TIKIA CONSULTING GROUP, INC.
EMPLOYEE BENEFITS

Issue: 6 Volume: 2 June 2013

> "If I take care of my character, my reputation will take care of itself." – *D.L. Moody*

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## SUBSIDY CALCULATOR

The Kaiser Family Foundation has released an online, interactive calculator to help individuals get a better idea of their eligibility, premium amounts, and level of insurance plan, as per the new "Marketplaces" going into effect January 2014 :

Click here to access the calculator

This subsidy calculator is a great tool to use as support for people contemplating purchasing insurance in these marketplaces.

You simply input your estimated income for 2014, the number and age of adults, number of children, tobacco usage for each family member, and if there is employer coverage available. When you click "Submit" it outputs information on how much you could receive as a tax credit subsidy in addition to which plan the results are based on and the out-of-pocket expenses maximum.

If you are under the age of 65, earning a mid-income salary, and are ineligible for coverage through your employer, Medicaid, or Medicare, you may be able to apply for these tax credit subsidies available through the state-based exchanges starting in October 2013.

States will have the option regarding their Medicaid programs to expand their coverage to all people making up to 138% of the federal poverty level (which is about $33,000.00 for a four-person household). For the states that opt out of expanding their Medicaid program, people earning less than this amount will still be eligible for Medicaid, while others will be eligible for subsidized coverage through Marketplaces, and others will not be eligible for subsidies.

## PREGNANCY COVERAGE FOR DEPENDENTS

Employer health plans commonly cover pregnancy costs for their employees and their spouses, but should they cover their employees' dependents' pregnancy costs? If they choose not to, then it could be deemed sex discrimination, which is prohibited by the Affordable Care Act.

The Director of Federal Reproductive Health Policy at the National Women's Law Center (NWLC), Sharon Levin, indicates that this is sex discrimination because men's health needs are covered in any capacity—as an employee, spouse, or dependent. "But for these young women, maternity benefits are not being provided. It's a health benefit that only applies to women and the absence of the benefit denies them comprehensive coverage."

Section 1557 of the Affordable Care Act prohibits discrimination based on gender, and this applies to any health program that receives federal assistance. Therefore, excluding maternity care coverage for female dependents directly violates Section 1557.

The health care revision permits children to stay on their parents' health plans until age 26 even if they are married or financially independent, and the average age of a woman during her first pregnancy was 25 as of 2010, according to the Centers for Disease Control and Prevention's National Care for Health Statistics. Because of these facts, it seems rather important to raise this discussion now according to Marcia Greenberger, co-president of the NWLC.

Under the Pregnancy Discrimination Act of 1978, employers with 15 or more employees are legally required to offer the same health insurance coverage to a pregnant employee or spouse as they would for any employee with a medical leave or disability, but this law's reach does not cover an employee's child.

Beginning in 2014, it will be required as one of the 10 "essential health benefits" that small groups and individual health plans provide maternity and newborn care. Large group plans, however, do not have to abide by these rules.

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# THE WHO, WHAT, AND WHEN ON THE PCORI FEE

The IRS has revised the Quarterly Federal Excise Tax Return Form by adding a new section for the Patient-Centered Outcomes Research Institute (PCORI) fee. The PCORI fee is a fee taxed on certain health insurance policies and self-insured health plans that directly contributes to funding the Patient-Centered Outcomes Research Institute (PCORI). The institute, which was established by PPACA, conducts research and focuses on evidence-based medicine. They will collect, evaluate and produce comparative clinical-effectiveness research findings that will be an essential aid in making the most informed health decisions for clinicians and patients alike.

The PCORI fee will be imposed on employers and insurance carriers for approximately seven years and is expected to increase during those years. Any Plan that ended after October 1, 2012 through December 31, 2012 must pay this PCORI fee by July 31, 2013 (by filing IRS Form 720). To determine exactly who is required to pay the PCORI fee, there are several aspects to consider:

If a fully-insured or self-insured health plan or insurance policy provides "accident and health" coverage for individuals that are not deemed "excepted" benefits, then it is subject to the PCORI fee. Governments that sponsor health plans, such as the federal government, states and Indian tribes are also subject to the fee, as is COBRA coverage that is offered to former employees and dependents under an employer health plan, and an employer health plan covering only retirees or former employees.

If a fully-insured or self-insured health plan provides only "excepted benefits" or if the benefits cover people mainly living and working outside the U.S., then the plan is not subject to the PCORI fee.

Other programs that are not subject to the fee are employee assistance programs (EAPs), disease-management programs and wellness programs that are not solely for the purposes of medical care or treatment. Stop-loss coverage, indemnity reinsurance, and Governmental health programs, such as Medicaid and Medicare, are generally not subject to the fee.

If a Health FSA participant is 1) offered other group health plan coverage that is not limited to excepted benefits and 2) the maximum amount of reimbursement is less than the greater of two times the employee's salary reduction or $500, plus the salary reduction election, then the FSA is not subject to the fee. If both of these requirements are not met, then the FSA will be subject to the fee.

