

Village of Carol Stream

SPECIAL MEETING

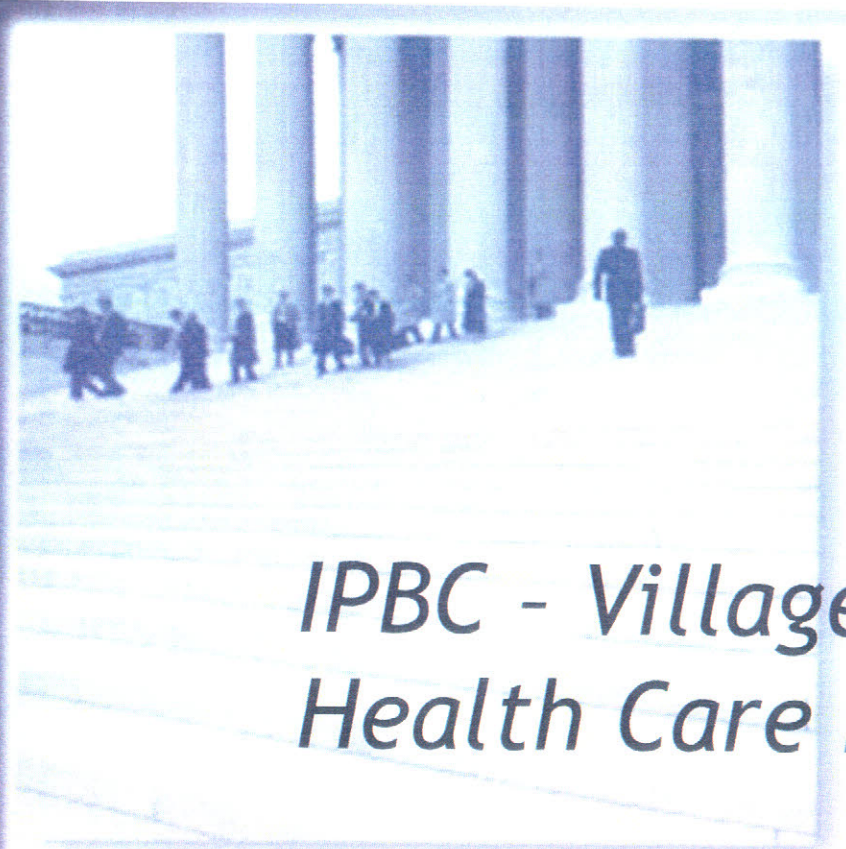
**MONDAY, JUNE 17, 2013
6:00 P.M.**

**GREGORY J. BIELAWSKI MUNICIPAL CENTER
500 N. GARY AVENUE
CAROL STREAM, ILLINOIS 60188**

LOWER LEVEL TRAINING ROOM

AGENDA

1. CALL TO ORDER
2. ATTENDANCE
3. PRESENTATION ON NATIONAL HEALTHCARE REFORM
4. OTHER BUSINESS
5. ADJOURNMENT



IPBC - Village of Carol Stream Health Care Reform Overview

Monday, June 17, 2013

Jennifer Schroeder

Area Assistant Vice President, Compliance
Counsel



Gallagher Benefit Services, Inc.
thinking ahead

WHAT WILL WE DISCUSS?

- PPACA Overview
- Where We've Been and Where We're Going
- What the Village is Doing?
- Questions



PPACA OVERVIEW

- The Patient Protection and Affordable Care Act (PPACA), commonly called Obamacare or the federal health care law, is a United States federal statute signed into law by President Obama on March 23, 2010.
- Represents the most significant regulatory overhaul of the U.S. healthcare system since the passage of Medicare and Medicaid in 1965.
- The *intent* of PPACA is primarily to decrease the number of uninsured Americans and reduce the overall costs of health care.
- It provides a number of mechanisms—including mandates and subsidies to employers and individuals in order to increase the coverage rate.
- Additional reforms are aimed at improving healthcare outcomes and streamlining the delivery of health care.
- PPACA requires insurance companies to cover all applicants and offer the same rates regardless of pre-existing conditions or gender.
- The Congressional Budget Office projected that PPACA will lower both future deficits and Medicare spending.



