have minimum essential coverage (MEC);
- Qualify for an exemption; or
- Pay a tax when filing individual tax returns

Exemptions include:

- Unaffordable coverage (more than 8% of actual household income for the year)
- Less than 3 consecutive month coverage gap
- Income below tax filing threshold
- Certain citizens living abroad
- Member of Indian Tribe
- Incarcerated or not legally present
- General hardship

© 2015 USI Insurance Services. All rights reserved. | 5



Employer Mandate

- Also known as the employer shared responsibility or “pay or play” or Code 4980H
- Effective January 1, 2015, unless eligible for transition relief
- Applicable large employers (ALEs) may face penalties when one or more of their full-time employees (FTE) receive subsidies in the Marketplace and the employer:
 - Does not offer MEC to all, or substantially all (95%*), of FTEs and their dependent children; or
 - Offers MEC that is not affordable or does not provide a minimum value (MV)

*For CY 2015 (and any plan year that begins in 2015) employers with a least FTEs may use 70% (as opposed to 95%) to determine whether an offer of MEC was made to substantially all FTEs

- Cannot be used if the plan year was changed after February 9, 2014 to begin at a later date

© 2015 USI Insurance Services. All rights reserved. | 6



Employer Mandate

There are two possible penalties

- ⇒ The applicable penalty will depend on the particular circumstances of the large employer
- ⇒ To trigger a penalty, the FTE must actually receive subsidized coverage in the Marketplace

"A" Penalty

- Applies if the large employer does not offer at least **95%** of FTEs and their children group health plan coverage and at least one FTE receives a subsidy
- \$166.67/month (\$2,000/year) × # FTEs – 30
- For 2015 only*, **70%/80** replace 95%/30

*Does not apply if a non-CY plan changed plan year after February 9, 2014 to begin at a later date

"B" Penalty

- Applies if a large employer offers coverage to at least **95%** of FTEs and their children but the coverage is not *minimum value, affordable*, or the FTE is one of the excluded **5%** and receives a subsidy
- Lesser of \$250/month (\$3,000/year) × each subsidized FTE or "A" penalty
- For 2015 only*, **70%/30%** replace 95%/5%

Know your exposure!

© 2015 USI Insurance Services. All rights reserved. | 7




Minimum Essential Coverage (MEC)

- The technical term for most types of health insurance coverage under the Affordable Care Act (ACA)
- Individuals must have MEC (or qualify for an exemption) in order to meet the individual responsibility requirement under the ACA
- MEC includes:
 - Individual market policies,
 - Employer sponsored coverage
 - Medicare, Medicaid, CHIP
 - TRICARE
 - Certain other coverage
- Does not include excepted benefits (e.g., dental, vision, health FSA)

MEC and Essential Health Benefits (EHBs) are not the same thing – no requirement that MEC contain all of the EHBs

© 2015 USI Insurance Services. All rights reserved. | 8




Reporting Requirements Overview

Beginning with calendar year (CY) 2015, ALEs, employers with 50 or more FTEs, must use Forms 1094-C and 1095-C to report the information required under Internal Revenue Code (Code) sections 6055 and 6056 about offers of MEC and enrollment in MEC by employees

These forms are used by the IRS to determine whether:

- A large employer owes a penalty payment under the employer mandate,
- An employee is eligible for subsidies to purchase coverage in the Marketplace, and
- An individual has MEC in order to avoid a penalty tax under the individual mandate

© 2015 USI Insurance Services. All rights reserved. | 9




2015 Reporting Requirements

Large employers must complete, distribute, and file these forms beginning in early 2016 for CY 2015

	What to complete?	When? *
Large employer with an insured health plan	All applicable parts of Form 1094-C	Forms 1095-C must be furnished to each FTE by Feb. 1, 2016 for CY 2015
	Parts I and II of Form 1095-C for each FTE	Form 1094-C and all Forms 1095-C must be furnished to the IRS by Feb. 29, 2016 to (unless filing electronically, then Mar. 31, 2016)
Large employer with a self-insured health plan	All applicable parts of Form 1094-C	Forms 1095-C must be furnished to each FTE and each covered employee/individual by Feb. 1, 2016
	Parts I, II and III of Form 1095-C for each FTE and each covered employee/ individual	Form 1094-C and all Forms 1095-C must be furnished to the IRS by Feb. 29, 2016 (unless filing electronically, then Mar. 31, 2016)

* For 2015, because January 31, 2016 and February 28, 2016 fall on a Sunday, the forms are due by February 1, 2016 and February 29, 2016 respectively

© 2015 USI Insurance Services. All rights reserved. | 10



What About Small Employers?

