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Valerie Clark, President  
Clark & Associates

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Solutions At Work



**Small Business Strategies for  
Surviving Healthcare Reform**

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**Health Care Reform Compliance  
Checklist for 2014**

The information contained in this document is for informative purposes only and not intended as a legal advice. As always, please consult your tax expert with any tax related questions.

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**Small Group & Individual Plan Changes  
Effective in 2014**

- *Pre-existing Condition Exclusions*
- *Cost-sharing Limits for Health Plans*
- *Community Rating Factor & Premium Rating*
- *State Continuation/Mini COBRA no longer in effect  
(Federal COBRA – 20+ Employees still applies)*
- *Individual Mandate*
- *Essential Health Benefits included in all plans*

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**Essential Health Benefits (EHB's) must be included:**

- Ambulatory Services
- Emergency Services
- Hospitalization
- Maternity & Newborn Care
- Mental Health & Substance Abuse Services
- Prescription Drugs
- Rehabilitative and Habilitative Services & Devices
- Laboratory Services
- Preventative Health & Wellness Services (including Chronic Disease Management)
- Pediatric Services (including dental & vision care)

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**Compliance Requirements**

**Waiting Periods**

- If your plan has a waiting period for coverage, the waiting period must be 90 days or less for the 2014 plan year and beyond.

**Coverage for Clinical Trial Participants**

- For the 2014 plan year and beyond, your plan's terms and operations cannot discriminate against participants who participate in clinical trials.

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**Exchange Notice**

- By **Oct. 1, 2013**, employers are encouraged to provide all new hires and current employees with a written notice about ACA's Exchanges. Employers may use one of the DOL's model Exchange notices, as applicable, or a modified version, provided the notice meets ACA's content requirements. The DOL provided the following modes:
  - Employers who do not offer a health plan; and
  - Employers who offer a health plan to some or all employees.

\* Model Exchange assistance available at [info@clarkandassoc.com](mailto:info@clarkandassoc.com) or call us at 828-7420

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**Small Business Benefit Strategies**

- Early Renewal Option (if applicable)
- Adding Voluntary Benefits
- Nevada Health Link – Insurance Exchange
- Consumer Driven Health Plans (CDHP’s)

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**Early Renewal Option**

- To help mitigate the impact of the ACA on health premiums, some insurers are encouraging employers to renew in late 2013 instead of their 2014 policy anniversary date.
- This allows employers to postpone additional costs due to such ACA requirements as no pre-ex, essential health benefits, community rating, etc.

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**Voluntary Benefits**

- As health care costs continue to rise, so has the demand for voluntary benefits. Since many employers find it increasingly difficult to provide employees with a complete benefit package, voluntary benefits have become an ideal solution. Voluntary benefits allow employers to offer benefits that are attractive to employees without added cost to the company. Employees benefit because they have a variety of insurance options available conveniently in one place, and often with lower premiums than individual policies they would have bought themselves.
- **Why should employers consider expanding their benefit offerings to include voluntary benefits?**
- Trends show employees have strong emotional appeal towards these benefits and have come to expect them.
- Usually there are no fees or costs for employers.

*\* For creative Voluntary Benefits, call us at 828-7420*

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- CDH 101
- Trends in the Marketplace
- Why Consider a CDH Plan
- Selecting a Provider




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### What is an HSA?

Individually owned tax-favored IRA-type trust accounts used to save or to pay for qualified medical care expenses incurred by employees, their spouses and dependents

Owned by the account holder

- Unused amounts carry forward
- Accounts fully portable
- Investment options available




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### Tax advantages of HSAs


Employees make HSA deposits pre-tax

- Employers save payroll taxes on employee pre-tax contributions
- Employer contributions deductible

HSA interest and earnings not taxable while building in the HAS

Withdrawals not taxable when made for qualified expenses

Triple Tax Savings!




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## High Deductible Health Plan (HDHP)

HDHP protection for serious illness or injury; HSA to cover out of pocket and other expenses not covered by plan

**Health insurance plan with a minimum deductible of:**

- \*\$1,250 (2013 and 2014) - self-only coverage
- \*\$2,500 (2013 and 2014) - family coverage

**Annual out-of-pocket (including deductibles and co-pays) cannot exceed:**

- \*\$6,250 (2013); \$6,350 (2014) - self-only coverage
- \*\$12,500 (2013); \$12,700 (2014) - family coverage

Indexed annually for inflation

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## Maximum annual contribution

**Statutory Maximums**

Individual : \$3,250 (2013); \$3,300 (2014)  
 Family : \$6,450 (2013); \$6,550 (2014)

**Maximum based on HDHP family tier of account holder**

- \*Account holder with family HDHP can contribute to family max
- \*Spouse or children also covered by non-HDHP
- \*Family plan covering non-spouse domestic partner