WHERE WE'VE BEEN

- W-2 reporting:
 - Employers filing 250 or more W-2s in 2011: The cost of health care for the 2012 tax year must be included on W-2s issued in January 2013
 - **Employers filing less than 250 W-2s in 2011: The reporting requirement is delayed until further guidance**
- Summary of Benefits and Coverage (SBC):
 - For open enrollments beginning after 9/23/2012 and plan years beginning after that date, the plan must distribute SBCs
 - Carol Stream: SBCs being distributed at open-enrollment and to newly eligible
- Women's Preventive Care Requirements
 - Non-grandfathered plans beginning on or after August 1, 2012



WHERE ARE WE TODAY - 2013

- *Health Care Flexible Spending Account (FSA)* annual elected amounts are limited to \$2,500 per participant for plan year beginning in 2013
- *Notice of Exchanges* – must be sent to all employees prior to October 1, 2013 and to all new hires within 14 days
- *PCORI (Patient Centered Outcomes Research Institute) Fee:*
 - Payable in July 2013 for plan years ending between October 1, 2012 and December 31, 2012
 - Payable in July 2014 for plan years ending in 2013
 - Calculation based on number of participants
 - First year - \$1, subsequent years through 2019 - \$2, per participant

WHERE WE'RE GOING - 2014

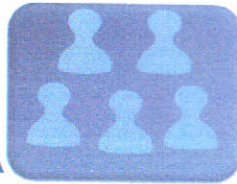
- *Employer Shared Responsibility*
 - Employers with at least 50 FTE's must provide minimum affordable health coverage to all employees working 30 hours per week or more, or be subject to a potential penalty
- *No pre-ex*
 - Health plans *may not impose any preexisting exclusions/limitations* for any participant
- *Maximum waiting period*
 - A maximum *90-day waiting period* may be imposed
- *Automatic Enrollment*
 - Employers with more than 200 employees will have to *automatically enroll* participants in the health plan (currently delayed until further guidance)
- *Plan Design Maximums*
 - *out-of-pocket expenses* cannot exceed HSA-compatible limits
 - *deductible* cannot exceed \$2,000/\$4,000 (possible application to large groups awaiting guidance) for small groups



