

Health Care Reform: Employer Notices

By Ruth French, PHR
Director of Trust Operations



What We Will Cover

- Which employers must provide the Notice?
- Who must receive the Notice?
- What information the Notice must contain?
- When the Notices must be delivered?
- How the Notices must be delivered?
- Changes to COBRA Election Notice

Which Employers Must Provide the Notices?

- Requirement under Patient Protection and Affordable Care Act (aka Health Care Reform or ObamaCare)
- Notices provide employees with information on the availability of health insurance marketplaces (aka exchanges)
- Notice requirement applies to all employers covered by the Fair Labor Standards Act

Which Employers Must Provide the Notices?

- FLSA applies to
 - Employers with 1 or more employees
 - Engaged in Interstate commerce
- No minimum number of employees
- Required regardless of whether employer provides benefits

Who Must Receive the Notice?

- All employees
 - Those enrolled in the health plan
 - Those not enrolled in the health plan
 - Full-time employees
 - Part-time employees
- No Notice required for
 - Dependents
 - Retirees
 - COBRA participants
 - COBRA qualified beneficiaries

What the Notice Must Contain?

- Information about existence of the exchange, aka marketplace
- Contact information
- Description of services provided by the exchange
- Inform employee of the possibility of a subsidy on the exchange
- Inform employee of losing tax-free employer contribution, if any

What the Notice Must Contain?

- DOL provided Model Notices
 - Notice for employers who sponsor a health plan
 - Notice for employers who do NOT sponsor a health plan
 - Available on AE website, www.associatedemployers.org, under Insurance/Benefits tab and Health Care Reform link – fillable PDF file
 - Also available in Word format at <http://www.dol.gov/ebsa/healthreform/index.html>
- Bad news about Model Notices
 - Require extensive customization
- Good new about Model Notices
 - Use is not required

Notice – Employers Not Sponsoring a Health Plan

- Part A – General Information
 - Includes information on the health insurance marketplace
 - Includes URL for HealthCare.gov

Notice – Employers Not Sponsoring a Health Plan

- Part B
 - Employer name
 - Employer Identification Number (EIN)
 - Employer address
 - Employer phone number
 - Who to contact about this job
 - Phone number of contact person
 - Email address of contact person

PART B: Information About Health Coverage Offered by Your Employer


This section contains information about any health coverage offered by your employer. If you decide to complete an application for coverage in the Marketplace, you will be asked to provide this information. This information is numbered to correspond to the Marketplace application.

| | | | |
|--|----------------|---|--|
| 3. Employer name Acme Corporation | | 4. Employer Identification Number (EIN) 81-12345 | |
| 5. Employer address 123 Main Street | | 6. Employer phone number 406-111-5555 | |
| 7. City Anytown | 8. State MT | 9. ZIP code 59111 | |
| 10. Who can we contact at this job? Bob Jones | | | |
| 11. Phone number (if different from above) | | 12. Email address bjones@acmecorp.com | |

You are not eligible for health insurance coverage through this employer. You and your family may be able to obtain health coverage through the Marketplace, with a new kind of tax credit that lowers your monthly premiums and with assistance for out-of-pocket costs.

Notice – Employers Sponsoring a Health Plan

- Part A – General Information
 - Includes information on the health insurance marketplace
 - Includes URL for HealthCare.gov
 - Includes employer contact information for questions about coverage



**New Health Insurance Marketplace Coverage
Options and Your Health Coverage**

Form Approved
OMB No. 1210-0149
(expires 11-30-2013)

PART A: General Information

When key parts of the health care law take effect in 2014, there will be a new way to buy health insurance: the Health Insurance Marketplace. To assist you as you evaluate options for you and your family, this notice provides some basic information about the new Marketplace and employment-based health coverage offered by your employer.

What is the Health Insurance Marketplace?

The Marketplace is designed to help you find health insurance that meets your needs and fits your budget. The Marketplace offers “one-stop shopping” to find and compare private health insurance options. You may also be eligible for a new kind of tax credit that lowers your monthly premium right away. Open enrollment for health insurance coverage through the Marketplace begins in October 2013 for coverage starting as early as January 1, 2014.

Can I Save Money on my Health Insurance Premiums in the Marketplace?

You may qualify to save money and lower your monthly premium, but only if your employer does not offer coverage, or offers coverage that doesn't meet certain standards. The savings on your premium that you're eligible for depends on your household income.


Does Employer Health Coverage Affect Eligibility for Premium Savings through the Marketplace?

Yes. If you have an offer of health coverage from your employer that meets certain standards, you will not be eligible for a tax credit through the Marketplace and may wish to enroll in your employer's health plan. However, you may be eligible for a tax credit that lowers your monthly premium, or a reduction in certain cost-sharing if your employer does not offer coverage to you at all or does not offer coverage that meets certain standards. If the cost of a plan from your employer that would cover you (and not any other members of your family) is more than 9.5% of your household income for the year, or if the coverage your employer provides does not meet the “minimum value” standard set by the Affordable Care Act, you may be eligible for a tax credit.¹

Note: If you purchase a health plan through the Marketplace instead of accepting health coverage offered by your employer, then you may lose the employer contribution (if any) to the employer-offered coverage. Also, this employer contribution—as well as your employee contribution to employer-offered coverage—is often excluded from income for Federal and State income tax purposes. Your payments for coverage through the Marketplace are made on an after-tax basis.

How Can I Get More Information?

For more information about your coverage offered by your employer, please check your summary plan description or contact _____.



