



## Top 10 facts about health care reform **FOR EMPLOYERS**

**The world of health care reform is complex and continually changing.** To help you understand the current requirements of the Affordable Care Act (ACA), Washington National has prepared this list of 10 important facts about health care reform.

**1 EMPLOYER MANDATE PENALTIES ARE BEING DELAYED UNTIL 2015.**  
Even with the delay, all employers should take time now to evaluate their plan's affordability and minimum value. Employers are required by law to provide these details to employees in 2013 to help them understand their health insurance options and make educated decisions.

**2 EMPLOYEE COST-SHARING CAPS ARE DELAYED UNTIL 2015.**  
Per ACA, group health plans will have to limit the total amount an employee pays out-of-pocket for covered health care services to no more than the annual out-of-pocket maximum for high-deductible health plans. The employee's total cost includes all deductibles, copays and coinsurance charged for essential health benefits.

**3 MANY COVERAGE REQUIREMENTS TAKE EFFECT IN 2014.**  
While the employer mandate is delayed until 2015, other ACA requirements take effect sooner. These health plan requirements take effect in 2014:

- The waiting period for coverage to take effect cannot exceed 90 days.
- The plan cannot limit or exclude coverage for pre-existing conditions.
- Coverage cannot have annual or lifetime benefit limits.

**4 EMPLOYERS ARE NOT REQUIRED TO PROVIDE COVERAGE FOR SPOUSES.**  
Beginning in 2015, employers will face penalties for not offering insurance to any full-time employee—but employers are not required to extend coverage to spouses.

**5 YOUR COMPANY COULD RECEIVE A MEDICAL-LOSS REBATE.**  
Insurance companies are required to use 80% or 85% (depending on group size) of premium dollars to pay medical claims or otherwise improve healthcare quality. If an insurer misses that target, the insurer must issue a rebate to the employer, and the employer will rebate a share to each participating employee.

### ACA AT-A-GLANCE

1. Employer mandate penalties are being delayed until 2015.
2. Employee cost-sharing caps are delayed until 2015.
3. Many coverage requirements take effect in 2014.
4. Employers are not required to provide coverage for spouses.
5. Your company could receive a medical-loss rebate.
6. Small businesses may qualify for tax credits.
7. Wellness incentive limits have been increased.
8. Employers must inform employees in writing of their insurance options.
9. Small employers and individuals can choose plans from four coverage tiers within the Health Insurance Marketplace.
10. The individual mandate and penalty begin in 2014.

## 6 SMALL BUSINESSES MAY QUALIFY FOR TAX CREDITS.

If the employer has fewer than 25 full-time-equivalent employees with average annual wages of less than \$50,000, the employer may be eligible for a tax credit. The credit may be claimed in two consecutive years when the employer subsidizes at least half of employees' premium costs. For 2014 and beyond, this credit is available only for insurance coverage purchased through the SHOP Marketplace (the exchange for small employers).

## 7 WELLNESS INCENTIVES LIMITS HAVE BEEN INCREASED.

Be sure to review your existing wellness incentive and reward program to ensure compliance with ACA. The law defines two types of wellness programs:

- Participatory programs are available to individuals regardless of their health status.
- Health-contingent programs require employees to meet a health-related objective to earn an incentive or avoid a penalty.

The ACA creates a limited program of small business wellness grants funded by the federal government. If an employer applies for and receives a grant, the organization can use the grant money to create a comprehensive wellness program for employees.

## 8 EMPLOYERS MUST INFORM EMPLOYEES IN WRITING OF THEIR INSURANCE OPTIONS.

This notice must indicate whether group health coverage is available to employees of your organization and whether the coverage meets certain minimum standards. The employer must notify employees in writing by October 1, 2013. The notice must also inform employees how they may access and enroll in coverage through the Health Insurance Marketplace (also called an "exchange").

## 9 SMALL EMPLOYERS AND INDIVIDUALS CAN CHOOSE PLANS FROM FOUR COVERAGE TIERS WITHIN THE HEALTH INSURANCE MARKETPLACE.

Coverage options available through health insurance exchanges fall into four tiers: bronze, silver, gold and platinum. Individuals and small businesses can compare plans within each tier to evaluate costs and coverages. The level indicates a plan's "actuarial value"—that is, an actuarial estimate of the percentage of an enrollee's overall expected covered medical costs that the plan will pay.

### Percentage of healthcare costs covered:

TIER	THE PLAN	THE ENROLLEE	THIS PLAN TYPICALLY OFFERS:
Bronze	60%	40%	Lowest premium, highest cost-sharing
Silver	70%	30%	Lower premium, higher cost-sharing
Gold	80%	20%	Higher premium, lower cost-sharing
Platinum	90%	10%	Highest premium, lowest cost-sharing

## 10 THE INDIVIDUAL MANDATE AND PENALTY BEGIN IN 2014.

Open enrollment for individual insurance begins October 1, 2013. Individuals who do not have coverage in effect on January 1, 2014, will face a penalty, with a few exceptions. The penalty for 2014 is \$95 per person or 1% of annual income, whichever is greater. For uninsured children, the 2014 fee is \$47.50, with an annual family cap of \$285. The penalty amount increases annually.

*Washington National Insurance Company policies are not considered "qualified health plans" and do not provide essential health coverage as required by the Affordable Care Act. Washington National policies are considered "excepted benefits" policies which do not meet the individual mandate requirements of the Affordable Care Act.*

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