Small employer
with an **insured**
health plan

➔

No reporting required

Carrier will provide information on Form 1095-B to any covered participants in a group health plan

Small employer
with a **self-insured**
health plan

➔


Must report MEC to covered participants

Use "B" Forms (1094-B and 1095-B) to satisfy this requirement



Due dates are the same as large employer forms

For more information, visit <http://www.irs.gov/uac/About-Form-1094-B>

© 2015 USI Insurance Services. All rights reserved. | 11




The "C" Forms

- ❑ 1094-C – Transmittal Form – used to report to the IRS summary information for each employer and to transmit all Forms 1095-C <http://www.irs.gov/pub/irs-dft/f1094c--dft.pdf>
- ❑ 1095-C – reports information about each FTE; also provides information on employees and family members covered by the self-insured plan <http://www.irs.gov/pub/irs-dft/f1095c--dft.pdf>
- ❑ Draft Instructions to "C" Forms for 2015 <http://www.irs.gov/pub/irs-dft/i109495c--dft.pdf>

Today's presentation uses Final 2014 Forms, but I will highlight minor changes for 2015

© 2015 USI Insurance Services. All rights reserved. | 12



1094-C Part I

2014

Form 1094-C Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns CORRECTED

Department of the Treasury Internal Revenue Service

Information about Form 1094-C and its separate instructions is at www.irs.gov/1094c.

Part I Applicable Large Employer Member (ALE Member)


1 Name of ALE Member (Employer) ABC Company		2 Employer identification number (EIN) 91-555555
3 Street address (including room or suite no.) 123 Park Lane		
4 City or town Seattle	5 State or province WA	6 Country and ZIP or foreign postal code 98101
7 Name of person to contact Larry Johnson		8 Contact telephone number 206-555-1212
9 Name of Designated Government Entity (only if applicable)		10 Employer identification number (EIN)
11 Street address (including room or suite no.)		
12 City or town	13 State or province	14 Country and ZIP or foreign postal code
15 Name of person to contact		16 Contact telephone number
17 Reserved		
18 Total number of Forms 1095-C submitted with this transmittal		400

For Official Use Only
[Barcode]

Employer name, address & EIN, contact person, and phone number (do not complete lines 9-16 unless applicable – only certain governmental units see *appendix*)

Total number of Forms 1095-C submitted with the transmittal form

© 2015 USI Insurance Services. All rights reserved. | 13



1094-C Part II

2014

Part II ALE Member Information

2015 Change: Line 19 moves to Part I

19 Is this the authoritative transmittal for this ALE Member? If "Yes," check the box and continue. If "No," see instructions Yes No

20 Total number of Forms 1095-C filed by and/or on behalf of ALE Member 400

21 Is ALE Member a member of an Aggregated ALE Group? Yes No
If "No," do not complete Part IV.

22 Certifications of Eligibility (select all that apply):

A. Qualifying Offer Method B. Qualifying Offer Method Transition Relief C. Section 4980H Transition Relief D. 98% Offer Method

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and to the best of my knowledge and belief, they are true, correct, and complete.

Larry Johnson VP HR February 10, 2016
Signature Title Date

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 61571A Form 1094-C (2014)

Authoritative transmittal


Total number of Forms 1095-C filed by this employer

Member of a controlled group (aggregated ALE group)

Certify eligibility for relief

Signature, title and date

© 2015 USI Insurance Services. All rights reserved. | 14



1094-C Part II - 4980H Transition Relief

22 Certifications of Eligibility (select all that apply):

A. Qualifying Offer Method
 B. Qualifying Offer Method Transition Relief
 C. Section 4980H Transition Relief
 D. 98% Offer Method

You must certify eligibility for:

- *Medium-Sized Employer Relief:* Employers with 50-99 FTEs (including full-time equivalents) in 2014 and not subject to the employer mandate for 2015
 - Also complete Part III, column (e), lines 23-35 with code **A**
- *Large Employer Relief:* 70% instead of 95% threshold for offering MEC (and 80 instead of 30)
 - Also complete Part III, column (e), lines 23-35 with code **B**

© 2015 USI Insurance Services. All rights reserved. | 15




Certifications of Eligibility - 1094-C Line 22

22 Certifications of Eligibility (select all that apply):

A. Qualifying Offer Method
 B. Qualifying Offer Method Transition Relief
 C. Section 4980H Transition Relief
 D. 98% Offer Method

- Guidance provides 3 methods that will slightly reduce these reporting requirements and what is provided to employees (qualifying offer method, 2015 qualifying offer method, 98% method)
- In some cases, employers will not need to complete certain parts of the applicable Forms
- No option gets an employer out of 1094-C and 1095-C reporting or providing participant statements
 - Cannot use alternative participants statements if self-insured
- More information in the appendix

© 2015 USI Insurance Services. All rights reserved. | 16



1094-C Part III

(a) (b) (c) (d) (e)