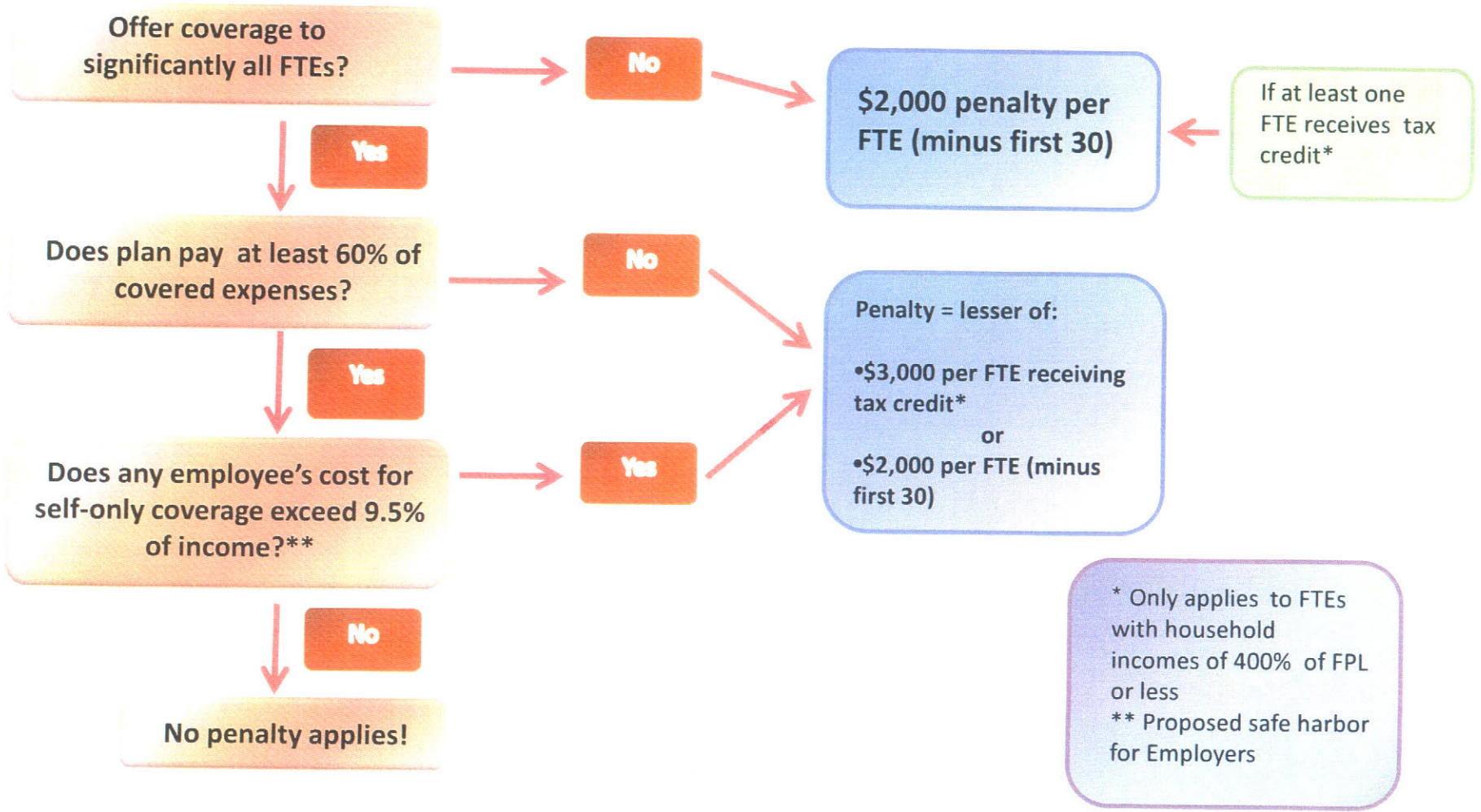
INDIVIDUAL MANDATE



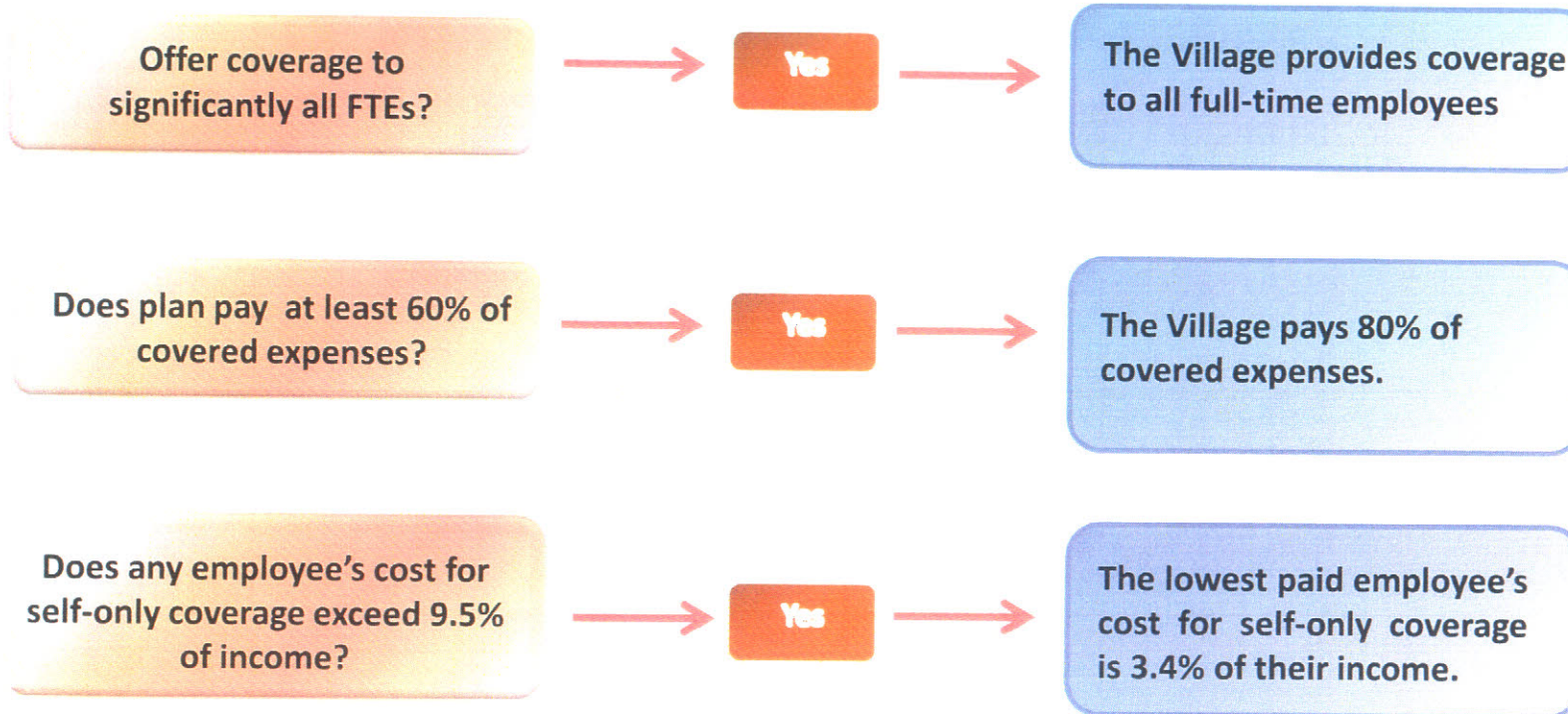
EMPLOYER PENALTY CHART



Employer with at least 50 full time equivalent employees



VILLAGE OF CAROL STREAM FACTS



No penalty applies! – (possible exceptions?)

ADDITIONAL FINANCIAL IMPLICATIONS 2014

- *Reinsurance Contributions*
 - All insured and self funded plans must pay a quarterly payment to establish a risk fund for coverage on the Exchange
 - \$63.00 per covered life per year in 2014
- *Fully Insured Carrier –Premium Tax*
 - Based on market share
 - \$8 Billion in 2014; indexed for future years
 - Only applies to health insurers
 - Will cause premium increases
 - Some carriers already assessing for 2013



WHERE WE'RE GOING - 2015

- Temporary employees no longer subject to measurement period rules
- Results
 - 90-day maximum waiting period applies
 - Health insurance must be offered to temporary employees who work at least 30 hours per week for 90 days or more



WHERE WE'RE GOING – 2016-2017



WHERE WE'RE GOING - 2018

40% TAX
on high-cost plan
excess amounts

@ 10% annual trend

Family
\$1,294/mo.
\$15,528/yr.

2012

Individual
\$480/mo.
\$5,760/yr.

Family
\$2,292/mo.
\$27,500/yr.

Individual
\$850/mo.
\$10,200/yr.



WHAT IS THE VILLAGE DOING?

- Employee Education

 - Presentations

 - Newsletter Articles

- Department Head Assessment

- Focus Groups

 - All employee groups/unions actively participating.

 - Evaluation of current plan designs as well as alternative plan designs.

 - Recommendations anticipated for next plan year.

- Constant Monitoring of Guidance/Changes



QUESTIONS?



Thank You!

The intent of this analysis is to provide you with general information regarding the provisions of the current healthcare reform legislation. It does not necessarily fully address all of your organization's specific issues. It should not be construed as, nor is it intended to provide, tax or legal advice. Questions regarding specific issues should be addressed by your organization's general counsel or an attorney who specializes in this practice area or your tax advisor.

