

AFFORDABLE CARE ACT AND SUBSTITUTE TEACHERS



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1

WELCOME

• Today's Session

- Research findings - STEDI.org
- Large employer mandates (play and/or pay)
- “Assessable payments” - fines
- What is best for the employee? employer?
- Full-time measurement periods
- Initial tasks

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2

WELCOME

• NOT COVERED in Today's Session

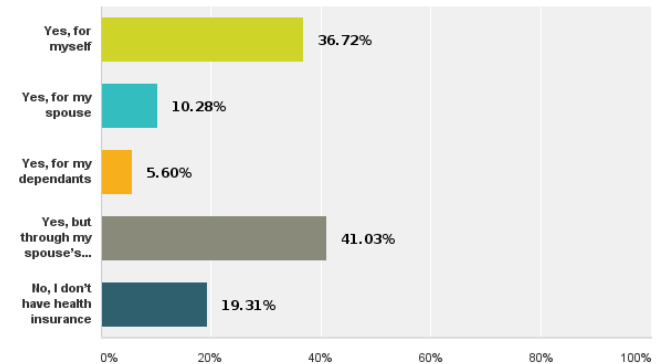
- Legal advise!
- Individual mandate
- Exchanges and subsidies
- Definition of large employer

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3

Q8 Do you currently have health insurance?

Answered: 2,481 Skipped: 174

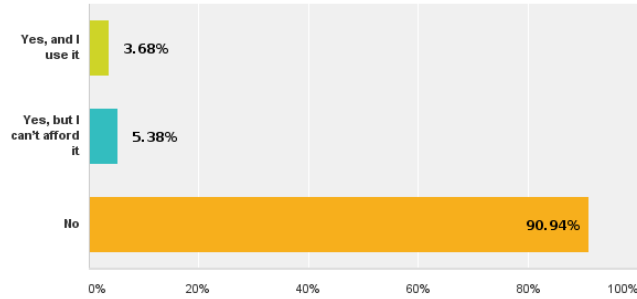


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4

Q9 Does your school district/organization offer insurance to you at your level of employment?

Answered: 2,229 Skipped: 426

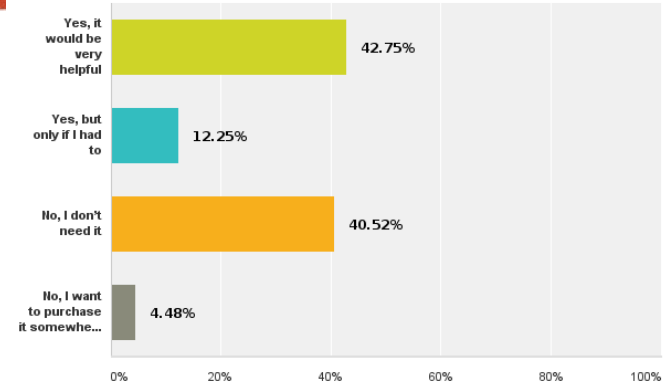


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Q10 If your district offered insurance that you could afford, would you take advantage and purchase it through them?

Answered: 2,367 Skipped: 288



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LARGE EMPLOYER MANDATE 4980H(A) - HURDLE #1

- ▶ Employers must offer minimum essential coverage (MEC) to 95% of their full-time employees (and their dependents) or pay fines
- ▶ Spouses are not counted as dependents

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7

LARGE EMPLOYER MANDATE 4980H(A) - HURDLE #1

- ▶ Full-time employees: 30+ hours/week or 130+ hours/month
- ▶ Full-time educational employees
 - 1059+ hours/year, or
 - Average 30 hours per week for all non-break periods during a school year
 - Breaks less than 4 weeks long are included in the calculation
- ▶ In order to “offer” coverage, an annual open enrollment must take place

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LARGE EMPLOYER MANDATE 4980H(A) - FINE