Form 1094-C 2014
Page 2

	1094-C Part III ALE Member Information—Monthly		1094-C Part III Total Employee Count for ALE Member	1094-C Part III Aggregated Group Indicator	1094-C Part III Section 409(a)(9) Transition Relief Indicator
	1094-C Part III Offered Essential Coverage	1094-C Part III Other Indicator			
23 All 12 Months	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	A B
24 Jan	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	
25 Feb	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	
26 Mar	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	
27 Apr	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	
28 May	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	
29 June	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	
30 July	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	
31 Aug	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	
32 Sept	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	
33 Oct	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	
34 Nov	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	
35 Dec	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	

© 2015 USI Insurance Services. All rights reserved. Form 1094-C page 2

- Column (a). Did the employer offer MEC in the CY and for how long?
- Column (b). The FTE count for each month (unless eligible for 98% transition relief)
- Column (c). The total employee count for each month
- Column (d). Indicate if the employer is part of a controlled group
- Column (e). Certify eligibility for relief (either 50-99 FTE relief or 70%/80 relief)

| 17



1094-C Part IV

Form 1094-C 2014
Page 3

120315

Part IV Other ALE Members of Aggregated ALE Group


Enter the names and EINs of Other ALE Members of the Aggregated ALE Group (who were members at any time during the calendar year).

Name	EIN	Name	EIN
36		51	
37		52	
38		53	
39		54	
40		55	
41		56	
42		57	
43		58	
44		59	
45		60	
46		61	
47		62	
48		63	
49		64	
50		65	

© 2015 USI Insurance Services. All rights reserved. Form 1094-C page 3

- Only complete if part of a controlled group of companies
- Name and EIN of each member of the controlled group during the CY

| 18



2015 Change:
Adds information on plan year
(month/day)

Form 1095-C

VOID
CORRECTED

L00115
OMB No. 1545-2251
2014

Form 1095-C Employer-Provided Health Insurance Offer and Coverage
Information about Form 1095-C and its separate instructions is at www.irs.gov/1095c.

Part I Employee **Applicable Large Employer Member (Employer)**

1 Name of employee: John Smith 2 Social security number (SSN): 555-55-5555 7 Name of employer: ABC Company 8 Employer identification number (EIN): 91-555555

3 Street address (including apartment no.): 456 Rose Way 9 Street address (including room or suite no.): 123 Park Lane 10 Contact telephone number: 206-555-1212

4 City or town: Bellevue 5 State or province: WA 6 Country and ZIP or foreign postal code: 98004 11 City or town: Seattle 12 State or province: WA 13 Country and ZIP or foreign postal code: 98101

Part II Employee Offer and Coverage

14 Offer of Coverage (enter required codes)

Month	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
15 Employee (Plan) Code	5	5	5	5	5	5	5	5	5	5	5	5
16 Employee (Type) Code												
17 Applicable Premium (enter code)												

18 Applicable Premium (enter code)


Part III Covered Individuals

19 If Employer provided self-insured coverage, check the box and enter the information for each covered individual.

Name of covered individual	SSN	99 (1099-SS) or (not available)	20 Covered all 12 months	21 Months of Coverage												
				Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
17			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 1095-C

© 2015 USI Insurance Services. All rights reserved. | 19



1095-C, Part I

VOID
CORRECTED

L00115
OMB No. 1545-2251
2014

Form 1095-C Employer-Provided Health Insurance Offer and Coverage
Information about Form 1095-C and its separate instructions is at www.irs.gov/1095c.

Part I Employee **Applicable Large Employer Member (Employer)**


1 Name of employee: John Smith 2 Social security number (SSN): 555-55-5555 7 Name of employer: ABC Company 8 Employer identification number (EIN): 91-555555

3 Street address (including apartment no.): 456 Rose Way 9 Street address (including room or suite no.): 123 Park Lane 10 Contact telephone number: 206-555-1212

4 City or town: Bellevue 5 State or province: WA 6 Country and ZIP or foreign postal code: 98004 11 City or town: Seattle 12 State or province: WA 13 Country and ZIP or foreign postal code: 98101

Employee name, SSN, address,
 Employer name, EIN, address, contact phone number

© 2015 USI Insurance Services. All rights reserved. | 20



1095-C, Part II


2016 Change:
May introduce two new codes related to conditional spouse offerings

Part II Employee Offer and Coverage

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1E												
15 Employee Share of Lowest Cost Monthly Premium, for Self-Only Minimum Value Coverage	\$ 100.00	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
16 Applicable Section 4980H Safe Harbor (enter code, if applicable)	2C												

- Indicate the type of offer of coverage (if any) with appropriate Codes
- Indicate the lowest cost monthly premium for self-only MV coverage (not necessarily the cost the individual pays)
- Indicate any safe harbor that may apply with appropriate Code

© 2015 USI Insurance Services. All rights reserved. | 21




Part II Employee Offer and Coverage

	All 12 Months	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
14 Offer of Coverage (enter required code)	1E												