Notice – Employers Sponsoring a Health Plan

- Part B
 - Employer name
 - Employer Identification Number (EIN)
 - Employer address
 - Employer phone number
 - Who to contact about employee health coverage at this job
 - Phone number of contact person
 - Email address of contact person

Notice – Employers Sponsoring a Health Plan

- Part B – Continued
 - Basic information about health coverage offered
 - Eligible employees?
 - All employees
 - Some employees – define eligible employees (for example: employees working 30 or more hours per week)
 - Eligible dependents?
 - Offer coverage to dependents – define eligible dependents (for example: legally married spouse, opposite-sex domestic partner, dependent child up to age 26)

Notice – Employers Sponsoring a Health Plan

- Part B – Continued
 - Check box if coverage meets the Minimum Value Standard and the Cost of Coverage is intended to be affordable, based on employee’s wages
 - Minimum Value: employer-sponsored health plan meets the “minimum value standard” if plan’s share of total allowed benefit costs covered by the plan is no less than 60 percent of such costs
 - Affordable: the lowest-cost plan that meets the minimum value standard is affordable if the employee portion of the premium is less than 9.5% of the employee’s wages

Here is some basic information about health coverage offered by this employer:

- As your employer, we offer a health plan to:
 - All employees.
 - Some employees. Eligible employees are:

Employees working at least 30 hours per week are eligible the 1st of the month after 60 days of employment.
 - With respect to dependents:
 - We do offer coverage. Eligible dependents are:

Legally married spouse, opposite-sex domestic partners, and children up to age 26.
 - We do not offer coverage.]
 - If checked, this coverage meets the minimum value standard, and the cost of this coverage to you is intended to be affordable, based on employee wages.
- ** Even if your employer intends your coverage to be affordable, you may still be eligible for a premium discount through the Marketplace. The Marketplace will use your household income, along with other factors, to determine whether you may be eligible for a premium discount. If, for example, your wages vary from week to week (perhaps you are an hourly employee or you work on a commission basis), if you are newly employed mid-year, or if you have other income losses, you may still qualify for a premium discount.

If you decide to shop for coverage in the Marketplace, HealthCare.gov will guide you through the process. Here's the employer information you'll enter when you visit HealthCare.gov to find out if you can get a tax credit to lower your monthly premiums.

Optional Information

- Optional Information: Questions 13-16 on page 3 of the Notice
- Information is needed by employees to apply for a subsidy on the exchange/marketplace, so may have to provide it regardless

The information below corresponds to the Marketplace Employer Coverage Tool. Completing this section is optional for employers, but will help ensure employees understand their coverage choices.

13. Is the employee currently eligible for coverage offered by this employer, or will the employee be eligible in the next 3 months?

Yes (Continue)

13a. If the employee is not eligible today, including as a result of a waiting or probationary period, when is the employee eligible for coverage? 12/01/2013 (mm/dd/yyyy) (Continue)

No (STOP and return this form to employee)

14. Does the employer offer a health plan that meets the minimum value standard*?

Yes (Go to question 15) No (STOP and return form to employee)

Reminder : Minimum value standard means total allowed benefit costs covered by the plan is no less than 60% of such costs

15. For the lowest-cost plan that meets the minimum value standard* offered **only to the employee** (don't include family plans): If the employer has wellness programs, provide the premium that the employee would pay if he/ she received the maximum discount for any tobacco cessation programs, and didn't receive any other discounts based on wellness programs.

a. How much would the employee have to pay in premiums for this plan? \$ **43.00**

b. How often? Weekly Every 2 weeks Twice a month Monthly Quarterly Yearly

Reminder: Employers offering multiple plans, base the information in this section on the lowest-cost plan. Also on 15a. you are only putting in what the employee would pay for employee only coverage, regardless of whether the employee is also coverage dependents.

If the plan year will end soon and you know that the health plans offered will change, go to question 16. If you don't know, STOP and return form to employee.

16. What change will the employer make for the new plan year?

Employer won't offer health coverage

Employer will start offering health coverage to employees or change the premium for the lowest-cost plan available only to the employee that meets the minimum value standard.* (Premium should reflect the discount for wellness programs. See question 15.)

a. How much will the employee have to pay in premiums for that plan? \$ **24.00**

b. How often? Weekly Every 2 weeks Twice a month Monthly Quarterly Yearly

Date of change (mm/dd/yyyy): **04/01/2014**

What the Notice Must Contain?

- What to include when considering customizing the Notice
 - How employees can access information on the exchange
 - Does plan meet minimum value requirement
 - Whether the employee is eligible
 - If employee is in a waiting period and, if so, when employee will become eligible
 - Is employee contribution required
 - The frequency of employee contribution

When the Notices Must Be Delivered?

- For employees on payroll before 10/1/2013 – must receive notice by 10/1/2013
- For employees hired after 10/1/2013 – must receive notice within 14 days of date of hire
- Must be provide automatically and without charge

How the Notices Must Be Delivered?

- Same method as ERISA-required disclosures
 - Hand delivery
 - By first-class mail
 - Electronic distribution
 - Must follow the DOL's safe harbor for electronic distribution found at 29 CFR 2520.104b-1(c)
 - Permitted if employee has access to email as an integral part of their work duties or agrees to receive notice by email
- Whichever method is used, have record of the date the notices were provided and method used

New COBRA Notices

- COBRA notice is being revised to help make qualified beneficiaries aware of other coverage options available in the Marketplace
- Qualified beneficiaries may be eligible for a premium tax credit through the Marketplace
- Department of Labor has a revised its model election notice
- <http://www.dol.gov/ebsa/healthreform/index.html>



Associated Employers

Questions?

Contact AE Hotline at

406-248-6178

www.associatedemployers.org