- ▶ Fine is assessed if MEC is not offered to at least 95% of the employees and one full-time employee receives a subsidy through an exchange
- ▶ Fine is \$2000/ALL full-time employee (less 30)
- ▶ Example:
 - 100 full-time employees, with MEC not offered to 10 full-time employees
 - One full-time employee receives a subsidy through an exchange
 - Fine = $(100-30)*\$2,000 = \$140,000$
- ▶ If the district in the above example did not offer MEC to any employee, the fine would be exactly the same – \$140,000

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LARGE EMPLOYER MANDATE 4980H(B) - HURDLES #2, 3

- ▶ The MEC offered must provide minimum value
 - The group plan pays at least 60% of the total allowed costs
 - Your insurance carrier can compute if you are within the 60% criteria
 - HHS has developed a minimum value calculator
- ▶ The MEC offered must be affordable
 - Affordable if employee's portion is less than 9.5% of income
 - The affordability test will be based upon employee's district earnings and the cost of the district's single coverage

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AFFORDABILITY COMPUTATION SAFE HARBORS

- ▶ **W-2** - Safe Harbor
- ▶ **Rate of Pay** - Safe Harbor
- ▶ **Federal Poverty Line** - Safe Harbor

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11

LARGE EMPLOYER MANDATE 4980H(B) - FINE

- ▶ If one employee receives a subsidy through an exchange because the employer's plan does not provide minimum value or is unaffordable, the employer will pay a fine of the lesser of:
 - \$3000 per employee receiving a subsidy; or
 - \$2000 per FTE (less the first 30)

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12

LARGE EMPLOYER MANDATE 4980H(B) - FINE EXAMPLE

- ▶ A district offers MEC to all of its 500 full-time employees and the district contributes \$3500/year/employee
- ▶ 100 full-time employees receive a subsidy through the exchange due to “unaffordability”
- ▶ The fine to the district is $\$3,000 * 100 = \$300,000$
- ▶ The impact of the fine will be offset by those employees actually switching from the district coverage to the exchange (\$500 net decrease in cost)

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AFFORDABILITY EXAMPLE

- ▶ An ACA-full-time employee earns \$25,000 per year
- ▶ Of the \$500 total single monthly premium for a 80% actuarial value plan, the district pays \$250 and the employee pays \$250
- ▶ The employee contributes \$3,000 per year
- ▶ Contribution to salary ratio = $3,000/25,000 = 12.0\%$ - NOT AFFORDABLE
- ▶ To be affordable, the maximum employee contribution can be \$2375.00 per year or \$197.92 per month
- ▶ If possible, the district may wish to offer a bronze-like coverage (ex. 60% AV coverage with \$400/month total premium) and pay \$210/mo – now affordable for the employee at \$190/mo.

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AFFORDABILITY EXAMPLE (EXCHANGE PREMIUMS)

- Four benefit levels (bronze, silver, gold, and platinum) plus a catastrophic coverage will be offered

✓ Bronze – 60% Actuarial Value (AV)		
✓ Silver – 70% AV		
✓ Gold – 80% AV		
✓ Platinum – 90% AV		
	Income	Premium
	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
	401%+FPL	No limit
Family Size	FPL	
1	\$11,490	
4	\$23,550	

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15

OFFER OR NOT - WHAT IS BEST FOR THE EMPLOYEE?

- ▶ If affordable coverage is offered, the employee will pay \$190/mo. for bronze-like (60% AV) coverage through the district
- ▶ If he is single and no affordable coverage is offered, silver+ coverage (73% AV) through the exchange will cost \$144/mo. or bronze coverage will cost \$95/mo.
- ▶ If he has a non-working wife, he will pay \$590/mo. (assuming \$800 premium) for bronze-like, employee +spouse coverage through the district

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16

OFFER OR NOT - WHAT IS BEST FOR THE EMPLOYEE?

- ▶ If he has a non-working wife and no affordable coverage is offered, silver+ coverage (87% AV) for he and his wife through the exchange will cost \$94/mo. or bronze coverage will cost \$0/mo.
- ▶ If the employee understands the exchange, it is best for the employee that the district does not offer affordable coverage

Information from Kaiser Foundation for age 30, nonsmoker(s) at: <http://kff.org/interactive/subsidy-calculator/>

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17

OFFER OR NOT - WHAT IS BEST FOR THE EMPLOYER?