Code Series I, Offer of Coverage

- 1A: Qualifying Offer: MEC of MV offered to FTEs with an employee contribution for self-only coverage that is equal to or less than the FPL safe harbor (based upon the 2015 FPL guidelines released by HHS, \$93.18) and at least MEC offered to a spouse and dependents
- 1B: MEC providing MV offered only to the employee
- 1C: MEC providing MV offered to the employee and at least MEC offered to dependents (not spouse)
- 1D: MEC providing MV offered to the employee and at least MEC offered to spouse (not dependents)
- 1E: MEC providing MV offered to the employee and at least a MEC plan offered to spouse and dependents
- 1F: MEC not providing MV offered to the employee or the employee, spouse, and/or dependents
- 1G: Offer of coverage to employee who was not a FTE for any month of the CY and who enrolled in self-insured coverage for one or more months for the calendar year
- 1H: No offer of coverage (employee not offered any health coverage or the employee offered non-MEC)
- 1I: Qualified offer transition relief 2015: employee and spouse or dependents received no offer of coverage, or received an offer that is not a qualified offer or received a qualified offer for less than 12 months (see *appendix*)

© 2015 USI Insurance Services. All rights reserved. | 22



16 Applicable Section 4980H Safe Harbor (enter code, if applicable)	2C																			

Code Series 2 4980H Safe Harbor Codes and Other Relief for Employers

2A: Employee was not employed during the month

2B: Employee was not a FTE

2C: Employee enrolled in coverage offered – this Code trumps any other Code (for example if both 2C and 2G apply, use 2C)

2D: Employee in a limited non-assessment period (e.g., initial measurement period, waiting period)

2E: Multiemployer interim rule relief


2F: W-2 Safe Harbor

2G: FPL Safe Harbor

2H: Rate of Pay Safe Harbor

2I: Non-CY transition relief applies (generally non-CY plans)

© 2015 USI Insurance Services. All rights reserved. | 23



1095-C, Part III


Part III Covered Individuals
If Employer provided self-insured coverage, check the box and enter the information for each covered individual.

	(a) Name of covered individual(s)	(b) SSN	(c) DOB (if SSN is not available)	(d) Covered all 12 months	(e) Months of coverage															
					Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec				
17	John Smith	555-55-5555		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18	Mary Smith	444-44-4444		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19	Peter Smith	333-33-3333		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20	Susan Smith	222-22-2222		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 60705M Form **1095-C** (2014)

- Large employers sponsoring a self-insured plan must complete Part III – check box to indicate self-insured coverage is provided
- Report the name and SSN of each individual enrolled in the coverage (including the employee, regardless of full-time status). A TIN may be used for family members if SSN is not available. DOB is not required if SSN is entered. Indicate the months during the reporting year (CY) the individuals had coverage.
- For example, if an employee covers himself, his spouse and two children, all four individuals are reported in Part III

© 2015 USI Insurance Services. All rights reserved. | 24



Self-Insured Health Plan - Non Employees

Use "C" forms to reflect MEC of non-employees in the CY

- Applies with respect to:
 - covered former employee not employed during the CY,
 - terminated employee with COBRA coverage who was not an employee during the entire CY,
 - a non-employee COBRA qualified beneficiary, or
 - other non-employees (watch MEWA issues)
- Form 1095-C complete Parts I, II and III
 - Use Code 1G to reflect coverage under a self-insured plan
 - Include any covered family members in Part III
- An insured employer does not report on the coverage offered to non-employees – carrier responsible

Part I Employee Offer and Coverage


1095-C	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1095-C Code	1G											
1095-C Code	S	S	S	S	S	S	S	S	S	S	S	S

Part III Covered Individuals

1095-C Code: (Individuals covered and offered coverage. Check this box and enter the information for each covered individual.)

1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code
1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code
1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code	1095-C Code


© 2015 USI Insurance Services. All rights reserved. | 25



Employee Delivery


Employer (or third party on employer's behalf)

To employees by Feb. 1, 2016 for CY 2015
*extension available with IRS approval




- Forms 1095-C are individual statements (specific to a single employee and applicable family members); employees use these forms when filing 2015 federal income tax returns
- Statements must be furnished on paper by mail (or hand delivery) unless the recipient affirmatively consents to receive the statement electronically
 - Consent to receive W-2 electronically does not transfer to Form 1095-C delivery – separate consent needed

© 2015 USI Insurance Services. All rights reserved. | 26





IRS Delivery

- Forms 1095-C are submitted to the IRS and provided to the participant for use when filing his/her federal income tax return for CY 2015
- Form 1094-C serves as a cover letter and is used to submit all of the Forms 1095-C to the IRS





All Forms 1095-C...





...are transmitted with one* Form 1094-C...






