



NAHU September 19th, 2013 Compliance Corner

***Minimum Essential Coverage
Vs.
Minimum Value***

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- **Materials from this webinar will be emailed to you directly after this program along with supporting document.**
- **The recording for this session will be posted to the NAHU Compliance Corner web page.**
- **You may ask questions in the Q&A chat feature at bottom right hand of your screen.**
- **Questions not addressed during this presentation, will be captured and posted to the NAHU Compliance Corner web page with answers.**



MEC vs. MV

- Review of Essential Health Benefits (EHB)
- Minimum Essential Coverage
- Minimum Value
- “Skinny Plans”
 - Minimum Value
 - Minimum Essential Coverage
 - Audit

MEC vs. MV – Essential Health Benefits

- Essential Health Benefits
- Actuarial Value (similar calculator, different name)
- Policies sold in:
 - Individual
 - Small Group
- Effective 1/1/2014
- Exempt Policies:
 - Self-Funded Policies (regardless of size)
 - Large Group Plans
 - Grandfathered Plans



MEC vs. MV – Essential Health Benefits

- Categories Include:
 - Ambulatory/Outpatient
 - Emergency
 - Hospitalization
 - Maternity & Newborn Care
 - Mental Health and Substance Abuse
 - Prescription Drugs
 - Rehabilitative and Habilitative Services & Devices
 - Laboratory Services
 - Preventive, Wellness and Chronic Disease Services
 - Pediatric Services (including pediatric dental and vision care)

MEC vs. MV – Minimum Essential Coverage

- MEC affects:
 - Most Individuals
 - All employers with 50 or more employees
 - Self-funded
 - Fully-insured
- In 2014, most Americans will be required to have MEC or pay a penalty on their tax return (IRS 1040)

MEC vs. MV – Minimum Essential Coverage

- A person will have MEC if they are covered under:
 - Eligible, employer-sponsored plan
 - Individual Policy
 - Inside Exchange/Marketplace
 - Outside Exchange/Marketplace
 - Government Plan
 - Medicare
 - Medicaid
 - CHIP
 - TRICARE
 - VA

MEC vs. MV – Minimum Essential Coverage

- Employers with 50 or more employees will be required to offer MEC to nearly all of their employees who work 30 or more hours a week
- If MEC not offered, employer will pay a penalty
- MEC must be offered:
 - To at least 95% of full-time employees
 - Children (dependent or adult to age 26)
 - Or employer faces a \$2,000 fine per year per full-time employee, less the first 30 FT employees

MEC vs. MV – Minimum Essential Coverage

- A clear definition of MEC for employer provided benefits has not been released yet by HHS/DOL/IRS.
- Basic medical coverage should suffice
- Eligible employer-sponsored coverage includes
 - Any plan offered in the small or large group market in a State
 - Self-funded plans
 - Unless the plan only offers “excepted benefits”

MEC vs. MV – Minimum Essential Coverage

- Excepted Benefits
 - Plans that provide very limited medical coverage
 - Hospital Indemnity
 - Long-Term Care
 - Cancer plans
 - On-Site Medical Clinics
 - Disability income and accident plans
 - Dental only and/or vision only plans
- Plans with annual dollar limits on EHBs will not be allowed
- Standalone HRA will NOT provide MEC

MEC vs. MV – Minimum Value Coverage

- Employers with 50 or more FTEs
 - Fully Insured
 - Self-funded
- If coverage is less than MV required, penalties apply (in 2015)
- If plan is not MV or affordable, \$3,000 penalty for each full-time employee who obtains coverage through a Marketplace/Exchange and receives a premium tax credit/subsidy
- Individuals will not be eligible for APTC/subsidies if coverage through employer meets MV, affordable



MEC vs. MV – Minimum Value

- Minimum Value is defined as coverage with an actuarial value of at least 60% of covered charges
- Calculator is available at:
<http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/mv-calculator-final-4-11-2013.xlsx>

