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The Affordable Care Act: What's Ahead in 2016?

A great deal took place in 2015 with regard to the Affordable Care Act (ACA) and, at this point, confusion is nothing new. Some premiums went up, some WAY up, while others went down. Parts of the law were to take effect, and then were repealed in the 11th hour. So, as we close out 2015 and begin the New Year, how do we plan for what's ahead in 2016?

ACA Reporting

By now you are likely aware of whether or not your District is required to do the ACA reporting for 2015. On December 28, 2015, the IRS delayed the due dates for filing and distributing forms under Sections 6055 and 6056 to the following:

March 31, 2016

Deadline for distributing Forms 1095-B and 1095-C to individuals

May 31, 2016

Deadline for filing Forms 1094-B, 1095-B, 1094-C and 1095-C with the IRS

June 30, 2016

Deadline for electronically filing Forms 1094-B, 1095-B, 1094

While the deadlines have been delayed, finalizing the reports and preparing for the 2016 requirements will occupy a lot of time.

ACTION ITEMS:

- Finalize and review your reporting for 2015. If you made a change to your District's health insurance renewal date (did an "early renewal" in October 2015, for example), be sure to discuss how this impacts your eligibility for exemptions and safe harbors under the ACA Employer Shared Responsibility provisions (the "employer penalties") for 2015/2016.
- Determine whether or not your District is required to do the ACA reporting for 2016 by calculating your total number of full-time and full-time equivalent employees in 2015.
- Proactively track the time worked by your part-timers in 2016. Many Districts had not maintained this information throughout 2015 and then had to spend a lot of time compiling data during the 4th quarter.
- Ask for help if you are unsure how the requirements apply to your District or if you have any questions. There are many tools available to you for tracking hours and timelines. You can always call on your trusted vendor partners to walk you through.

"Small Group" Definition

On Oct. 7, 2015, President Obama signed the [Protecting Affordable Coverage for Employees \(PACE\) Act](#) into law.

The PACE Act repeals the requirement to expand the small group market in every state to include organizations with 51-100 employees for insurance rating and plan design purposes.

The expansion of the small group market definition, as originally enacted under the ACA, was expected to have a significant effect on mid-size organizations. These organizations would have been required to buy coverage for employees in the small group market, which is more heavily regulated than the large group market. This change was expected to increase premiums costs for employers and employees and reduce flexibility in plan design due to added small group market requirements.

To delay this potential negative impact, many employers took advantage of insurance carrier offers to change their health plan anniversary/renewal date or to elect an “early renewal”. These plan date changes and early renewals were processed before the law was repealed.

If your District is among those that changed health insurance plan years, be sure to consider the implications that will have for closing out 2015 and planning for 2016.

ACTION ITEMS:

- Discuss with your Broker, Attorney, or tax professional how this impacts your protections under the ACA Employer Shared Responsibility. **One of the conditions to qualify for employer penalty safe harbors is that employers NOT modify its plan year after Feb. 9, 2014, to begin on a later calendar date (changing the start date of the plan year from January 1 to October 1, for example).**
- Verify that your COBRA and IL Continuation administrators are aware of the new plan year dates and rates, as well as any retirees who remain on your plan. There are certain restrictions for making changes to COBRA beneficiaries and continuation premiums throughout the year.

Cadillac Tax Postponed

I’ve been working with Districts to project what, if any, exposure they have to the Cadillac tax. As a reminder, this is the 40 percent excise tax on group health coverage that had been slated for 2018 and would tax any amounts that exceed the set annual thresholds. Originally intended to take effect in 2013, the Cadillac tax was immediately delayed until 2018 following the ACA’s enactment. The new 2016 federal budget that was signed into law on December 18, 2015 **further delays implementation of this tax for an additional two years, until 2020.** The new law also requires a study to be conducted on the age and gender adjustment to the annual limit. As it stands today, for Fire Districts, the annual benefit limits are **\$11,850** for individual coverage and **\$30,950** for other than individual coverage.

ACTION ITEMS:

- See where your District benefits stand against the current annual limits for individual and family coverage. The calculation includes the total annual cost of the full health insurance premium, contributions to FSAs, MSAs, HSAs, and Employer HRAs. While the tax was delayed and may potentially be repealed, it is still a good idea to know where your plan stands today.
- Review your current CBA for language on the Cadillac Tax and consider the potential cost implications when negotiating your next contract.

2016 will definitely be an interesting year and your need for partners to help you navigate through will be stronger than ever.