...to the IRS by Feb. 29, 2016 for CY 2015 (or Mar. 31, 2016 if filing electronically)

Filers of 250 or more Forms must file electronically
*automatic 30 day extension available via Form 8809

*An employer may file multiple Forms 1094-C, but one "Authoritative Transmittal" must be filed for each employer

© 2015 USI Insurance Services. All rights reserved. | 27



Information to Collect

Basic Information (1094-C & 1095-C)

- Name, EIN, address, contact person, contact person's phone number
- If part of a controlled group, name and EIN of other employer members
- If health plan coverage is offered, funding status during the calendar year (insured or self-insured)
- Calendar year (CY) reported (e.g., 2015)
- Name, address, social security number (SSN) of all FTEs

Employer Information Reported On a Monthly Basis (1094-C)

- Was an offer of MEC made to at least 95% of FTEs and children to age 26 for each month of CY?
- Total number of FTEs for each month of the CY
- Total number of all employees (FTEs and non full-time) for each month of the CY
- 2015 transition relief eligibility: medium sized employer relief or 70%/80 relief


FTE Information Reported On a Monthly Basis

- The health plan coverage, if any, offered to the FTE (and any family members) each month of the CY
- The self-only premium an employee must pay for the lowest-cost plan that provides minimum value
- The reason why an employer would not be subject to a penalty for a particular month (e.g., employee in waiting period, employee in IMP)
- The months for which the employer relied on non-CY relief with respect to the FTEs

If Self-Insured, Covered Employee Information Reported On a Monthly Basis

- Names, SSN (or TIN of family members if SSN is not available) and months of coverage for any employee/non-employee (e.g., retiree, COBRA QB) (and their family members) covered by the self-insured health plan during the CY

© 2015 USI Insurance Services. All rights reserved. Subject to change as guidance develops | 28




Penalties

Penalties may apply for failure to provide or furnishing incorrect or incomplete Forms 1094-C and 1095-C

- Up to \$200/Form (\$3M annual max)
- 2015 Relief: No penalties when employers have made good faith efforts to comply with these reporting requirements – however no relief for a failure to timely file or furnish the statements
- Otherwise penalties may apply, however they can be waived or reduced for reasonable cause
- Corrections should be filed as soon as possible after an error is discovered
 - May require reissuance of the Form 1095-C to employees reflecting corrected information

© 2015 USI Insurance Services. All rights reserved. | 29




What to Do Now!

Action Items – Large Employers

- Begin to track and collect information necessary to complete Forms 1094-C and 1095-C for CY 2015 (due in early 2016)
- Be mindful if you change funding arrangements (insured to self-insured or vice versa) mid-CY as this will likely impact your required reporting
- Also, watch any other mid-year changes that impact affordability or the nature of health plan coverage (e.g., single coverage to family coverage) as this will impact the information reported on a monthly basis
- Coordinate with payroll providers to see what if any assistance is available for 1094-C and Forms 1095-C preparation
 - Employers are permitted to use a third party to facilitate filing returns and furnishing employee statements, although the large employer remains responsible for the reporting under Section 6056

© 2015 USI Insurance Services. All rights reserved. | 30



Fees

PCORI

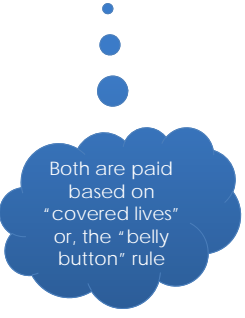
Did you pay your PCORI fee? Due **July 31, 2015**

Employers with **self-insured plans** (including HRAs) must pay the fee using Form 720 (carriers responsible for insured plans)

Payment is **\$2.08/covered life/year** for Nov. and Dec., 2013-2014 plan years and Jan. 2014 plan years (3rd payment)

Payment is **\$2.00/covered life/year** for all other 2014 plan years (2nd payment)

Next payment due August 1, 2016



Both are paid based on "covered lives" or, the "belly button" rule

Reinsurance

2014 reinsurance fee **\$63/covered life/year** – payment due by Jan. 15, 2015 (and Nov. 16, 2015 if paying in two installments)


2015 reinsurance fee is **\$44/covered life/year – counts due to HHS by Nov. 16, 2015 (via pay.gov)** with payment due by Jan. 15, 2016 (and Nov. 15, 2016 if paying in two installments)

2016 fee is \$27/covered life/year

Employers with **self-insured plans are responsible for the fee** (carriers responsible for insured plans)

Make sure these dates are on your calendar for compliance!

