

# Healthcare Reform Update

»»  
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November 2014



## »» Presentation Disclaimer

- These seminar materials are intended to provide the seminar participants with guidance in health care reform matters. The materials do not constitute, and should not be treated as professional advice regarding the use of any particular health care reform technique or the health care reform tax consequences associated with any technique. Every effort has been made to assure the accuracy of these materials. Eide Bailly LLP and the author do not assume responsibility for any individual's reliance upon the written or oral information provided during the seminar. Seminar participants should independently verify all statements made before applying them to a particular fact situation, and should independently determine the health care reform consequences of any particular health care reform technique before recommending the technique to a client or implementing it on the client's behalf.

## »» Affordable Care Act "Explained"

- Video
- [https://www.youtube.com/watch?v=JZkk6ueZt-U&feature=player\\_embedded](https://www.youtube.com/watch?v=JZkk6ueZt-U&feature=player_embedded)

## »» Employers' key number is

50

Full-time equivalent employees

> = **50** = Large employer  
and subject to pay or play  
penalties

< **50** Small employer and  
**NOT** subject to pay or  
play penalties

## »» Health Care Reform – Large Employer?

- Large employer = 50 or more Full-Time Equivalent Employees

### Steps:

1. Calculate your Full-Time Employees  
(average 30 hours/week or **130 hours per month**)
2. Calculate your (part-time and seasonal) FTEs  
(add up total hours and **divide by 120**)
3. Add the two numbers in steps 1 and 2
4. Add up the 12 monthly numbers in 3 and divide by 12
5. If less than 50, not applicable large employer
6. If greater than or equal to 50, greater than 120 days?

## »» Hours of Service Rules

- Hours of service include not only hours worked but also hours for which an employee is paid or entitled to payment even when no work is performed. Including:
  - Vacation, holiday, illness, incapacity, layoff, jury duty, military duty or leave of absence.
  - Service outside of the U.S. is generally not counted.

## »» Non-Hourly Paid Employees

- For non-hourly employees, employers are required to use an equivalency method to estimate the employees hours of service
  - May apply different methods of calculating for different categories
    - Reasonable and consistently applies
    - May change the method each calendar year
  - Volunteer employees
    - Not required to track hours of service for volunteers who receive no compensation in exchange

## »» Large Employer – NO Insurance

- Employers NOT offering health insurance
  - A penalty of \$2,000 per year/per full-time employee
  - Exempts the first 30 full-time employees from computation
    - Example: 100 full-time employees and one goes to an Exchange and utilizes credit
    - Penalty =  $(100-30) \times \$166.67 = \$11,667/\text{month}$ 
      - \$140,000 annually
      - Triggered on all full-time employees if one full-time employee goes to the exchange and receives a subsidy
  - **Penalty is NOT tax deductible**

## »» Large Employer – Offer Insurance

- Potential penalty if employer OFFERS health insurance
  - A penalty of \$3,000 per year/per FT employee who goes to the exchange and receives an exchange subsidy
  - Subsidy eligibility based on unaffordable or inadequate insurance
    - **Unaffordable** = Employee insurance premiums exceeding 9.5% of HHI
    - **Inadequate** = Insurance policy less than 60% of actuarial value
  - Capped by the amount of penalty for not offering insurance coverage (in aggregate, not per employee)

## »» Rate of Pay Safe Harbor - Defined

- Employers may use an employee's rate of pay when calculating whether offered insurance meets affordability criteria
- Affordable, if premium doesn't exceed 9.5% of wages:
  - Hourly Employees, lowest of either:
    - 130 hours X hourly rate of pay at the 1<sup>st</sup> day of the coverage period
    - 130 hours X lowest hourly rate of pay during the calendar month
  - Non-Hourly Employees:
    - Premium doesn't exceed 9.5% of the employees monthly salary at the 1<sup>st</sup> day of the coverage period

## » Inadequate Insurance

- **Actuarial Value:**

- Generally is calculated by computing the ratio of the total expected plan payments for essential health benefits, computed according to the plan's cost-sharing features (deductibles, coinsurance, copayments, and out-of-pocket limits) over the total costs for the essential health benefits a standard population is expected to incur.
- Intended to allow consumers to compare and understand a plan's value.
- HHS has developed a Actuarial Value calculator at: <http://cciio.cms.gov/resources/regulations/index.html#pm>

## » Employer Penalties

**Employer subject to Penalty for:**

EE Category	Included in FT equivalent cal?	Not offering minimum essential coverage?	Offering minimum essential coverage but not affordable or adequate?
Full-time	Yes	Yes	Yes
Part-time	Yes	No	No
Seasonal, working full-time	Yes	Yes	Yes
Seasonal, working part-time	Yes	No	No

## Mid-Sized Employer Transition Relief

- 2015 plus portions of 2016 for non-calendar year plans
- Employers will not be charged a 4980H penalty if:
  1. **Limited Workforce Size:** Employer has on average at least 50 FTE EEs but fewer than 100 FTE EEs during 2014
  2. **Workforce Size and Aggregate Hours of Service:** Between 2/9/14 – 12/31/14, employer does not reduce size of workforce or overall hours of service to satisfy above unless for bona fide business reasons
  3. **Maintenance of Previously Offered Health Coverage:** During maintenance period, employer does not eliminate or materially reduce coverage as of 2/9/14, which is defined as:
    1. Continuing to offer an employer contribution that is either:
      1. 95% or more of the dollar amount of the contribution offered on 2/9/14
      2. Same or higher % of cost of coverage provided on 2/9/14
    2. Continuing to offer a plan meeting minimum value (i.e. 60%)
    3. No altering of plan to narrow or reduce access (i.e. limiting to certain class(s) of employees, including dependents)

