

## 2014 Compliance Checklist

The Affordable Care Act (ACA), which was signed into law in March 2010, put in place comprehensive health coverage reforms with effective dates spread out over a period of four years and beyond. Some of ACA's reforms are already in effect for employers and their group health plans, such as the Form W-2 reporting requirement for large employers and the requirement for non-grandfathered health plans to cover certain preventive care services without cost sharing.

**Many of ACA's key reforms will become effective in 2014.** Key ACA reforms that will affect employers in 2014 include health plan design changes, increased wellness program incentives, a new reinsurance fee, and a myriad of changes in age-band rating. The employer "pay or play" mandate was delayed until 2015. To prepare for this next phase of ACA reforms, employers should review upcoming requirements to make sure they have a compliance strategy in place.

This legislative Brief provides a health care reform compliance checklist for 2014. Please contact us for assistance and specific questions about your situation or strategy:

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## Plan Design Changes

### *Grandfathered Plan Status*

A grandfathered plan is one that was in existence when health care reform was enacted on March 23, 2010. If you make certain changes to your plan that go beyond permitted guidelines, your plan is no longer grandfathered. Contact Wraith, Scarlett & Randolph Insurance Services if you have questions about changes you have made, or are considering making, to your plan.

- If you have a grandfathered plan, determine whether it will maintain its grandfathered status for the 2014 plan year. Grandfathered plans are exempt from some of ACA's mandates. A grandfathered plan's status will affect its compliance obligations from year to year.
- If you move to a non-grandfathered plan, confirm that the plan has all of the additional patient rights and benefits required by ACA. This includes, for example, coverage of preventive care without cost-sharing requirements.

### *Annual Limits*

Effective for plan years beginning on or after Jan. 1, 2014, health plans are prohibited from placing annual limits on essential health benefits. (ACA's prohibition on annual limits was phased in over a three-year period; restricted annual limits were permitted for plan years beginning before Jan. 1, 2014.)

- Confirm that no annual limit will be placed on essential health benefits for the 2014 plan year and beyond.

### ***Excessive Waiting Periods***

Effective for plan years beginning on or after Jan. 1, 2014, a health plan may not impose a waiting period that exceeds 90 days. A waiting period is the period of time that must pass before coverage for an employee or dependent that is otherwise eligible to enroll in the plan becomes effective. Other conditions for eligibility are permissible, as long as they are not designed to avoid compliance with the 90-day waiting period limit.

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

## **Notifications**

### ***Summary of Benefits & Coverage (SBC)***

For plans that renew any time after September 23, 2012 you are required to provide enrolled employees with a universal & standardized summary of benefits & coverage.

- Determine who will prepare the SBC documents. Normally this is the insurance carriers
- Add SBC's to open enrollment packets and provide the SBC at least thirty (30) days before plan year begins.
- Add SBC's to new-hire packets (or initial enrollment packets, if you have a waiting period).

### ***W-2 Reporting Requirements***

Beginning with the 2012 tax year, employers with 250 or more W-2 Form Employees must report the aggregate cost of employer-sponsored group health coverage on employees' W-2 forms.

- If you offer a group health plan: Determine if the W-2 requirement applies to you (250+). W-2 Reporting for smaller employers is optional until further guidance is issued.
- If it does apply, identify employer-sponsored coverage that must be reported annually, and implement payroll process

### ***Notice of Coverage Options through the Marketplaces***

Employers must provide written notice to all current employees (regardless of full-time/part-time status) about coverage options through the Marketplaces (aka Exchanges).

- Notice must be provided to all employees **by October 1, 2013**, and to new employees at time of hire thereafter
- Determine who will provide the notice, and how. The Department of Labor has provided two templates for employers to use:
  - Employers [Offering](#) a Group Health Plan
  - Employers [Not Offering](#) a Group Health Plan
  - You can learn more by visiting the DOL website at: <http://dol.gov/ebsa/healthreform>

## The Employer “Pay or Play” Mandate was Delayed until January 1, 2015

Effective Jan. 1, 2015, employers with 50 or more employees (including full-time and full-time equivalent employees) that do not offer health coverage to their full-time employees (and dependents) that is affordable and provides minimum value will be subject to penalties if any full-time employee receives a government subsidy for health coverage through an Exchange. The sections of the health care reform law that contain the employer penalty requirements are known as the “shared responsibility” provisions.

- The penalty amount for not offering health coverage is up to \$2,000 annually for each full-time employee, excluding the first 30 employees. Under proposed IRS regulations, an employer would not be liable for this penalty if it offers coverage to all but 5 percent (or, if greater, five) of its full-time employees and dependents.
- Employers who offer health coverage, but whose employees receive tax credits because the coverage is unaffordable or does not provide minimum value, will be subject to a fine of up to \$3,000 annually for each full-time employee receiving a tax credit, with a maximum annual fine of \$2,000 per full-time employee (excluding the first 30 employees).

The IRS provided safe harbor guidance for employers on determining who is considered a full-time employee (and must be offered coverage), along with how to measure a plan’s affordability and how penalties will apply when there is a waiting period for coverage. Guidance has also been issued on ways to determine a plan’s minimum value, including a minimum value calculator. The IRS also proposed transition relief for non-calendar year plans, or fiscal year plans.

- Count the number of your employees to determine if you are a large employer subject to ACA’s shared responsibility provisions. Please contact us for the formula or a calculator.
- If you are a large employer subject to the mandate, review plan(s) to confirm they satisfy minimum essential coverage rules and confirm the plans are affordable (employee’s premium portion for self-coverage is less than 9.5% of income)

We hope you found this checklist helpful. Please contact us for assistance and specific questions about your situation or strategy:

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