



COUNTY OF RIVERSIDE - HUMAN RESOURCES

AFFORDABLE CARE ACT (ACA) - HEALTH CARE EXCHANGE

WHAT HAS THE COUNTY ALREADY IMPLEMENTED DUE TO ACA?

JANUARY 1, 2011

- ✓ Coverage for Adult Children until they reach age 26
- ✓ No Lifetime Limits On Benefits
- ✓ No Copay for Preventive Care
- ✓ Early Retiree Reinsurance Program (ERRP) – COR received reimbursement in the amount of \$1,125,703.58 reducing the 2013 average premium rate increase for retirees from 10.4% to 6.7%
- ✓ No Pre-existing Conditions
- ✓ Over-the-Counter Medicines no longer reimbursable under Health FSA

JANUARY 2012 – JANUARY 2013

- ✓ Guidelines for Women’s Preventative Services – No Cost Sharing for screenings, vaccinations, and well-woman visits
- ✓ Reporting the value of Health Coverage on Form W-2
- ✓ Coverage for treatment of Autism
- ✓ Distribution of Summary of Benefits (SBC) and Coverage to Participants to highlight plan benefits
- ✓ \$2,500 Limit on Flexible Spending Accounts (FSA)

WHAT'S REQUIRED FOR 2014?

Individual Mandate to Purchase Insurance or Pay Penalty	State Insurance Exchanges
Employer Responsibility to Provide Affordable Minimum Essential Health Coverage ✓ Completed for all regular employees	Transitional Reinsurance Program and Patient-Centered Outcomes Research Institute (PCORI) Contributions – Imposed fees/taxes
Pre-existing Conditions Exclusions Prohibited for all age groups ✓ Completed	Limit of 90-Day Waiting Period for Coverage ✓ Completed for all regular employees
Employer Reporting of Health Insurance Information to Government and Participants	Cost-sharing limits for all group health plans ✓ Completed
Automatic Enrollment ✓ Completed for all regular employees	Cap on Rewards of 30% for Participation in Wellness Program ✓ Completed

WHAT'S NEXT?

EMPLOYER RESPONSIBILITY TO PROVIDE AFFORDABLE MINIMUM
ESSENTIAL HEALTH COVERAGE

COVERED CALIFORNIA – HEALTH PLANS

Coverage Category	Bronze	Silver	Gold	Platinum
	Covers 60% of average annual cost	Covers 70% of average annual cost	Covers 80% of average annual cost	Covers 90% of average annual cost
Preventive Care Copay	No Cost	No Cost	No Cost	No Cost
Primary Care Visit Copay	\$60 for 3 visits	\$45	\$30	\$20
Specialty Care Visit Copay	\$70	\$65	\$50	\$40
Urgent Care Visit Copay	\$120	\$90	\$60	\$40
Emergency Room Copay	\$300	\$250	\$250	\$150
Lab Testing Copay	30%	\$45	\$30	\$25
X-ray Copay	30%	\$65	\$50	\$40
Generic Medicine Copay	=>\$25	=>\$25	=>\$20	=>\$5
Annual Out-of-Pocket Maximum Individual and Family	\$6,350 for you \$12,700 for your family	\$6,350 for you \$12,700 for your family	\$6,350 for you \$12,700 for your family	\$4,000 for you \$8,000 for your family

For additional information about Covered California go online to <http://www.coveredca.com/>

HOW THE COUNTY PLANS COMPARE...

All of the County plans listed below provide coverage above the Covered California Platinum level

Coverage Category	Exclusive Care	Kaiser	Health Net EOA	Health Net PPO
Preventive Care Copay	No Cost	No Cost	No Cost	No Cost
Primary Care Visit Copay	\$5	\$15	\$15	\$20
Specialty Care Visit Copay	\$5	\$15	\$15	\$20
Urgent Care Visit Copay	\$20	\$15	\$35	\$20
Emergency Room Copay	\$100	\$50	\$100	20%
Lab Testing Copay	No Cost	No Cost	No Cost	20%
X-ray Copay	No Cost	No Cost	No Cost	20%
Generic Medicine Copay	\$5	\$10	\$10	\$5
Annual Out-of-Pocket Maximum Individual and Family	\$1,500 for you \$3,000 for your family	\$1,500 for you \$3,000 for your family	\$1,500 for you \$3,000 for your family	\$1,500 for you \$3,000 for your family

WILL THE COUNTY PAY OR PLAY?