— Maintenance period: Calendar year plan maintenance period = 2/9/14 – 12/31/15 and for non-calendar year plans = 2/9/14 – last day of 2015 / 2016 plan year

## Transition Relief – Non-Calendar Plan Affordable and Minimum Value Coverage

- Employers will not be assessed 4980H penalties prior to the 1<sup>st</sup> day of their 2015 plan year if an employer:
  - Maintains plan as of 12/27/12 and eligibility terms as of 2/9/14
  - If not offered to all full time employees, then either:
    - Covered at least 25% of all employees (or 33% of full time employees) on any date in the 12 months ending 2/9/14
    - Offered to at least 33% of all employees (or 50% of full time employees) during most recent open enrollment period prior to 2/9/14
  - Offers affordable coverage that meets minimum value as of the 1<sup>st</sup> day of the 2015 plan year to at least 95% of employees (see future slides on 5% rule guidance)
- If transition relief is not met; penalties will apply starting 1/1/15.



## Transition Relief – % of full time employees offered coverage

- Employers will not be assessed the no insurance (4980H(a)) penalty for each calendar month during the 2015 plan year (including portion of the 2015 plan year that falls in 2016) if:
  - An ALE offers coverage to at least 70% of its full time employees
  - Must offer coverage to dependents
  - May be subject to the unaffordability 4980H(b) penalty



## Transition Relief – ALE 4980(a) Penalty Assessment

- For those employers with 100 FT EEs or more during 2014
- Do not provide health insurance and having an employee go to the exchange and receive health insurance subsidies, will be charged a \$2,000 penalty based on its full time employees
- For 2015 and non-calendar year plans falling in 2016, the employer is allowed to reduce the number of full time employees penalized by 80 people (verses 30 before the rule)





## Transition Relief – Measurement Periods

- Shorter measurement periods are permitted to determine ALE status for 2015
  - Measurement period may be shorter than 12 months but no less than 6 consecutive months
    - Beginning no later than July 1, 2014
    - Ends no earlier than 90 days before the 1<sup>st</sup> day of the 2015 plan year



## Full Time Employee Status

- Full time employee determination for 4980H penalties is based on two methods:
  - Monthly measurement method
    - Employer electing not to use the look-back measurement would identify full time employees based on hours of service for each calendar month
  - Look-back measurement method
    - Employer would measure employee's hours over a measurement period to stabilize the employee status for the current year
- 30 hours a week threshold for full time employee determination
- 130 hours of service per calendar month is used to determine whether an employee is full time under both methods (*30 hours of service per week x 52 weeks / 12 months*)

## »» Full Time Employee Status

- Payroll Period Application ("weekly rule")
  - Monthly Measurement Method
    - Commenters requested that the monthly measurement method be applied in a manner that approximated or took into account payroll periods
    - Regs. allow employers to determine status based on hours of service over successive one-week periods
    - Period measured for the month must contain either the week including the 1<sup>st</sup> day of the month or the week including the last day of the month but not both
  - Look-Back Measurement Method:
    - May base measurement periods on one week, two week, or semi-monthly payroll periods
    - Stability period must be based on calendar months

## »» Look-Back Measurement Considerations

- New Employee
  - Depends on employer's reasonable expectations to the status of the new employee
    - Considerations include:
      - If replacement, was prior employee full or part time?
      - Are employees in similar positions full time?
      - Job description, advertisement
    - Full Time → offer coverage by at least the 1<sup>st</sup> day of the month after the employee's initial 3 full calendar months of employment
    - Unsure (i.e. variable (not sure if full or part time), seasonal (full time but not sure how long), determine full time status after measurement period
  - Seasonal or variable hour
    - As mentioned above, full time status is determined after an initial measurement period

## »» Full Time Employee Status

- Break Periods = new employee = new status
  - If break period is large enough, upon rehire the employee may have a new measurement if either:
    - Break period exceeds **26 13** consecutive weeks
    - Break period exceeds 4 consecutive weeks and is longer than employment period (e.g. hired 8 weeks and had a 9 week break period)
    - 26 consecutive week rule remains for education institutions
  - Break periods are excluded or calculated based on average monthly hours worked for (i.e. not counted as 0 hours):
    - Special unpaid leave<sup>1</sup>
    - Education Institutions

<sup>1</sup> - Family and Medical Leave Act of 1993 (FMLA), Public Law 103-3, 29 U.S.C. 2601 et seq., or the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), Public Law 103-353, 38 U.S.C. 4301 et seq., or jury duty

## »» Reporting

- Exchange
  - IRC Section 36B
  - 1095-A
- Health insurance issuer/Self-insured
  - IRC Section 6055
  - 1095-B
- Employers
  - IRC Section 6056
  - 1095-C

www.irs.gov

## »» 6055: Information Reporting of Minimum Essential Coverage

- Health insurance carriers, certain employers, and others that provide minimum essential coverage (MEC) to individuals must report to the IRS information about the type and period of coverage and furnish the information in statements to covered individuals.
  - The collection of information will be used to determine whether an individual has minimum essential coverage.

## »» 6055 Reporting

- The final regulations retain the rule in the proposed regulations directing all reporting entities to provide TINs for all covered individuals and to provide a date of birth only if a TIN is not available after the reporting entity makes reasonable efforts to obtain it.
  - Reporting entities are permitted to use truncated TINs on the filing.
- Statements must be furnished on or before January 31 of the year following the calendar year in which MEC is provided.