© 2015 USI Insurance Services. All rights reserved. | 31




Maximum Out of Pocket

Maximum out-of-pocket (MOOP) limits apply to non-GF plans

Be aware:

- For 2016, limits are \$6,850 single coverage and \$13,700 family coverage
 - For 2016, it appears there will be an imbedded MOOP in family coverage
 - Any one person covered by the family coverage cannot have a MOOP that exceeds \$6,850 for 2016
- Copays, coinsurance, deductibles all apply toward the MOOP
- Potential issues for reference based pricing and non-network plans

© 2015 USI Insurance Services. All rights reserved. | 32



2016 HSA Updates


HSA Thresholds for 2016

- Maximum contributions: \$3,350 self-only/\$6,750 family
- Minimum deductible: \$1,300 self-only/ \$2,600 family
- Maximum out-of-pocket: \$6,550 self-only/ \$13,100 family

H.R. 3236, Surface Transportation and Veterans Health Care Choice Improvement Act

- Employees with TRICARE or Veterans Benefits are not counted when determining ALE status
- Effective for months beginning after December 31, 2015, an individual with Veterans Benefits for a service-connected disability will not fail to be HSA eligible
 - ↳ “Service-connected” means, with respect to disability or death, that such disability was incurred or aggravated, or that the death resulted from a disability incurred or aggravated, in line of duty in the active military, naval, or air service
 - ↳ Non service connected services received through the VA disqualifies the individual from HSA eligibility for 3 months after receipt of such services (unless preventive in nature)

© 2015 USI Insurance Services. All rights reserved. | 33



Community Rating

Beginning January 1, 2016 employers with insured, non grandfathered health plans and 51-100 full-time employees will be considered small groups for carrier underwriting purposes


What does this mean?

- Coverage of all EHBs
- Metallic plans (at least a bronze level)
- Age-banded rates (composites?)
- Rating variations limited to (a) benefit elected, (b) geographic area, (c) age (3-1 ratio for adults) and (d) tobacco use

Considerations

- States may delay the change one-year
- Changing a plan year to delay the effective date may result in a loss of transition relief for 2015 employer penalty (50-99 FTEs)
- This is an underwriting change and does not affect the status of employers with 50-100 FTEs as large employers under the employer mandate and for 1094-C/1095-C reporting purposes


© 2015 USI Insurance Services. All rights reserved. | 34



SBCs

- Plan sponsors and carriers must provide SBCs in connection with enrollment to participants
- Final SBC guidance was issued on June 12, 2015; changes go into effect for plan years and open enrollment periods beginning on or after September 1, 2015
- Revisions to the SBC template and associated documents (including a new 2 ½ page version) are expected to be finalized by January 2016 and applicable for coverage that begins on or after January 1, 2017 (including open enrollment periods that occur in fall of 2016 for coverage beginning on or after January 1, 2017)

© 2015 USI Insurance Services. All rights reserved. | 35




Preventive Care

Under the ACA, non-grandfathered group health plan must provide to provide coverage for in-network preventive items and services (including contraception) without cost-sharing

Contraceptives: Effective plan years on or after August 1, 2015 a non-grandfathered plan must cover at least one form of contraceptives in each method identified by FDA:

- A plan cannot exclude any form of contraceptives outlined by FDA unless a religious employer or eligible organization
- Medical management can be used if multiple FDA approved items within a contraceptives method a medically appropriate. However, if a particular service or FDA approved item is recommended by a provider due to medical necessity, it must be covered without cost sharing.
- For hormonal contraceptive methods, coverage must include all 3 oral contraceptive methods (combined, progestin-only, and extended/continuous use), injectables, implants, the vaginal contraceptive ring, the contraceptive patch, emergency contraception (Plan B/Plan B One Step/Next Choice, Ella), and IUDs with progestin


© 2015 USI Insurance Services. All rights reserved. | 36



Preventive Care continued

- **Well-woman care and dependents:** The plan is required to cover without cost sharing recommended women's preventive care services for dependent children, including recommended preventive services related to pregnancy, such as preconception and prenatal care
- **Colonoscopies:** If the provider determines that anesthesia is medically appropriate for the individual, the plan may not impose cost-sharing with respect to anesthesia services
- **BRCA testing:** Plans must cover without cost sharing recommended genetic counseling and breast cancer ("BRCA") genetic testing for a woman who has not been diagnosed with BRCA-related cancer but who previously had breast cancer, ovarian cancer, or other cancer as long as the woman has not been diagnosed with BRCA-related cancer
- **Sex-specific Recommended Preventive Services:** Plans cannot limit sex-specific recommended preventive services based on an individual's sex assigned at birth, gender identity, or recorded gender. Whether a sex-specific recommended preventive service that is required to be covered without cost sharing is medically appropriate will be determined based by the provider:
 - E.g., Providing a mammogram or pap smear for a transgender man who has residual breast tissue or an intact cervix.