- ▶ Scenario 1 - By offering affordable coverage the district
 - May spend \$2,520/year ($\210×12)
 - Protects itself from a possible \$3,000 fine
- ▶ Scenario 2 - By not offering affordable coverage, the district
 - Will spend \$0 for health insurance for the employee
 - May be liable for the \$3,000 fine
- ▶ Due to the low cost, an employee needing insurance will be much more likely to purchase insurance from the exchange (Scenario 2)

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18

OFFER OR NOT - WHAT IS BEST FOR THE EMPLOYER?

- ▶ It appears best for the district to offer the insurance due to:
 - Public relations – by offering coverage, it appears that the district is helping employees
 - Fairly likely that the employee will not take the district insurance
 - Protects the district from the likely \$3,000 fine

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19

WHAT MAY BE BEST FOR THE DISTRICT AND AN EMPLOYEE?

- ▶ Assumptions:
 - Employee's salary is within 4 times the FPL
 - The employee does not have access to inexpensive coverage through the spouse's work
 - Hours worked are close to the PPACA full-time status
 - The district can control hours worked

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20

WHAT MAY BE BEST FOR THE DISTRICT AND AN EMPLOYEE?

- ▶ Best for the employee and the district
 - Control the hours so that the employee is not PPACA full-time
 - The employee can receive the exchange subsidy
 - The district is not liable for the premium contribution nor the possible \$3,000 fine

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AREAS OF CONCERN:

- ▶ Part-time, variable employees - substitute teachers
- ▶ Long-term substitute teachers
- ▶ Tracking
- ▶ Affect on students

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ACA FULL-TIME MEASUREMENT PERIODS

- ▶ Standard Measurement Period (SMP)
 - Used to measure each employee's hours worked
 - Length is from 3 months to 12 months
- ▶ Administrative Period
 - Up to 90 days
 - Immediately after the SMP
 - Cannot be used to create a gap in coverage
- ▶ Stability period
 - Length is at min the greater of the length the SMP or six months
 - A full-time employee during the SMP must be treated as a full-time employee during the stability period

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ACA FULL-TIME MEASUREMENT PERIODS

- ▶ Determine what external expertise will be used through the process
- ▶ Gain as much knowledge as possible concerning PPACA
- ▶ Review the hours worked by all employees
- ▶ Determine if your coverage provides minimum value for full-time employees
- ▶ Determine if your coverage is affordable for full-time employees
- ▶ Determine and initiate your measurement period

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24

PROACTIVE PLANNING - ACA

- ▶ Determination if the district is going to continue to offer health insurance
- ▶ Length of school year (counting weeks/school year)
- ▶ Revisions to calendar and/or hours worked
 - Reduce hours to less than 30/week when possible
 - Increase duties for those already ACA eligible
- ▶ Review and possible alteration to insurance eligibility
- ▶ Begin conversations with unions concerning ACA

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BUDGETARY PLANNING

- ▶ Advisor/attorney fees
- ▶ Added insurance participants and/or increased contribution
- ▶ Open enrollments
- ▶ Special enrollments
- ▶ Premium inflation
- ▶ Fines
- ▶ Extra staff time

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OPTIONS

- ▶ Play or pay
- ▶ Limit hours
- ▶ Outsourcing
- ▶ Independent contractor

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MORE INFORMATION

- ▶ <http://www.afadvantage.com/for-employers/health-care-reform/exchange-guide.aspx>
- ▶ <http://healthreform.kff.org/>

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28

MORE INFORMATION

▶ Substitute Teacher Shortage Webinar

- ▶ January 14, 2014 - 1:00 pm EST

▶ Subsolutions Conference

- ▶ July 9 - 11, 2014
- ▶ Park City, UT

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29

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▶ Training Substitute Teachers

- ▶ College-level/research-based
- ▶ Initial and on-going

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30

MORE INFORMATION

- ▶ Geoffrey Smith - geoffrey.smith@STEDI.org

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31