## »»» 6056: Information Reporting by Applicable Large Employers

- Requires those employers to report to the IRS information about the health care coverage, if any, they offered to the full-time employees, in order to administer the employer shared responsibility provisions
- Also requires employers to furnish related statements to employees that employees may use to determine whether, for each month of the calendar year, they may claim on their individual tax returns a premium tax credit.

## »»» 6056 Reporting

- Employers are certified to report:
  - Name, address and employer identification number of the ALE
  - Name and telephone # of ALE members contact person
  - Certification as to whether ALE offered it full-time employees (and dependents) opportunity to enroll in MEC – by calendar month
  - # of full time employees for each month during calendar year
  - For each full time employee the months coverage was available
  - Monthly premium for lowest cost option for each enrollment category
  - Employee information – name, address, TIN and # of months each employee was covered
  - Other information required by HHS

## »» Controlled Groups

- Employer
  - Controlled group
    - Parent-subsidary chains
    - Brother-sister controlled group
    - Combined group of the above
  - Affiliated service group
    - Has direct or indirect ownership interest and
    - Performs services for service organization or
    - Works with other organization in rendering services to third parties

## »» Cadillac Tax

- 40% excise tax on "Cadillac" health plans (\$10,200 for individual, \$27,500 for family) – Effective 2018
  - Retirees limit is \$11,850 for individual and \$30,950 for family
  - Tax is on excess benefit calculated on a monthly basis
  - Applicable on coverage paid by both employer and/or employee
  - Includes pretax contribution to FSAs, HRAs, HSAs
  - Employers are to calculate this penalty for insurers, penalty is 100% plus interest

## »» Additional Fees

- **PCORI (Patient Centered Outcomes Research Institute)**. Fees applicable to policy and plan years after October 1, 2012 and before October 1, 2019 and is on the average number of covered lives under the plan per month:
  - \$1 the first year, \$2 in subsequent years.
- **Transitional Reinsurance Fee (2014 thru 2016)** – fee on insurers and self funded plans. In place to create a fund for insurance companies to offset the cost of covering people in the individual market
  - Fee is \$63 per covered life in 2014 – raise \$12B
  - 2015 fee decreases – raise \$8B
  - 2016 fee decrease – raise \$5B
- **Health Insurance Industry Fee**

## »» Employer Tax Credits

- Tax credits available for Small Employers
- 35% credit for 2010 -2013 (25% for tax-exempts)
- 2014 and 2015 credit is 50% (35% for tax-exempts) if coverage is offered on the Insurance Exchange
- Criteria:
  - No more than 25 full-time equivalent (FTE's) employees
  - FTE average wages cannot exceed \$50,000
  - Offer a qualified health plan



## Health Care Reform

# EMPLOYEE SIDE



## Health Care Reform – Individuals

- Individual mandate to maintain minimum essential coverage beginning after 2013
- Penalty if you do not have coverage:

Year	Penalty	% of Income*
2014	\$95	1%
2015	\$325	2%
2016	\$695**	2.5%

\* In lieu of the flat penalty if greater.

\*\* Indexed to inflation thereafter.

- In 2016 a family is capped at \$2,085 or 2.5% of household income (HHI), whichever is larger

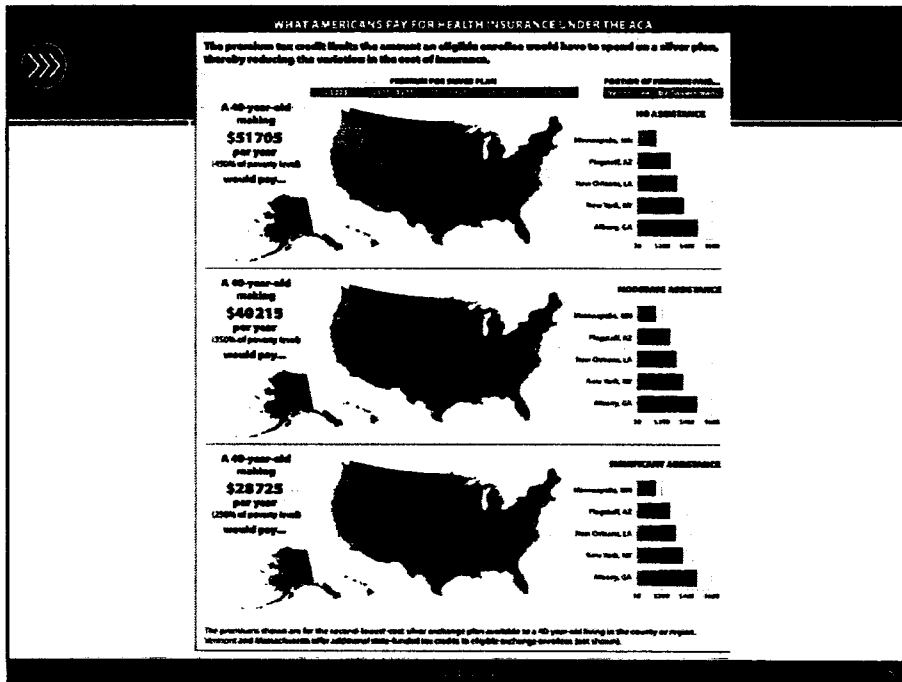


## »» Health Care Reform – Individuals

Income Level	Premium as a Percentage of Income
Up to 133% FPL	2% of income
133 – 150% FPL	3 – 4% of income
150 – 200% FPL	4 – 6.3% of income
200 – 250% FPL	6.3 – 8.05% of income
250 – 300% FPL	8.05 – 9.5% of income
300 – 400% FPL	9.5% of income

