TIKIA CONSULTING GROUP, INC.
EMPLOYEE BENEFITS

Issue: 4 Volume: 2 April 2013

"Nature, Time, and Patience are three great physicians." - H.G. Bohn

IN THIS ISSUE

SHOP AND ELIGIBILITY	PG. 1
WELLNESS INFORMATION	PG. 2
FEES AND TAXES	PG. 3-4

SMALL BUSINESS HEALTH OPTIONS PROGRAM

Under PPACA, each state that chooses to operate an Exchange in the Health Insurance Marketplace is also required to establish a Small Business Health Options Program (SHOP) Exchange. This program is put in place to assist eligible small employers in providing health insurance for their employees. Federally-facilitated Exchanges (FFE) will include SHOP components in addition to the individual market.

Although small employers with up to 100 employees will be eligible to participate in these Exchanges, until 2016 some states may limit participation in the SHOP Exchanges to businesses with up to 50 employees. The SHOP Exchange must allow employers the option to offer employees all qualified health plans (QHPs) at a level of coverage chosen by the employer (bronze, silver, etc), with the employer choosing one QHP for its employees. In March of this year, HHS mandated that federally-facilitated SHOP Exchanges give employers the option of offering its employees a single QHP, in addition to offering all QHPs at a single level of coverage.

HHS has put a transition policy in place in hopes of increasing the stability of the small group market and also providing small groups with the benefits of SHOP Exchanges in 2014. By limiting types of QHP coverage at the state and federal level for 2014 plan years, it allows for choice among competing QHPs and access for qualifying small employers to the small business health insurance tax credit.

However, unable to meet tight deadlines in the new health care law, the Obama administration is delaying parts of this program until 2015 in the 33 states where the federal government will be running insurance markets known as exchanges.

In most states, employers will not be able to get what Congress intended, i.e. the option to provide workers with a choice of health plans. They will instead be limited to a single plan.

ELIGIBILITY FOR INDIVIDUAL INSURANCE

The U.S. Centers for Medicare and Medicaid Services (CMS) has now released a draft of the application individuals will need to complete to determine eligibility for health insurance coverage.

This draft is necessary in determining eligibility in governmental offered plans like Medicaid or Children's Health Insurance Program (CHIP) as well as the private sector.

Criticism has arisen throughout the industry indicating that this draft application is much too lengthy and time-consuming for individuals to complete. Also once the application is completed you are not led to a selection of available plans.

Some of the questions presented in the draft application include the following:

- Does the applicant have a parent living outside of their home
- All income of all household members - wages, retirement, property income, etc.
- Amount of interest being paid on student loans
- Amount of alimony being paid
- Health insurance information for all members of the applicant's family
- Self-employment status including an income statement

Also included are questions such as:

- If the applicant is pregnant and number expected at delivery
- Was the applicant ever in foster care
- Qualification as an Alaska Native or American Indian
- Ethnicity questions for Hispanic and Latino applicants

All applications are set to be reviewed by the Department of Health and Human Services (DHSS) as well as the IRS. At this time it is not clear if the IRS will be checking the individual tax returns submitted for the applicants against what they are reporting on this application form.

Follow the link below to view the 21-page draft application and download the file *"508_CMS_10440_Appendix_C_FA_Paper_Application"*

http://cms.gov/Regulations-and-Guidance/Legislation/PaperworkReductionActof1995/PRA-Listing-Items/CMS-10440.html

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WELLNESS

IT'S NATIONAL STRESS AWARENESS MONTH

Sponsored by a non-profit health education organization, The Health Resource Network (HRN), April has been dedicated to the many endeavors of informing people about the risks of stress, the misconceptions, and successful management strategies since 1992.

Risks:

- High Blood Pressure which can lead to heart problems
- Migraine Headaches
- Back Pain
- Ulcers
- Weakens the Immune System
- Depression

Misconceptions:

Not all stress is negative. Stress is a physical and emotional reaction to certain situations. Stress can be helpful in small doses to help us reevaluate circumstances and solve problems, but it can lead to health problems when it becomes regular and consistent.

Management Strategies:

- *Prevention* – Avoid potentially stressful situations if possible. Know your limits and say no when necessary. Prioritize and take your time. Communication is the key; talk with your family, get help from your coworkers, listen carefully, and give feedback in both forms of constructive criticism and compliments. Reward yourself for accomplishing projects and overcoming challenges. Lastly, stay healthy through exercise, nutrition, and good sleeping habits.
- *Relaxation* – Meditation is having no reactions to your thoughts, allowing your thoughts to come and go:
  1. Relax - Bring yourself to a relaxed and comfortable posture, either sitting on the floor, in a chair, or lying on your back.
  2. Breathe - Exhale completely, leaving a pause at the end of the exhale. Then naturally inhale while mentally saying the word "one". Pause again before exhaling and then release all tension. While exhaling, mentally say the word "and".
  3. Repeat - Continue the cycle slowly while relaxing more and more.
  4. Return - Take your time coming back from this relaxed state and give yourself a couple of minutes before returning to your regular day. Smile and enjoy the serenity.
- *Support* – If you are feeling overwhelmed, ask for help. Sometimes friends, coworkers, and even family members aren't enough, so contact a professional before the risks become reality.