MEC vs. MV – Minimum Value

- Important to note:
 - If person applies for APTC/subsidies, they are required to provide information on coverage available through their employer
 - The Marketplace will contact the employer to verify the information provided
 - The Marketplace Notice (FLSA Notice) does not ask about Minimum Essential Coverage
 - The Marketplace Notice asks only about MV and Affordability
 - Employers are not required, but are encouraged to respond to the requests for information on the plans offered
 - The IRS has the right to audit both the employer and the individual

MEC vs. MV – “Skinny Plan” Example

- XXXXXXXX has designed an innovative, Affordable Care Act (ACA) compliant healthcare solution which allows employers to offer quality medical benefits to their employees, within budgetary constraints, while avoiding potential tax penalties imposed by the “employer mandate.” We administer and/or insure several plans that have been designed to work together for the purpose of containing rising cost, and we have placed them onto a single administrative platform.
- The result is XXXXXXXXXXXX: a seamless, integrated solution to ACA compliance at the lowest possible price points, which also offers an employer plenty of room to expand coverage where appropriate to the employer’s business needs.
- **Plan Highlights**
 - Affordability - can reduce premiums significantly
 - ACA compliant
 - No potential employer tax penalties under PPACA
 - Single administration platform – Simplified plan maintenance



MEC vs. MV – “Skinny Plan” Example

- In order to facilitate ACA compliance for our clients, we offer plan design and comprehensive administrative services for a self-funded employer plan, which will satisfy all the required elements of the “employer mandate.”
- In view of the regulatory void regarding plan design requirements under the “employer mandate,” **we are provisionally offering** two alternative plan designs which **may** be permitted effective January 1, 2014—the commencement date of the “employer mandate.” In the meantime, an employer can enroll their employees in XXXXX coverage today and be assured that XXXXX will ultimately deliver the low cost solution for employers under the “employer mandate,” effective January 1, 2014, **no matter what regulations are forthcoming.**



MEC vs. MV – “Skinny Plan” Example

- Self- Funded Preventive Care Only Plan (based on the assumption that the regulations adhere to the statutory concept of “minimum value” based on services actually covered by the plan).
- Paired with a Limited Medical Plan, which pays a fixed benefit amount to help cover the cost of common medical services (doctor visits, diagnostic tests and x-rays, hospitalization, etc.)

MEC vs. MV – “Skinny Plan” Example

- In order to avoid the tax penalty under the “employer mandate,” a large employer must OFFER a health plan to all its full time equivalent employees that is “affordable” and provides “minimum value.” Regulations applicable for 2014 provide that a plan will be deemed “affordable” for an employee if the employee contribution for self-only coverage does not exceed 9.5% of the employee’s wages. An employer can assure that its coverage offer is “affordable” to its employees by withholding a monthly plan contribution from an employee’s wages, which does not exceed 9.5% of the employee’s monthly wage.
- A plan satisfying the employer mandate requirement must also provide “minimum value.” Regulations have not yet been promulgated regarding the “minimum value” requirement. ACA provides that a plan will not satisfy the “minimum value” requirement where “the plan’s share of the total allowed costs of benefits provided under the plan is less than 60 percent of such costs.”
- The Preventive Only Care Plan **should** satisfy the “minimum value” requirement because the Plan pays 100% of the cost of services covered under the plan.
- However, if regulations are ultimately promulgated that impose a minimum, actuarially projected health cost requirement for plan design, then employers can satisfy the “minimum value” requirement by offering a Self-Funded XXXXXX Minimum Value Plan, which will be administered by XXXXXXXX and protected with stop loss coverage offered by XXXXXXXX.



MEC vs. MV – “Skinny Plans” MV

User Inputs for Plan Parameters

- Use Integrated Medical and Drug Deductible?
- Apply Inpatient Copay per Day?
- Apply Skilled Nursing Facility Copay per Day?
- Use Separate OOP Maximum for Medical and Drug Spending?
- Grandfathered Plan?