## »» Example Premium Cap Levels

FPL	Premiums Cap %	Single Household		Family of 4	
		Annual Income	Monthly Premium Cap	Annual Income	Monthly Premium Cap
100%	2.0%	\$11,490	\$19.15	\$23,550	\$39.25
200%	6.3%	\$22,980	\$120.65	\$47,100	\$247.28
300%	9.5%	\$34,470	\$272.89	\$70,650	\$559.31
400%	9.5%	\$45,960	\$363.85	\$94,200	\$745.75



## Marketplace Update

Location	# Ind selected a Marketplace Plan	Est # of potential MP enrollees	% of potential MP pop enrolled
USA	8,019,763	28,605,000	28.0%
North Dakota	10,597	77,000	13.8%
Minnesota	48,495	298,000	19.1%
South Dakota	13,104	118,000	11.1%

- Approximately 83% of MP enrollees qualify for subsidy
- Highest % enrolled is Vermont at 85.2%
- Lowest % enrolled are IA, MA, SD
- Highest # of individuals is California at 1,405,102 (42.7%)
- Average subsidy in USA is \$2,752 (ND - \$2,597)
- Total premium subsidy in USA is \$18.48 (ND - \$23m)

## »» Health Care Reform – Individuals

- Increase in Medicare payroll taxes (Starts January 1, 2013)
  - Employee only
  - Increase of .9% on top of the 1.45% percent for wages or 2.9% for self employed income in excess of:
    - \$250,000 for joint return filers;
    - \$125,000 married filing separate;
    - \$200,000 for single filers.
  - Employer responsibilities
    - Start withholding additional .9% starts at wages over \$200,000

## »» Health Care Reform – Individuals

- New 3.8% tax on Net Investment Income – Starts January 1, 2013
  - The excess of "modified adjusted gross income" over the threshold amounts
  - Certain trusts and estates are also subject to this new tax

# Healthcare Reform Analytic

## »» Employee Breakdown

Below displays a breakdown of XYZ company's employees by full time & part time as well as by EBI enrolled plan:

Plan Type	Full Time	Part Time	Total
Single PPO	43	-	43
Single HDHP	69	-	69
Family PPO	34	-	34
Family HDHP	35	-	35
Single Waived	89	-	89
Family Waived	55	-	55
<b>Total</b>	<b>325</b>	<b>-</b>	<b>325</b>

325 employees worked 1,560 or more hours

## »» 2013 and 2014 Premiums

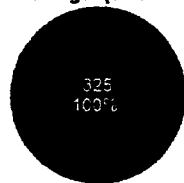
Below displays the baseline September 30, 2014 EBI monthly and annual premiums:

Plan	Employer Per Month	Employee Per Month	Employer Annual	Employee Annual	Total Premium
<b>2014</b>					
Single PPO	\$ 683	\$ 221	\$ 8,196	\$ 2,657	\$ 10,853
Single HDHP	591	122	7,086	1,465	8,551
Family PPO	1,532	484	18,384	5,804	24,188
Family HDHP	1,341	285	16,091	3,424	19,515

## »» Coverage Affordability

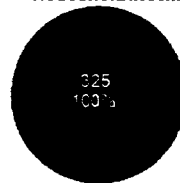
Employers will be assessed whether their insurance is affordable. Below display affordability based on W-2 wages and estimated household income:

Single Premium as a % of W-2 Wages (safe harbor)



■ Affordable  
■ Unaffordable

Single Premium as a % of Household Income



The plan meets the affordability for 325 employees (100%) based on W-2 wages and household income based on comparing the lowest cost single plan to income (HDHP)

## » Coverage Adequacy

Employers will also be assessed whether their insurance is adequate. Below shows the minimum values (i.e. adequacy) for the lowest cost plan (lowest minimum value) based on the health and human services safe harbor calculator:

Minimum Value for (HDHP) = **81.3%**

**<60% minimum value plans are considered inadequate**

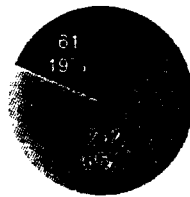
Higher deductibles  
60+ coinsurance  
value

Higher premium  
increases minimum  
value

## » Subsidy Factors – with Spousal Income

The following breaks down subsidy eligibility:

Household Income  
as a % of Federal  
Poverty Level

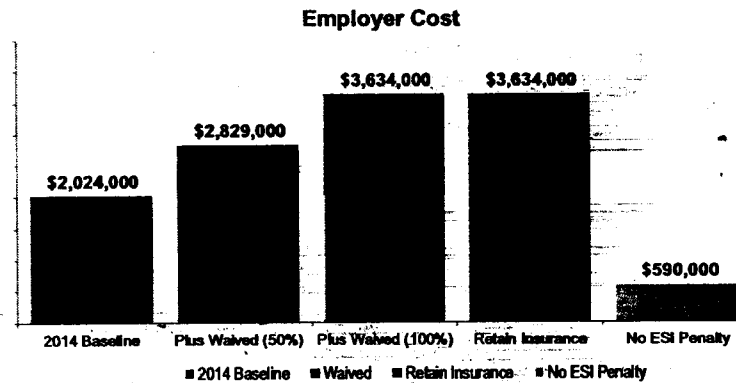


- Medicaid
- Large Subsidy Eligible
- Small Subsidy Eligible
- Below Subsidy Eligible
- No Subsidy Eligible

