

## HEALTHCARE REFORM WATCH LIST: TOP FIVE CONCERNS FOR HEALTHCARE INDUSTRY HR DEPARTMENTS

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Keeping up with healthcare reform regulations is a challenge for all employers, but healthcare providers may face unique burdens. Here are the top five issues human resources professionals should keep on their radar as healthcare reform rolls out.

### THE EMPLOYER MANDATE

Under the ACA, large employers will be required to provide affordable healthcare insurance that meets minimum value to all full-time employees beginning in 2015. Final regulations issued in February clarify most aspects of how the mandate will be implemented.

Among other changes in the final regulations, employers with between 50 and 100 employees have been given a one-year reprieve from the employer mandate, as long as they 1) do not reduce the size of their workforce to qualify for the transitional relief and 2) do not substantially change coverage offered to employees in 2014.

Healthcare providers should be talking to their legal counsel to determine whether they are subject to the employer mandate and if so, how to comply. Large employers should plan now for how they will determine which employees are full-time and offer them appropriate coverage.

### THE INDIVIDUAL MANDATE

Beginning January 1, 2014, all individuals are required to carry qualified health insurance known as “minimum essential coverage” or face penalties when they file

taxes in the spring of 2015. In 2014, the penalty for noncompliance will be the greater of \$95 per uninsured person or 1% of household income over the filing threshold.

For 2015, the penalty will be the greater of \$325 per uninsured person or 2% of household income over the filing threshold; and for 2016 and beyond, it will be \$695 per uninsured person or 2.5% of household income over the filing threshold. Employers should prepare for increased enrollment in employer-sponsored plans as individuals are educated about the new requirement and the first penalties are assessed in the spring of 2015.

## **WELLNESS PROGRAMS AND ONSITE CLINICS**

As health insurance costs rise, wellness programs and onsite clinics are gaining popularity, particularly in the healthcare industry where such programs may be easily hosted. But be cautious when designing and maintaining these benefits. Wellness programs must conform to new ACA requirements and existing HIPAA nondiscrimination requirements. In addition, employers with high-deductible health plans coupled with a health savings account must be cautious about the types of treatment offered at onsite clinics. Failing to charge patients for certain services could jeopardize the tax-advantaged status of your HSA.

## **REPORTING REQUIREMENTS**

Beginning in the spring of 2016, large employers will face a new reporting requirement for the 2015 calendar year. The Form 6056 will ask for information including:

- Contact information for the employer;
- The number of full-time employees; and
- For each full-time employee, information about the coverage (if any) offered to the employee, by month, including the lowest employee cost of self-only coverage offered.

Along with recordkeeping to determine who is full-time, employers should prepare now to track which employees are full-time and which have been offered insurance coverage.

## **AUTOMATIC ENROLLMENT AND NONDISCRIMINATION REGULATIONS**

Though enforcement of the automatic enrollment and nondiscrimination provisions of the ACA has not started, keep an eye out for regulations that will trigger

compliance obligations. Employers with over 100 employees should anticipate that in the next few years, they will be required to automatically enroll all full-time employees for health insurance coverage. Employees with other insurance or who do not wish to be covered will be forced to affirmatively opt out.

As seen in the retirement plan context, this requirement will increase enrollment in most employer-sponsored plans. In addition, the ACA calls for non-discrimination regulations for fully-insured health plans. The government has not released these regulations yet, but employers who offer varying levels of coverage or employer-provided subsidies based on classes of employees need to watch for these regulations. Some employers will be forced to alter their plan design after nondiscrimination regulations are issued.

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