By law, employers with at least 50 employees must:

1. Provide adequate health benefits to at least 95% of the County's Full-Time Employee (FTE) population; or
2. Pay a financial penalty

WHAT IS THE IMPACT ON COUNTY
OF RIVERSIDE HEALTH BENEFITS?
Should we pay or play?

As of February 2013:

- 16,043 eligible full-time employees
- 94 eligible part-time employees
- 1,214 non-eligible, but working over 30 hours

Note: Based on ACA analysis report provided by Aon to offer affordable coverage.

PAY OR PLAY

Currently, the County offers coverage to 93% of FTE population

However, the County has a group of 1,214 employees who are not currently eligible for coverage, but on average they are working over 30 hours per week

Out of that group 1,139 (approx. 94%) employees are assigned to the Temporary Assignment Program (TAP)

WILL THE COUNTY OFFER COVERAGE FOR THE FOLLOWING GROUPS?

- TAP
- Department Temporary
- Seasonal
- Interns (paid vs. unpaid)
- Per Diems (currently offered Exclusive Care coverage)
- Service Aides – Office on Aging (Public Law 109-365)

AFFORDABLE COVERAGE

How will the County determine the best approach to calculating the employers Safe Harbor?

➤ **Federal Poverty Level**

- Annual single coverage costs \leq 9.5% of Federal Poverty Level for single household
- Employer may use same base contribution for all employees

➤ **Rate of Pay Method**

- Monthly single coverage costs \leq 9.5% of hourly wage x 130 hours/month

➤ **W-2 Method**

- Annual single coverage costs \leq 9.5% of year end W-2 earnings

2013 Federal Poverty Level

Coverage must be **Affordable** for those with household incomes of 100-400% of Federal Poverty level

Household Size	100%	133%	150%	200%	300%	400%
1	\$11,490	\$15,282	\$17,235	\$22,980	\$34,470	\$45,960
2	15,510	20,628	23,265	31,020	46,530	62,040
3	19,530	25,975	29,295	39,060	58,590	78,120
4	23,550	31,322	35,325	47,100	70,650	94,200
5	27,570	36,668	41,355	55,140	82,710	110,280
6	31,590	42,015	47,385	63,180	94,770	126,360
7	35,610	47,361	53,415	71,220	106,830	142,440
8	39,630	52,708	59,445	79,260	118,890	158,520
For each additional person, add	\$4,020	\$5,347	\$6,030	\$8,040	\$12,060	\$16,080

PENALTY RISK FOR UNAFFORDABLE COVERAGE

- **Regular Employees**
 - Penalties are not anticipated for Regular employees since the cost of single coverage for the least expensive medical plan, after the County's Flexible Benefit Contribution, is not expected to exceed 9.5% of the employees W-2 earnings
- **Temporary, Per Diem, and other groups without a County Flexible Benefit Contribution (if coverage is offered) account for 319 employees potentially expected to receive subsidized coverage through the Exchange**
 - According to Aon Hewitt Actuaries, the potential risk for these groups is a targeted penalty of $\$3,000 * 319 = \$957,000$

PENALTIES AND REQUIRED COSTS

Scenario A (Non Compliance/Status Quo):

- County will incur Shared Responsibility Penalties (SRP), if coverage is not offered to at least 95% of FTE population
- Penalty - \$2,000 per employee, per year for all employees in excess of 30 FTE's regardless of whether an employee purchases coverage through the Exchange or receives a Federal subsidy
- Potential cost to County – $\$2,000 * 17,227 \text{ employees} = \$39.4 \text{ million per year}$

PENALTIES AND REQUIRED COSTS (CONTINUED)

Scenario B (Offer Coverage):