Income as a % of FPL	Employee Exchange Premium	Employee Grouping	# of Full Time Employees
0% - 100%	2% of income	Medicaid	-
100%-150%	3 - 4% of income	Large Subsidy	-
150%-200%	4 - 6.3% of income	Large Subsidy	52
200%-250%	6.3 - 8.05% of income	Small Subsidy	72
250%-290%	8.05 - 9.2% of income	Small Subsidy	38
290%-400%	9.2 - 9.5% of income	Small Subsidy	102
100% - 100%	100% of premium	No Subsidy	-
400%+	100% of premium	No Subsidy	61

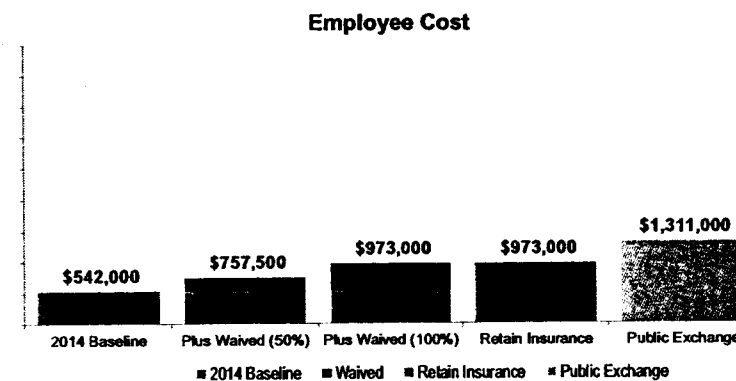
## Executive Summary: Employer

Below displays the employer impact for XYZ employer based on the points in time & key assumptions:



## Executive Summary: Employee

Below displays the employee impact for XYZ employer based on the points in time & key assumptions:



## »»» Cadillac Tax: PPO Single Plan

Below displays the potential Cadillac tax for the offered PPO Single plan:

Year	\$10,000 - \$11,000	\$11,000 - \$12,000	\$12,000 - \$13,000	\$13,000 - \$14,000	\$14,000 - \$15,000
2015	\$11,400	\$12,000	\$12,500	\$13,100	\$13,600
2016	\$12,000	\$13,200	\$14,400	\$15,700	\$17,000
2017	\$12,600	\$14,500	\$16,600	\$18,800	\$21,300
2018	\$13,200	\$16,000	\$19,100	\$22,600	\$26,600

- \* - Assumes \$10,200 single threshold does not increase between now and 2018.
- \*\* - Excludes any applicable employer and/or employee FSA and HRA contributions.

## »»» Cadillac Tax: HDHP Single Plan

Below displays the potential Cadillac tax for the offered HDHP Single plan:

Year	\$9,000 - \$9,500	\$9,500 - \$10,000	\$10,000 - \$10,500	\$10,500 - \$11,000	\$11,000 - \$11,500
2015	\$9,000	\$9,500	\$9,900	\$10,300	\$10,800
2016	\$9,500	\$10,500	\$11,400	\$12,400	\$13,500
2017	\$10,000	\$11,600	\$13,100	\$14,900	\$16,900
2018	\$10,500	\$12,800	\$15,100	\$17,900	\$21,100

- \* - Assumes \$10,200 single threshold does not increase between now and 2018.
- \*\* - Excludes any applicable employer and/or employee FSA and HRA contributions.



## »» Cadillac Tax: PPO Family Plan

Below displays the potential Cadillac tax for the offered PPO Family plan:

Year	Single	Married	Married (2 children)	Married (3 children)	Married (4 children)
2015	\$25,400	\$26,600	\$27,800	\$29,000	\$30,300
2016	\$26,700	\$29,300	\$32,000	\$34,800	\$37,900
2017	\$28,000	\$32,200	\$36,800	\$41,800	\$47,400
2018	\$29,400	\$35,400	\$42,000	\$50,200	\$59,300

\* - Assumes \$27,500 non-single threshold does not increase between now and 2018.

\*\* - Excludes any applicable employer and/or employee FSA and HRA contributions.

## »» Cadillac Tax: HDHP Family Plan

Below displays the potential Cadillac tax for the offered HDHP Family plan:

Year	Single	Married	Married (2 children)	Married (3 children)	Married (4 children)
2015	\$20,500	\$21,500	\$22,400	\$23,400	\$24,400
2016	\$21,500	\$23,700	\$25,800	\$28,100	\$30,500
2017	\$22,600	\$26,100	\$29,700	\$33,700	\$38,100
2018	\$23,700	\$28,700	\$34,200	\$40,400	\$47,600

\* - Assumes \$27,500 non-single threshold does not increase between now and 2018.

\*\* - Excludes any applicable employer and/or employee FSA and HRA contributions.

# Healthcare Reform Understanding Your Benefit Options

## »»» Agenda

- What benefit alternatives do employers have with healthcare reform?
- Should they pay or play?
- Which of these benefits can be pre-taxed?
- How can employees access public and private exchanges?
- How do they continue to provide cafeteria, HSA and HRA plans?



[www.ebsi.com](http://www.ebsi.com)

## »»» Benefit Options

- Option 1: Retain Group Health Plan (Defined Benefit)
  - Pros: current offering
    - No penalty as long as offer minimum essential coverage and plan is affordable
  - Cons: uncertainty of premium costs
    - Uncertainty of participation
    - Lack of carrier and plan choice
    - Subsidies cannot be accessed

## »»» Benefit Options

- Option 2: Retain Group Health Plan (Defined Contribution Single Carrier)
  - Pros: plan choice for employees
    - Budgeted premium contribution
    - No employer penalty for not providing health insurance
  - Cons: Group rates may be higher than individual
    - Subsidy eligible employees could not receive subsidies