© 2015 USI Insurance Services. All rights reserved. | 37




Preventive Care

Effective for plan years beginning on or after October 1, 2015

- If a plan does not have in its network a provider who can provide a particular recommended preventive service, the plan is required to cover the service when performed by an out-of-network provider without cost sharing (covered 100%)
- The guidance indicates the effective date for changing required preventive services when new guidelines are issued – they generally will take effect with the following plan year, except for certain situations

© 2015 USI Insurance Services. All rights reserved. | 38




Post Hobby Lobby

The final regulations describe how a for-profit closely held company that objects to covering some or all contraceptive services on account of the owner's sincerely held religious beliefs can exclude contraceptive services from their group health plan

"Closely held for-profit entity" defined

- A closely held for-profit entity, not previously defined, is defined as an entity that:
 - is not a non-profit entity;
 - has no publically traded ownership interests; and
 - has more than 50% of the value of its ownership interest owned directly or indirectly by five or fewer individuals (or an ownership structure that is substantially similar to these requirements) as of the date of the entity's self-certification or notice
- Additionally, a for-profit entity may seek clarification from HHS as to whether it qualifies as a closely held entity
- Highest governing body must adopt a resolution or other similar action that objects to covering some or all contraceptives services on account of the owners sincerely held religious beliefs

© 2015 USI Insurance Services. All rights reserved. | 39



Post Hobby Lobby

Process for eligible organizations

To qualify for the accommodation, the organization (non-profit or closely held for-profit) must self-certify status consistent with HHS rules.

- **EBSA Form 700.** A person authorized to make a certification on behalf of an employer must execute the Form 700 and provide it to the TPA or carriers
 - For a copy for EBSA Form 700, visit:
<http://www.dol.gov/ebsa/preventiveserviceseligibleorganizationcertificationform.doc>
- **Other Notice.** Alternatively, the authorized person may provide notice to HHS that it is an eligible organization and of its religious objection to coverage of all or a subset of contraceptive services
 - The notice must contain specific information requested by HHS, including names and contact information for any carriers or TPAs
 - Model Notice: <http://www.dol.gov/ebsa/modelnoticetosecretaryofhhs.doc>

© 2015 USI Insurance Services. All rights reserved. | 40




Post *Hobby Lobby*

What is next?

- The contraceptives mandate remain an area of litigation as ongoing challenges reflect objection to the completion of the Form 700 based on religious beliefs
- Keep in mind that just because a non-profit or closely held for-profit may be excused from the contraceptive requirement under these regulations, there may be other laws that are not as forgiving
 - For example, EEOC guidance stating the Pregnancy Discrimination Act (PDA) requires an employer providing prescription drugs, devices, or services for the prevention of medical conditions other than pregnancy must cover prescription contraceptives on the same basis

© 2015 USI Insurance Services. All rights reserved. | 41



EEOC Wellness Guidance

Long awaited proposed guidance issued by the EEOC to better align ADA regulations with rules under HIPAA/ACA

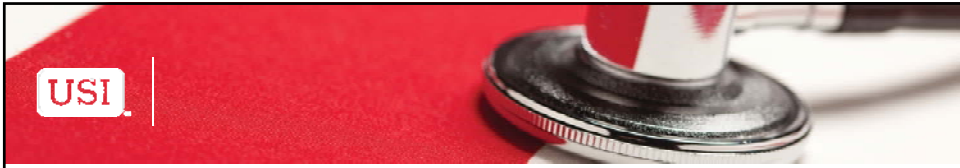
Key Points

- 30% limit (based on total cost of self-only coverage) on any incentive tied to disability related questions (risk assessments) or medical examinations (biometrics, physicals)
- 50% limit permissible for tobacco only to the extent the program asks employees about use
- New notice requirement to explain how medical information is obtained, used and who receives the information, restrictions on disclosure
- Collected information can only be provided to the employer on the aggregate level (includes agents of the employer)

Notable differences:

- 30% applies to participatory programs (no limit under HIPAA/ACA)
- 30% based on self-only coverage (and not family coverage as allowed under HIPAA/ACA)
- Programs that test (blood draws, mouth swabs) for tobacco use are subject to the 30% threshold (not 50% allowed under HIPAA/ACA)

© 2015 USI Insurance Services. All rights reserved. | 42



EEOC Wellness Guidance

While employers do not have to comply with the proposed rule, they may certainly do so
 It is unlikely that a court or the EEOC would find that an employer violated the ADA if the employer complied with the proposed rule until a final rule is issued


In the interim, guidance is clear that employers should not:

- Require employees to participate in wellness programs;
- Deny health insurance to employees who do not participate;
- Take adverse employment action or retaliate against, interfere with, coerce or intimidate employees who do not participate in wellness programs or do not achieve certain health outcomes

Employers should:

- Provide reasonable accommodation to employees with disabilities (e.g., interpreter at a nutrition class for deaf employees)
- Maintain any medical information obtained in a confidential manner

© 2015 USI Insurance Services. All rights reserved. | 43



Excise Tax on Health Plan Tax

**40% excise tax applicable for tax years that begins after
December 31, 2017**

Tax imposed on the value of applicable coverage in excess of
certain thresholds

Statutory authority under Internal Revenue Code section 4980I
 Preliminary guidance provides insight into forthcoming regulations
 Likely 2016 election issue

© 2015 USI Insurance Services. All rights reserved. | 44



Cadillac Plan Tax


Applicable Coverage:

- Major medical coverage (HMO, PPO, HDHP)
- Health FSA
- HSA (employer contributions and employee pre-tax contributions)
- HRA
- Most on-site medical clinics
- Coverage for a specified disease, illness or hospital indemnity policy when paid by the employer or on a pre-tax basis
- Executive physicals

Not Applicable Coverage

- Many excepted benefits
- Long-term care
- Insured dental and vision (perhaps self-insured dental and vision *pending further guidance*)
- Perhaps EAPs *pending further guidance*
- De minimus on-site clinics *pending further guidance*
- Coverage for a specified disease, illness or hospital indemnity policy when paid on an after-tax basis
- Employee after-tax contributions to an HSA (deductible on 1040 at year end)

© 2015 USI Insurance Services. All rights reserved. | 45




Cadillac Plan Tax

40% excise tax imposed on the amount, if any, that an employee's applicable coverage exceeds certain prescribed thresholds

<u>2018 general threshold</u>
<ul style="list-style-type: none"> ▪ \$10,200/self-only coverage; and ▪ \$27,500/coverage other than self-only <p style="font-size: x-small; margin-top: 5px;">*It is expected that this threshold will increase for 2018 based on a health cost adjustment (TBD)</p>
<u>Qualified retirees and high risk professions threshold</u>
<ul style="list-style-type: none"> ▪ Add \$1,650 to base threshold (\$11,850) for self-only coverage ▪ Add \$3,450 to base threshold (\$30,950) for coverage other than self-only
<u>Multiemployer plans threshold</u>
<ul style="list-style-type: none"> ▪ \$27,500/self only coverage and coverage other than self-only
<u>Age and gender adjustment</u>
<ul style="list-style-type: none"> ▪ TBD

© 2015 USI Insurance Services. All rights reserved. | 46



Cadillac Plan Tax

Determine the cost

- Rules similar to COBRA rules
- Self-insured plan – actuarial basis method or past cost method (expected cost to the plan – not minimum or maximum)
- Rules are needed to determine cost for HRAs
- Proposed aggregation and disaggregation approaches to determine cost for similarly situated individuals
 - Aggregate all individuals by health plan (e.g., PPO, HMO, HDHP)
 - Disaggregate by self-only vs. other than self-only coverage

© 2015 USI Insurance Services. All rights reserved. | 47



Cadillac Plan Tax

Other rules when determining cost of applicable coverage

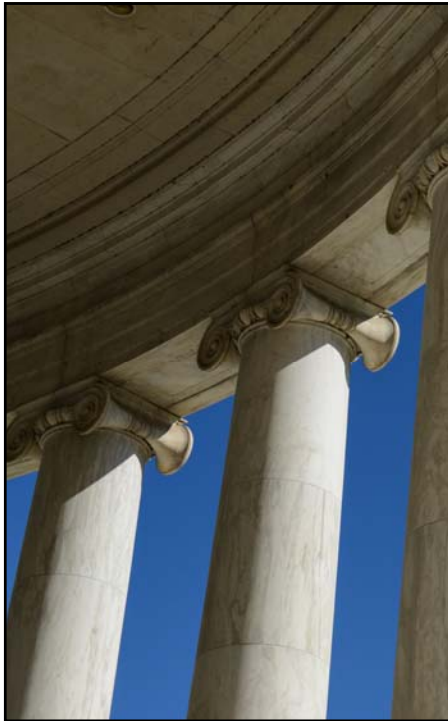
- Amount of high cost plan tax is not included and is not deductible
- Tax determined on a monthly basis (annual payment likely) – The agencies are considering using Form 720 for payment of the tax

Identification of the payer

Employer must determine the appropriate “coverage provider” responsible for paying the tax

- The “coverage provider” is the insurer for an insured plan and the employer for an HSA
- For self-funded plans, the coverage provider is the “person that administers the plan benefits,” *undefined*; the IRS proposes two approaches for consideration:
 - **The TPA:** the coverage provider would be the person or entity responsible for performing day-to-day functions related to administration of the plan (e.g., processing claims or handling participant inquiries).
 - **The Employer:** Under the coverage provider would be the person or entity that has the ultimate authority or responsibility with respect to administration.

© 2015 USI Insurance Services. All rights reserved. | 48



Alicia Scalzo Wilmoth

**SVP & Benefits Counsel | USI Kibble & Prentice
National Practice Leader Health & Welfare
Compliance**

USI

alicia.scalzo@usi.biz

This presentation contains confidential & proprietary information of USI Insurance Services and may not be copied, reproduced, and/or transmitted without the express written consent of USI. The information contained herein is for general information purposes only and should not be considered legal, tax, or accounting advice. Any estimates are illustrative given data limitation, may not be cumulative, and are subject to change based on carrier underwriting.

© 2015 USI Insurance Services. All rights reserved.