

Village of Carol Stream

Special Meeting of the Village Board Presentation on National Health Care Reform

Gregory J. Bielawski Municipal Center
500 N. Gary Avenue, Carol Stream, IL 60188

June 17, 2013
6:00 p.m. – 7:10 p.m.

Meeting Notes

ATTENDANCE: Mayor Frank Saverino, Sr.
Trustee Matt McCarthy
Trustee Greg Schwarze
Trustee Don Weiss
Trustee Mary Frusolone
Trustee Rick Gieser
Trustee John LaRocca
Clerk Beth Melody

Joseph E. Breinig, Village Manager
Robert Mellor, Asst. Village Manager
Chris Oakley, Asst. to the Village Manager
Caryl Rebholz, Employee Relations Dir.
James Knudsen, Dir. Engineering Services
Don Bastian, Asst. Dir. of Community Dev.
Dawn Damolaris, Asst. Finance Dir.
Dan Parker, G-B Senior Benefits Consultant

The meeting was called to order by Mayor Saverino and the roll call read by Village Clerk Melody. The result of the roll call vote was as follows:

Present: Mayor Saverino, Trustees McCarthy, Schwarze, Weiss, Frusolone, Gieser & LaRocca
Absent: All Present

Presentation on National Health Care Reform

Employee Relations Director Rebholz introduced Jennifer Schroeder, Area Assistant Vice President, Compliance Counsel for Gallagher Benefits Service, Inc. who updated the Village Board on the Patient Protection and Affordable Care Act (PPACA). The agenda includes the following items:

- 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.

- 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-existing condition limitation**
 - 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

Employer Penalty

Employer plans with at least 50 full time equivalent employees

- Must offer coverage to significantly all FTEs or face a \$2,000 penalty per FTE (minus first 30)

- The plan must pay at least 60% of covered expenses and no employee's cost for self-only coverage can exceed 9.5% of income** or incur a penalty equal to the lesser of: \$3,000 per FTE receiving tax credit* or \$2,000 per FTE (minus first 30)

* Only applies to FTEs with household incomes of 400% of FPL or less

** Proposed safe harbor for employers

Village of Carol Stream Facts

- The Village provides coverage to all full-time employees
- The Village pays 80% of covered expenses (well above 60% required by PPACA)
- The lowest paid employee's cost for self-only coverage is 3.4% of their income (below 9.5% limit under PPACA)
- No penalty applies! – (with 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 - 2018

- 40% tax on high cost plan excess amounts at 10% annual trend:

2012

- Family = \$1,294/mo. or \$15,528/yr.
- Individual = \$480/mo. or \$5,760/yr.

2018

- Family = \$2,292/mo. or \$27,500/yr.
- Individual = \$850/mo. or \$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

- 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

There being no further business, a motion was made by Trustee McCarthy and seconded by Trustee Frusolone to adjourn the Special Board meeting. The meeting was adjourned unanimously at 7:10 p.m.

FOR THE BOARD OF TRUSTEES

Frank Saverino Sr
Frank Saverino, Sr., Mayor

Beth Melody
Beth Melody, Village Clerk

Minutes approved by the President and Board of Trustees on this
1st day of July, 2013.

Beth Melody
Village Clerk