## »» Benefit Options

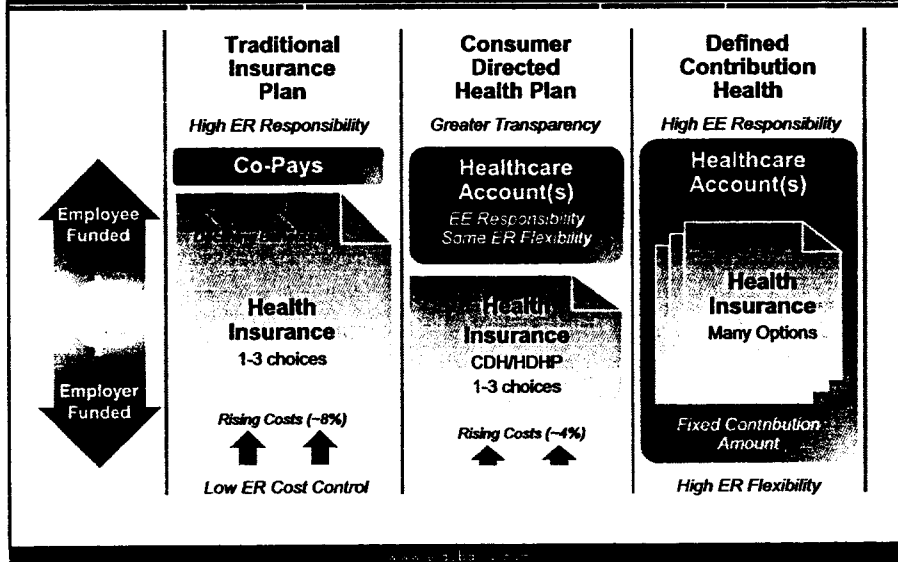
- Option 3: Defined Contribution (no group health plan)
  - Pros: No time spent on plan selection
    - Individual health rates could be lower than group
    - Benefit contribution choice for employee (not just health)
    - Leverage government subsidies
  - Cons: Penalty for not providing group insurance for >50 employee groups

## »» Factors to Consider

- Determining the right health insurance package is a significant decision for an organization:
  - Quantitative factors
    - Profitability
    - Short run vs. Long run financial
  - Qualitative factors
    - Employee morale
    - Image to important stakeholders

# Defined Contribution Solutions

## »»» Defined Contribution Health



## »»» Defined Contribution

- Article review



## »»» Defined Contribution Approach

- Employer defines contribution to tax deferred or post tax vehicle to pay for group or individual insurance premiums
- Employees access private and public exchanges to obtain coverage



## »»» Defined Contribution Advantages

- **Cost control**
  - Fixed contribution allow better prediction of employer costs
- **Subsidy eligible employees access subsidies available on the public exchanges**
- **More benefit plan choice through private exchange**
- **Coordination with ancillary insurance products and pre-tax reimbursement accounts**



## »»» Defined Contribution Advantages

- **Total compensation transparency**
- **More transparency will better educate employees about the full cost of health coverage**
- **Increase demand for lower cost plans**
- **Help contain growth in spending**





## What Employers are a Good Fit for Defined Contribution Health Plans?

- Employers that want to budget/control health care costs
- Employers that have a diverse work force
- Employers not able to absorb large premium increases
- Employers with primarily low wage employee base
- Employers with retirees they want to move off group plan



## Defined Contribution

### Employer Contribution

Defined Contribution Account

Health,  
Dental,  
Vision  
Premium  
Contribution

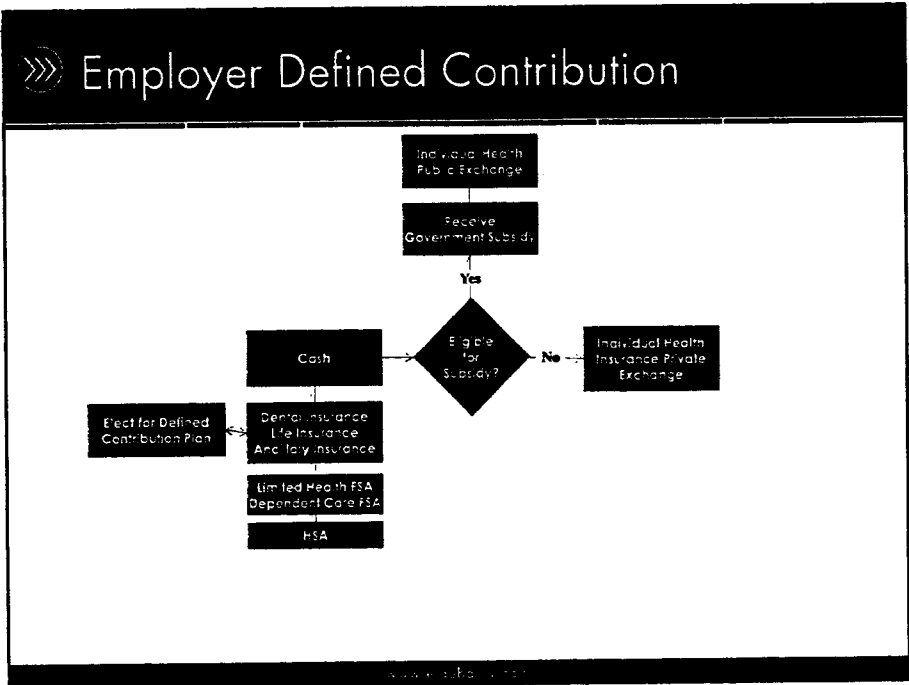
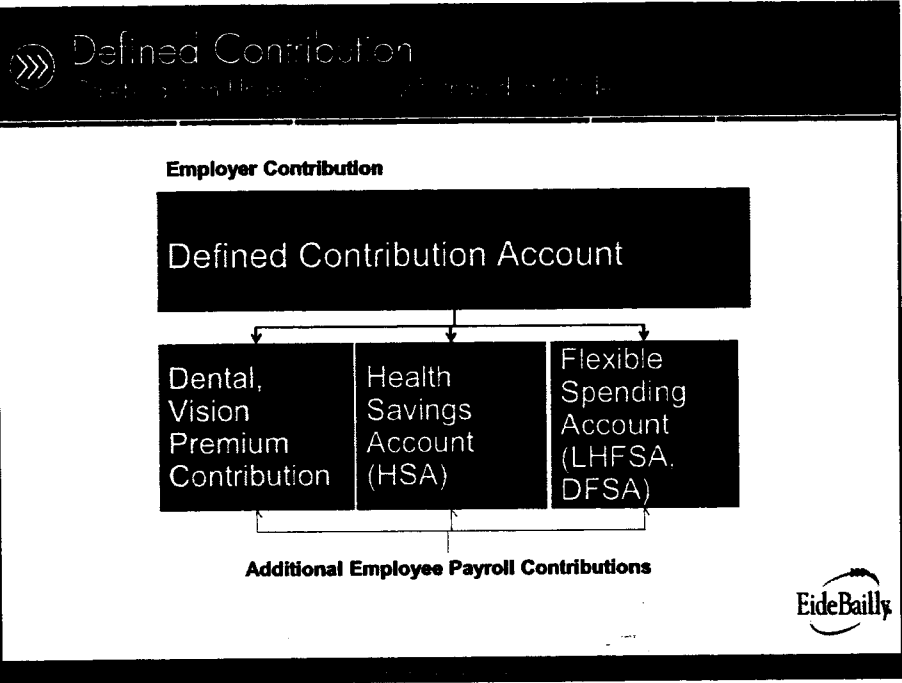
Health  
Savings  
Account  
(HSA)