**Account holders age 55 and older, additional \$1,000 "catch-up" contributions allowed**

- \*If husband and wife both eligible for catch-up contributions, they must each make them to their own HSA

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	% of sponsors making account contribution	Employer contribution amount* (median)	Deductible (median)	Out-of-pocket maximum (median)
<b>In-network</b>				
Employee-only	70%	\$750	\$2,500	\$3,500
Family	70%	\$1,200	\$5,000	\$7,500
<b>Out-of-network</b>				
Employee-only	--	--	\$3,350	\$5,500
Family	--	--	\$7,000	\$11,000

\* Among employers that contribute to the account

Source: Mercer's National Survey of Employer-Sponsored Health Plans (2013)

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## What is an HRA? Health Reimbursement Arrangement

Employer-funded arrangement that reimburses employees for certain medical care expenses incurred by employees, their spouses and dependents

Allows roll-over: benefits not used can be carried over to subsequent coverage periods

**Tax advantages of HRA**

- \*Employees not taxed on value of their HRA or on reimbursements received from HRA
- \*Employers entitled to deduction for HRA reimbursements made




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## Expense limitations

Employer can limit eligible expenses under the plan

- Limited Use**  
Usually restricted to dental and vision only to retain HSA eligibility
- Medical only**  
Usually restricted to out of pocket expenses for claims under the employer provided health plan  
Medical and Rx only also an option
- Member pay first**  
Usually a variation of the Medical only HRA  
Account holder has to cover the first portion of their expenses out of pocket before the HRA starts reimbursing

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### Average HRA Plan Design for Small-Mid Size Businesses

	Employer account contribution (median)	Deductible (median)	Out-of-pocket maximum* (median)
In-network			
Employee-only	\$750	\$1,500	\$3,000
Family	\$1,500	\$3,300	\$6,000
Out-of-network			
Employee-only	--	\$2,000	\$6,000
Family	--	\$5,000	\$12,000

\* Family out-of-pocket maximum is among plans that require a set amount per family.  
Source: Mercer's National Survey of Employer-Sponsored Health Plans (2013)

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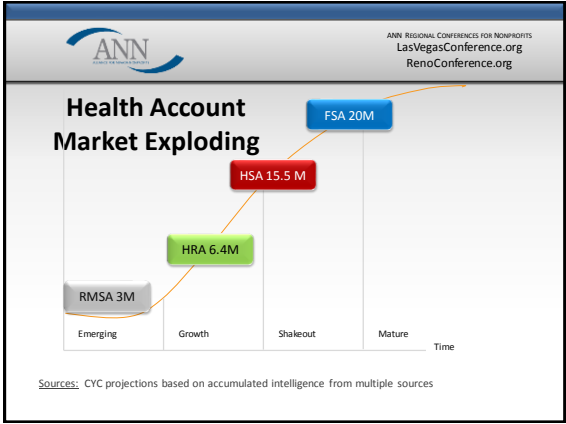
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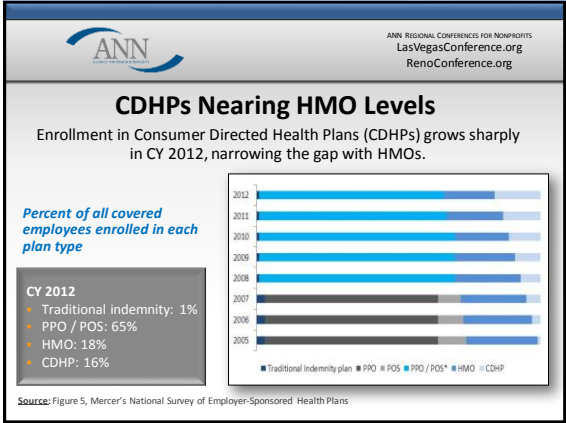
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**Small and Mid-sized Employers Lead the way in Adding More CDHPs**

*In 2012, small and mid-sized employers enrolled more employees in CDHPs*

	CDHP offered in:			Percent of covered employees enrolled:		
	2010	2011	2012	2010	2011	2012
All employers	17%	20%	22%	11%	13%	16%
50-499 employees	24%	22%	27%	13%	12%	17%
500-4,999 employees	21%	31%	34%	6%	11%	13%
5,000 or more employees	42%	45%	51%	14%	15%	16%

Source: Mercer's National Survey of Employer-Sponsored Health Plans (2013)