The following benefits are treated as "excepted benefits" that are not subject to the PCORI fee:

- Accident or disability income insurance
- Coverage that is supplemental to liability insurance
- General liability insurance and automobile liability insurance
- Workers' compensation
- Automobile medical payment insurance
- Credit-only insurance
- Coverage for on-site medical clinics
- Separate policies providing limited scope dental or vision benefits, long-term care, nursing home care, home healthcare or community-based care
- Separate policies providing coverage only for a specified disease or illness or hospital indemnity or other fixed indemnity insurance
- Separate policies providing Medicare supplemental health insurance

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# KNOWING YOUR LEVELS

Did you know that if you are aware of your vital numbers then you can take steps to improve your health if your levels currently are out of the “healthy” range? Knowing exactly what your blood pressure, cholesterol, blood sugar and body mass index (BMI) are is imperative when determining whether you are at risk for developing major illnesses such as heart disease or diabetes.

**Total Cholesterol = 200 or Less –** Cholesterol falls into two categories: HDL (“*good*”) and LDL (“*bad*”). Your HDL level should be above 60, while your LDL should be below 130. It is recommended to start having your cholesterol levels checked every five years beginning at the age of 20; if your cholesterol is ever at an elevated level, you should get it checked more frequently. Children that are over 2 years old should be checked on a regular basis if there is a family medical history of heart disease or high cholesterol that appears earlier than age 55.

**Blood Pressure = Less than 120 over 80 -** High blood pressure, also called *hypertension*, is a condition where one’s resting blood pressure consistently measures at 140 over 90 or greater. The higher number (*systolic* pressure) signifies when the heart beats, and the lower number (*diastolic* pressure) is when the heart is at rest. The danger with high blood pressure is that there are no symptoms; the only way that it can be detected is by having your blood pressure checked regularly. If it is left untreated, high blood pressure can cause catastrophic health issues such as heart failure, aneurysms, kidney failure and/or stroke. Check your blood pressure at least once every year.

**Blood Sugar = Below 100 (using FPG test) –** Your body stores sugar in your blood, called *glucose*, which is your main source of energy. If your glucose levels are consistently too high, this is called *hyperglycemia*, and when the levels are too low, it is called *hypoglycemia*. Having either issue can lead you to develop diabetes. Some of the symptoms of diabetes include frequent urination, extreme hunger and thirst, unusual weight loss, increased fatigue and blurry vision. If diabetes is left untreated, it can lead to heart disease, blindness, kidney disease and possibly amputation of the arms or legs. Make sure to check your blood sugar every 3 years, unless you have pre-diabetes, in which case you should get it checked annually.

**Body Mass Index (BMI) = Between 18.5 and 24.9 -** To calculate your BMI, use the calculator at www.nhlbisupport.com/bmi. BMI is considered to be the most useful tool when determining and classifying obesity. It measures your exact amount of body fat according to your height and weight, which directly correlates with your risk of disease and death. Having a BMI of over 25 indicates that you are overweight. If your BMI is over 30, then you are classified as obese. If you have a BMI of 18.5 or below, then you are considered to be underweight, which is just as serious of a health problem. Underweight people are at a higher risk for osteoporosis (a disease which weakens your bones), fertility problems and overall illness due to a weakened immune system. You may be surprised to learn what category you fall into, but knowledge is power and is the first step in taking care of yourself and your health.

| BLOOD GLUCOSE RANGES | BLOOD PRESSURE RANGES | TOTAL BLOOD CHOLESTEROL | BMI LEVELS |
|---|---|---|---|
| Less than 100 mg/dl NORMAL | Less than 120/80 OPTIMAL | Less than 200 mg/dl DESIRABLE | Below 18.5 UNDERWEIGHT |
| 100-125 mg/dL IMPAIRED (Prediabetic) | 120-139 / 80-89 PREHYPERTENSION | 200 – 239 mg/dl BORDERLINE | 18.5 – 24.9 NORMAL |
| 126 or higher DIABETES | 140/90 HIGH | 240 mg/dl HIGH | 25.0 – 29.9 OVERWEIGHT |
| | | | 30.0 and OVER OBESE |

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# ESTIMATED MONTHLY INCOME WITH 401(K) PLANS

Interest in lifetime income solutions from defined contribution plans such as 401(k) Profit Sharing Plans is being examined by the Employee Benefits Security Administration (EBSA) of the U.S. Department of Labor. With a majority of workers relying on their 401(k) plan and Social Security as their only means of funding their monthly income at retirement, EBSA is now looking into requiring projected account balance information to be required on participant statements. At this point, EBSA has issued an advance notice and fact sheet requesting comments concerning this proposed rule.

Guidelines for converting a current account balance into a projected monthly income at retirement are also outlined in the proposal. A safe harbor presented in the proposal would allow (but not be required) plan administrators to use the following assumptions:

- The most recent participant contribution amounts will continue until normal retirement age increasing at a rate of 3% per year;
- A discount rate of 3% per year to show the projected account balance at retirement in today's dollars;
- An investment return of 7% per year during the accumulation phase.


Also, plan administrators will be able to use either:

- The ten year constant maturity Treasury rate of interest during the draw down period;
- The Code Section 417(d)(3)(b) IRS Unisex Mortality Table.

Additionally the proposal would allow the illustration to be shown in either of the following two methods:

1. A method in which the participant withdraws either a dollar certain or percentage of their account balance until funds have zeroed out.

   - Or -

2. A method showing an estimated lifetime monthly annuity.

Since life spans of participants have increased, participants and plan administrators are more and more concerned about the participant's ability to have a sustainable income throughout their lifetime. The Department of Labor is hoping that by supplying participants with more information, the participant will be more motivated to take a closer look at their personal savings as well as their 401(k) plan accounts.

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