Flexible  
Spending  
Account  
(FSA/LPFS)

Additional Employee Payroll Contributions



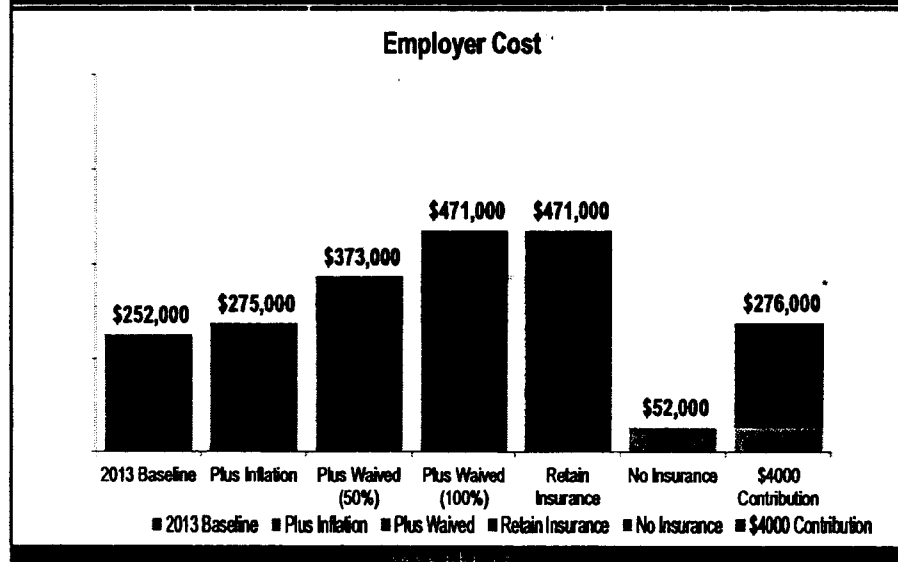




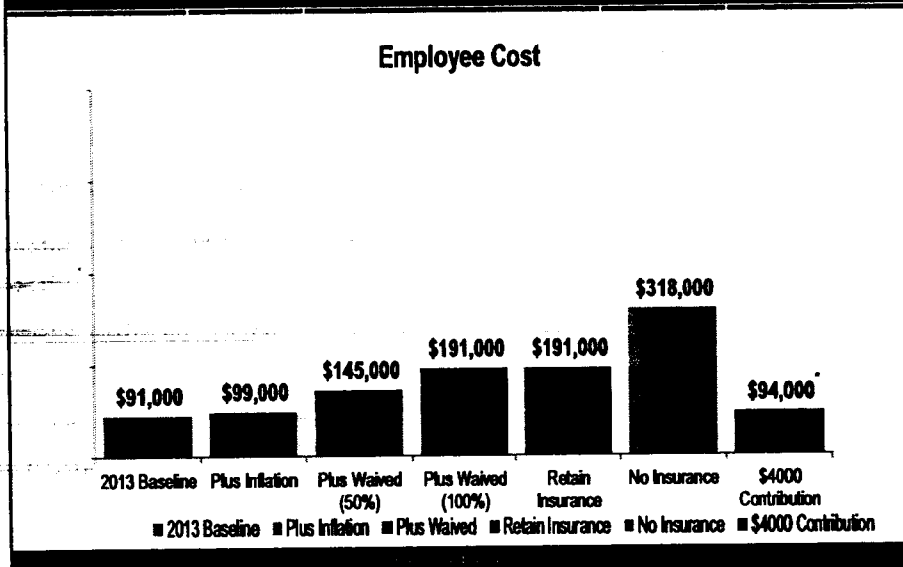
## Premium Comparison 56 Employee Group

	2013 Group Rates	2014 Group Rates Est. 6%	2013 Employer Contributi on	2014 Individual Rates	2014 Employer Contributi on
<b>Individual under 30</b>	\$3504	\$3714	\$6000	\$2640	\$4000
<b>Individual 30-34</b>	\$4368	\$4630	\$6000	\$2840	\$4000
<b>Individual 35-39</b>	\$4452	\$4719	\$6000	\$2880	\$4000
<b>Individual 40-44</b>	\$4848	\$5139	\$6000	\$3084	\$4000
<b>Individual 45-49</b>	\$5616	\$5952	\$6000	\$3636	\$4000
<b>Individual 50-54</b>	\$7420	\$7865	\$6000	\$4253	\$4000
<b>Individual</b>	\$8244	\$8738	\$6000	\$5676	\$4000