HSA/HRA Options		Narrow Network Options	
HSA/HRA Employer Contribution?	<input type="checkbox"/>	Blended Network/POS Plan?	<input type="checkbox"/>
Annual Contribution Amount:		1st Tier Utilization:	
		2nd Tier Utilization:	

Tier 1 Plan Benefit Design		
Medical	Drug	Combined
Deductible (\$)		\$0.00
Coinsurance (% Insurer's Cost Share)		100.00%
OOP Maximum (\$)		\$6,500.00
OOP Maximum if Separate (\$)		

Tier 2 Plan Benefit Design		
Medical	Drug	Combined

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Type of Benefit	Tier 1				Tier 2				Service Not Covered?	
	Subject to Deductible?	Subject to Coinsurance?	Coinsurance, if different	Copay, if separate	Subject to Deductible?	Subject to Coinsurance?	Coinsurance, if different	Copay, if separate	Tier 1	Tier 2
Medical	<input checked="" type="checkbox"/> All	<input checked="" type="checkbox"/> All			<input checked="" type="checkbox"/> All	<input checked="" type="checkbox"/> All				
Emergency Room Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
All Inpatient Hospital Services (inc. MHSA)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
Primary Care Visit to Treat an Injury or Illness (exc. Well Baby, Preventive, and X-rays)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
Specialist Visit	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
Mental/Behavioral Health and Substance Abuse Disorder Outpatient Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
Imaging (CT/PET Scans, MRIs)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rehabilitative Speech Therapy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
Rehabilitative Occupational and Rehabilitative Physical Therapy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>



MEC vs. MV – “Skinny Plans” MV

Preventive Care/Screening/Immunization	<input type="checkbox"/>	<input type="checkbox"/>	100%	\$0.00	<input type="checkbox"/>	<input type="checkbox"/>	100%	\$0.00	<input type="checkbox"/>	<input type="checkbox"/>
Laboratory Outpatient and Professional Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
X-rays and Diagnostic Imaging	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
Skilled Nursing Facility	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
Outpatient Facility Fee (e.g., Ambulatory Surgery Center)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
Outpatient Surgery Physician/Surgical Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
Drugs	<input type="checkbox"/> All	<input type="checkbox"/> All			<input checked="" type="checkbox"/> All	<input checked="" type="checkbox"/> All				
Generics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
Preferred Brand Drugs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
Non-Preferred Brand Drugs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>
Specialty High-Cost Drugs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	0%		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input type="checkbox"/>

Options for Additional Benefit Design Limits:

Set a Maximum on Specialty Rx Coinsurance Payments?	<input type="checkbox"/>
Specialty Rx Coinsurance Maximum:	
Set a Maximum Number of Days for Charging an IP Copay?	<input type="checkbox"/>
# Days (1-10):	
Begin Primary Care Cost-Sharing After a Set Number of Visits?	<input type="checkbox"/>
# Visits (1-10):	
Begin Primary Care Deductible/Coinsurance After a Set Number of Copays?	<input type="checkbox"/>
# Copays (1-10):	

Output

Calculate

Status/Error Messages:

Minimum Value:

MV Under 60%

12.3%

MEC vs. MV – “Skinny Plans” MEC

- Reminder – cannot be very limited plan
- IRS has the right to audit
- “Moral obligation”
 - Employee that enrolls on “Skinny Plan” through employer
 - Does not go to Marketplace
 - Receives diagnosis for major condition
 - Has no Qualifying Event at that time, so cannot enroll through Marketplace until QE happens or OE occurs

Questions?

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Have a Compliance Question?

If you need an answer to a specific health reform implementation question, you may submit it to the NAHU portal and receive a personalized answer back generally within a few business days. All you need to do is login!

<http://www.nahu.org/education/programs/compliance.cfm>

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