- County offers coverage, but coverage is not “affordable” or doesn’t provide “minimum value”
- Incur SRP penalty for “Unaffordable Coverage” ONLY when the employee cost is more than 9.5% of employees income for Employee Only coverage
- Penalty– \$3,000 for each active FTE who purchases coverage through the Exchange and receives a Federal subsidy
- Potential cost to County - $\$3,000 * 319$ employees (estimated to receive subsidized coverage) = \$957,000 for 2014

ADDITIONAL IMPACT ON OUR PLANS AND RATES

1. **Transitional Reinsurance Program**
 - Reinsurance Fee \$63 per employee per year
2. **Patient-Centered Outcomes Research Institute (PCORI) Fees**
 - \$2 per participant per year
3. **Plan Design Requirements**
4. **Pharmaceutical Industry Fee, Medical Device Fee, Insurer Fee**
5. **The imposed fees are expected to add 2-3% to renewal premiums. When combined, they are estimated to increase premium cost by \$1.6 million for 2014**

COMMUNICATION

- County is required to distribute informational ACA model notices to all employees regarding Exchanges by October 1, 2013, regardless of whether they are eligible for coverage
- Must revise COBRA notices to inform employees of availability of coverage on the Exchange in lieu of COBRA
- After October 1, 2013, notice must be provided to new employees within 14 days of their start date

TRAINING

- HR staff and County Department Representatives will receive training on ACA, Exchanges and new employer responsibilities
- Education of employee population regarding ACA and Exchanges
 - To address the current structure and future provisions of Health Care Reform

ADMINISTRATION OF ACA

- Implementation and increased workload due to ACA with limited staffing resources
- Significant changes to business processes
- Must increase automation to effectively administer ACA (e.g. tracking, IRS responses, audits, etc.)

TEMPORARY ASSIGNMENT PROGRAM (TAP)

- Provides temporary staffing for all County departments upon request
- Provides medical personnel that work on a Per Diem basis through its Medical Assignment Program (MAP)
- Responds to seasonal needs, such as election workers and labor for the annual County Fair and National Date Festival
- Some of the primary departments utilizing TAP services include: Riverside County Regional Medical Center, Mental Health, Public Health, and the Department of Public Social Services

TEMPORARY VS. PER DIEM

Temporary Assistants:

- Typically work six months or less
- Some assignments may be extended beyond six months

Per Diem Workers:

- No limit in the length of assignment
- May work for multiple years in Per Diem status
- Limited by CalPERS contract to “medical” professionals such as: Nurses, Pharmacists, Therapists, etc.
- Currently offered Exclusive Care with employee paying full premium

TAP - PROGRAM VOLUME

- In FY 2012/13, TAP has averaged 1,750 active workers each pay period
 - 1,100 Temporaries
 - 650 Per Diem workers
- Workers are often held in an active status even when not on assignment, to provide greater flexibility with filling departmental requests in a timely manner

HOW THE TAP PROGRAM BENEFITS THE COUNTY...

- TAP is a more cost effective solution than private staffing agencies
- TAP's administrative fees have remained at 10% since 2012, this rate is projected to increase
- Private staffing agency fees may range from an additional 20% to 70% above the current TAP administrative fee
- Excluded from Government Code 31000.4, which places a 90-day limitation on the maximum time period for a temporary assignment

IN SUMMARY, THIS IS WHAT WE NEED FROM YOU...

1. **Approve the recommended approach to calculate the employer's Safe Harbor:**
 - Federal Poverty Level, Rate of Pay Method, or W-2 Method
2. **Approve either maintaining status quo, offering affordable coverage; or drop coverage for all employees:**
 - Scenario A (status quo) – continue to offer coverage to only regular employees
 - Scenario B (offer) – offer Exclusive Care coverage to the TAP employees, as we do for Per Diem
 - Scenario C (drop) – no longer offer coverage to County employees, which would require them to purchase health insurance on the exchange and the County will only pay the penalty fees
3. **Approve funding in concept for imposed taxes and fees, anticipated penalties, and additional benefit cost for Exclusive Care (we will return to the Board with cost incorporated into the fees and benefit rates)**

QUESTIONS AND FEEDBACK