## Employer Cost – \$4,000 Contribution (*\$224,000 total*)



## »» Employee Cost – \$4,000 Contribution



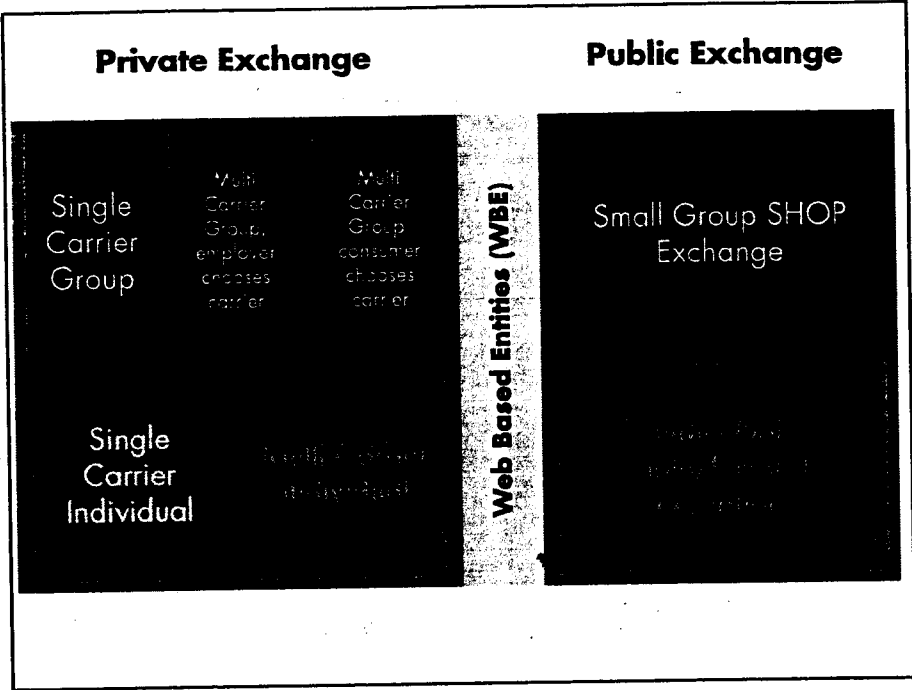
## »» Bottom Line

1. Small group is getting more expensive
  - Essential Benefits
  - Rating changing
2. Regulations are burdensome
3. Value to employees is decreasing
  - Subsidies cannot be accessed if employer offers insurance
  - Individual policies not underwritten but based on age, rating area, family size and tobacco use

# EXCHANGES 101

## »» Commercial

- Video
- [https://www.youtube.com/watch?v=PZcEqSqAWEY&feature=player\\_embedded](https://www.youtube.com/watch?v=PZcEqSqAWEY&feature=player_embedded)



## Questions?



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The following report materials are intended to provide management with knowledge and industry trends surrounding health reform in order to make an informed business decision surrounding employee benefits. Specifically the enclosed analysis includes implications around the potential expansion of Medicaid as well as the implementation of the Health Insurance Exchanges. The materials do not constitute, and should not be treated as a recommendation for any particular employee benefit package or course of action. Every effort has been made to assure the accuracy of these materials. Eide Bailly LLP and the author do not assume responsibility for any individual's reliance upon the written or oral information provided herein. Readers of the following report should independently verify all statements made before application to a particular fact situation and should independently determine the consequences or such action before recommending or implementing employee benefit alternatives.



## **Kelley Grace, CPA**

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Kelley has more than 13 years public accounting experience providing services to a variety of industries, including auto dealerships, physician and health care practices, high net worth individuals and non-profit organizations. She is a co-leader of the Firm's Dealership Committee and provides tax and consulting services to many auto dealerships and their affiliated entities.

Recognized as a leading young professional, Kelley received the Oklahoma City Business Journal's 2007 Forty Under 40 award, the Journal Record's 2009 Achievers Under 40 award, the Norman NEXT 2012 Next Under 40, the Oklahoma Society of CPA's 2012 Trailblazer award and the Oklahoma Society of CPA's 2013 Public Service award.

### **Professional Memberships**

- Oklahoma Society of Certified Public Accountants, Norman Chapter; Liaison with Educational Institutions Committee
- American Institute of Certified Public Accountants

### **Designations and Licensures**

- Certified Public Accountant

### **Community Involvement**

- Norman Chamber of Commerce - VP of Operations, Executive Committee, Board of Directors
- United Way of Norman - Executive Committee, Board of Directors, Campaign Cabinet
- Cleveland County YMCA - President, Board of Directors
- University of Oklahoma Michael F. Price College of Business JCPenney Leadership Center - Advisory Board
- Exchange Club of Norman - Board of Directors
- Norman NEXT - Member

### **Education**

- Bachelor of Accountancy, Accounting and Finance - University of Oklahoma, Norman , (With Special Distinction)