World Health Day on April 7th is all about *High Blood Pressure* education, prevention, and treatment. *Risks:* Heart Attacks, Strokes, Kidney Failures, Blindness, and Heart Failure. Worldwide, 1 in 3 adults have high blood pressure. *Prevention:* Reduce salt intake, Eat a nutritious diet, Avoid harmful use of alcohol, Avoid Tobacco use, and Include Physical Activity regularly.

APRIL 22nd IS EARTH DAY

Help the environment every day, but today celebrate by doing extra things like planting trees, picking up trash, recycling, and learning more about conservation.

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FEES AND TAXES UNDER THE ACA

TAX / FEE	PURPOSE	PARTY RESPONSIBLE FOR PAYING	COST	WHEN IT GOES INTO EFFECT
Comparative Effectiveness Research (CER) Fee **Applies to fully-insured, self-funded, grandfathered, and non-grandfathered plans*	This fee will help fund the **Patient-Centered Outcomes Research Institute (PCORI)**, which was authorized by Congress to provide evidence based research intended to help people make informed decisions.	Issuers of **individual and group health policies**. TPAs are not allowed to file / pay the fee for self-funded groups; it is the employer's responsibility.	**Plan/policy years ending:** • After 09/30/2012, through 09/30/2013: $1 per covered life; • 10/01/ 2013, through 09/30/2014: $2 per covered life; • After 09/30/2014, through 09/30/2019: previous year's fee + inflation.	An excise tax return **form 720 must be filed by July 31st** of the year the plan/policy year ends. Fee will be phased out after 09/30/2019.
Annual Health Insurance Industry Fee **Applicable to fully insured grandfathered and non-grandfathered plans, but not to self-funded plans*	An annual fee to fund some provisions of the ACA, such as **premium subsidies**.	Health insurance issuers. For profit insurers will pay **twice the amount** as not-for-profit insurers.	**Total Amount Collected**: • 2014: $8 billion • 2018: $14.3 billion • After 2018: Determined by annual rate of premium growth.	**January 2014**.
Transitional Reinsurance Program Assessment Fee *States can establish their own transitional reinsurance program or require supplemental reinsurance contributions, but if a state does not, HHS will operate the reinsurance program for the state*	Established by the ACA to **help stabilize premiums** for coverage in the individual market during the 2014-2016 calendar year period. Money paid into the program funds payments to individual market issuers covering high-cost individuals.	**Health Insurance Issuers and self-funded health plans**, both grandfathered and non-grandfathered plans. Plan administrators are to submit enrollment counts by **November 15, 2014**; HHS will send bills by December 2014; **Payment is due 30 days** later.	HHS proposes that the annual assessment will be **$63/individual** enrolled under a plan/policy in 2014, in addition to a small administrative fee. The program will be funded over a three year period.	Quarterly collections begin **January 2015** when initial payments are due. The fee is phased out after 2016.

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Employee Benefits

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FEES AND TAXES UNDER THE ACA *(CONT.)*

TAX / FEE	PURPOSE	PARTY RESPONSIBLE FOR PAYING	COST	WHEN IT GOES INTO EFFECT
Risk Adjustment Program and Fee **Does not apply to large-group plans, self-funded plans, or grandfathered plans*	Covers administration of the Risk Adjustment Program, which **evens out the financial risk** in the individual and small group markets: • Eliminate premium differences in plans; • Level the field in the marketplace; • Reduce excessive premium growth.	Fully insured plans that participate in the **individual and small group markets** in a given state pay the fee.	Payments will be transferred from issuers with lower-risk populations to issuers with higher-risk populations. The fee is estimated to cost around **$0.08 per member per month** (PMPM).	The fee goes into effect in **2014 and is permanent**.
The Health Insurance Marketplace (Exchanges) User Fees **Fee does not apply to grandfathered plans*	Required by the ACA to be **financially self sustaining by 2015**. User fees will most likely be imposed on health insurance issuers as well as others in the health care sector who may benefit from or use the marketplaces.	Health insurance issuers **who offer qualified health plans** in the marketplace.	HHS proposed a monthly user fee equal to **3.5% of the monthly premium** for each policy in federally facilitated marketplaces (state marketplace fees will most likely be similar to the federally facilitated marketplaces).	The fees take effect for the **2014 benefit year and will be a permanent** feature of marketplaces.
Cadillac Excise Tax for high-cost plans **Applies to both grandfathered and non-grandfathered plans*	To **generate revenue to finance health care reform**.	• For **fully-insured** plans: the health insurance issuer; • **Self-funded** plans must pay the fee themselves.	A **40% tax on annual premiums** that exceed defined thresholds for single and family coverage.	Begins **January 2018 and is permanent**.

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