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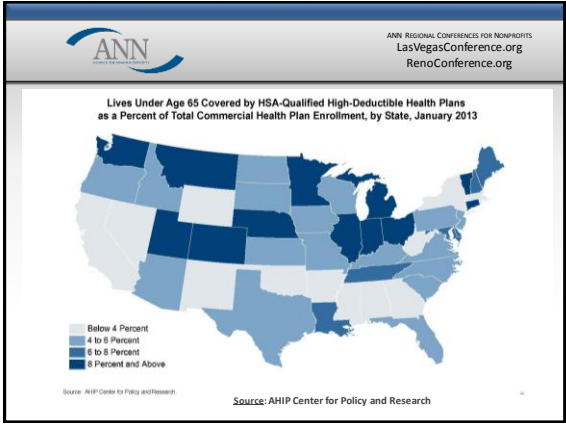
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**Key Employer Trends Through 2015**

Respond to PPACA

- Expected PPACA requirements to cost 3%+ in addition to normal trend
- 30+ Hours Full Time Requirement
- Affordability - 9.5% of annual household income
- Cadillac Tax 2018 - 40% Excise Tax on the cost of benefits exceeding the applicable cost limits (\$10,200 for individual coverage and \$27,500 for family coverage)

Increasing benefit costs – trend at 6 - 10%

Cost shift to employees and employee affordability

Focus on workforce behaviors: health, productivity, saving

Elimination of non-core benefits to pare cost – offer voluntary

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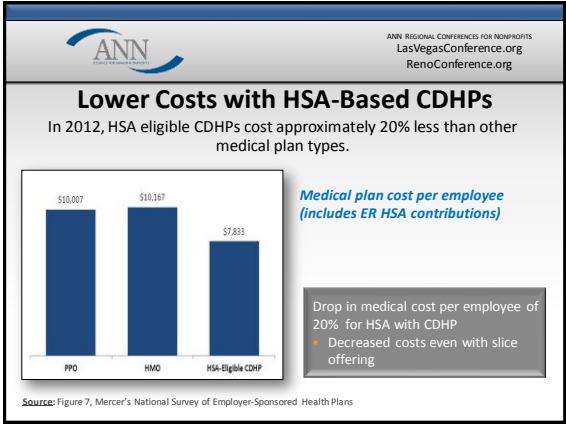
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### What to Look for in a Provider

- Robust Communication Support
- Flexible & Scalable Platform
- 24x7 Customer Support
- Multiple claims submission and reimbursement options
- Debit Card which stacks multiple accounts
- Independent - integrate with any medical, pharmacy, dental or vision provider
- Strong Investment Options




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### Solutions that make you laugh...



© 2013  
Workforce Innovation That Works™  
#BONOS/TIME\_WELL\_SPENT

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### Top 5 Concerns for Health Care Reform

Rising Costs	Administrative Compliance Burden	Difficulty to Remain Competitive	Job Cuts	Don't Fully Understand Implications
#1	#2	#3	#4	#5

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**Solutions** available to your company

- 1 - HR Consultation
- 2 – Managed Payroll & Technology
- 3 - ASO Model  
Administrative Service Organization
- 4 – PEO Model  
Professional Employer Organization

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**Managed Payroll & Technology**

Managed Payroll offers you a unique and customized payroll solution in addition to offering you peace of mind.

- Managed Payroll
- Payroll Outsourcing
- Human Resource Information System
- Time Keeping Technology
- On-line Benefit Enrollment/Administration
- Total Comp Statements

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**Total Comp Statements**

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### Professional Employer Organization

An integrated approach to help you control your benefit costs, ensure adequate coverage for your business, support to navigate complex employment regulations, managed your payroll and provide exceptional service for you and your employees.

- Buying power for Employee Benefits
- Single Source Solution - Human Resources; Payroll; Benefit Admin, Workers' Compensation; Safety
- Focus remains on core competencies of business
- Cash flow

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Shared Liability

Direction and Control maintained by Employer

Client Service Agreement

Human Resources  
Safety  
Benefits  
Workers' Compensation  
Payroll

PEO: Shared Employment

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The Goal to surviving Healthcare Reform

- Outsourcing
- HR Consultation
- Technology

Your ROI

- Time Savings
- Financial Gain
- Increased Employee Retention
- Peace of Mind

**We can help.**

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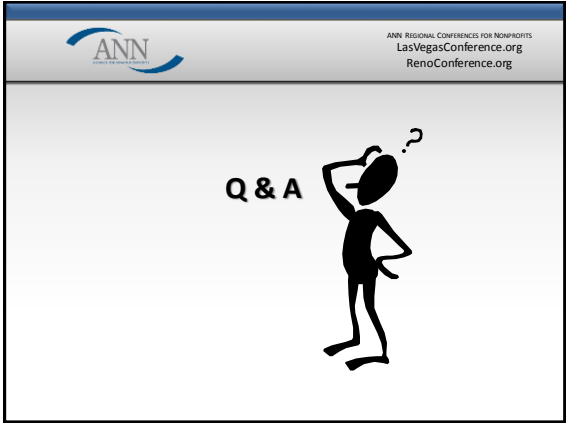
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