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BUSINESS WITHOUT BARRIERS™

ACA: Evolving Plan Design & Financing Considerations

New Mexico Coalition for Healthcare Value

Gallagher Benefit Services, Inc.

Employer Shared Responsibility

- 2015 – interim year
 - 70% of FTEs: 95% in 2016
 - Pay or play mandate “exemption” goes from 80 to 30
- 2016
 - Pay or play penalty, originally at \$2,000, goes to \$2,084*
 - Penalty for failure to offer affordable benefits to an FTE, originally at \$3,000, goes to \$3,126*
 - Health FSAs – indexation?
 - Out of pocket maximum increase to \$6,850-single & \$13,700-family
 - Single maximum must apply to anyone in “family” coverage – embedded OOP maximum
 - HDHPs!!!

* Source: Kaiser Family Foundation

Individual Mandate

- Penalties going up:
 - Greater of \$325 per person or 2% of income in 2015
 - Greater of \$695 per person or 2.5% of income in 2016
- Public exchanges
 - Open enrollment: Nov 1, 2015 – Jan 31, 2016
 - 1411 certifications
 - Marketplace notifies employer of employee gaining coverage with premium assistance
 - Employer may appeal within 90 days

Strategic Considerations - Pay or Play?

- \$2,084 in 2016 (indexed) per employee is less costly than most employer medical costs. Other considerations:
 - Recruiting & retention?
 - Some employees eligible for premium assistance through Exchange
 - Loss of tax favored treatment – employer & employee contributions
 - Any additional employer “compensation” also subject to taxation
 - Collective bargaining?

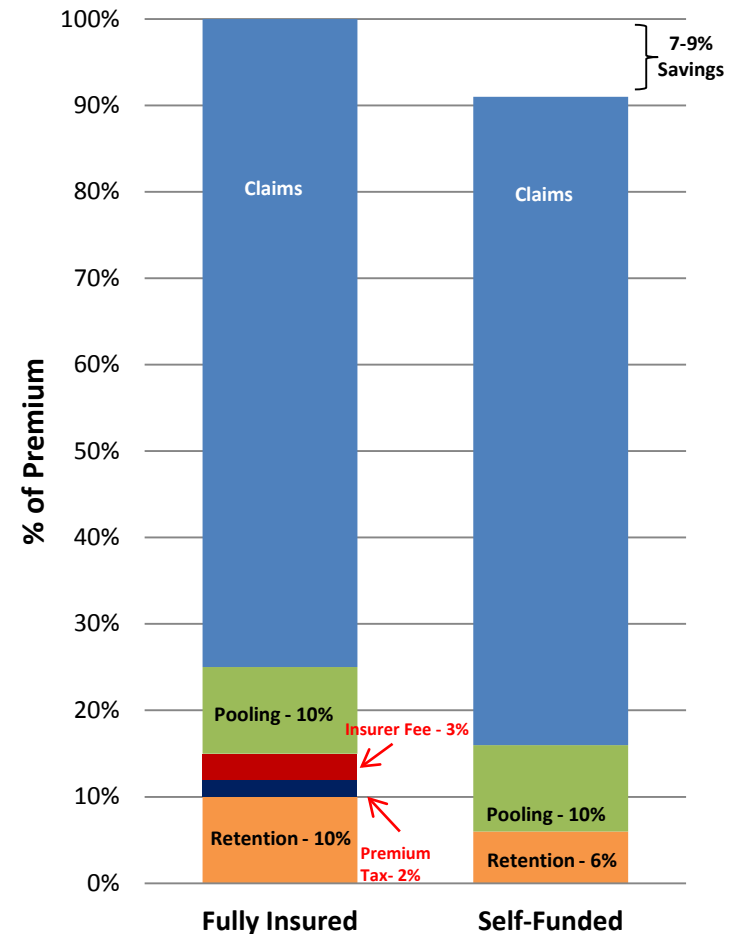
Eligibility

- Who is eligible?
 - Part-timers under 30-hours per week? Why?
 - Retirees? Why?
 - Measurement method
 - Risk assessment vs workforce?
- Tiers – number of tiers
 - 2-tier, 3-tier, 6-tier, etc.
 - Aligned with other employers? Public Exchanges?
- Spouses

Risk Management

- Insured versus self-funded
 - Previous reasons for self-funding still apply
 - Added value
 - Health insurer fee
 - Some flexibility with defining essential health benefits

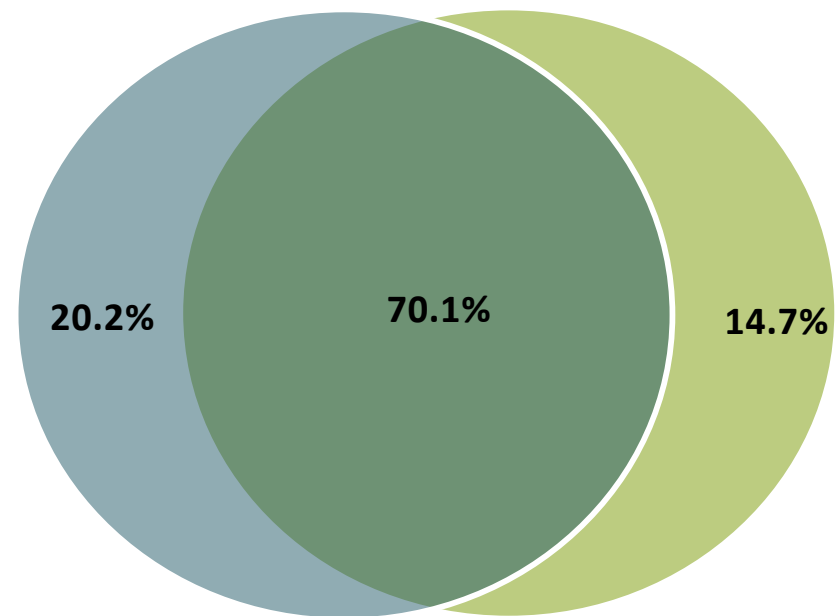
Illustrative comparison



Plan Design and Funding

- Medical plan positioning
 - In relation to total rewards
 - Versus market

Total Effective Cost Share



- This represents GBS' BOB employee premium cost share
- This represents GBS' BOB employee's plan design cost share
- This represents GBS' BOB employer's total cost share

Plan Design

- Plan design
 - Number of options
 - Network size, care coordination, ACOs
 - Rational consumerism, value based plan design
 - Reference based pricing
 - Adverse (or favorable) selection versus Public Exchange
 - Alignment with well-being philosophy
 - Telehealth, onsite clinics/pharmacies
 - HSA qualification?
 - Cadillac tax

Contributions

- Affordability
 - Dynamic
 - Safe harbor
 - Plan design versus plan options
- Employer contributions
 - Employee versus spouses, dependents
 - Other employer coverage
 - Implicit subsidization – dependents, retirees
 - Defined contribution

Questions?

ajghealthcarereform.com



Healthcare Reform

Overview

Strategic Decision Support

Employer Resources

Regulatory Guidance

Timeline

Newsletters

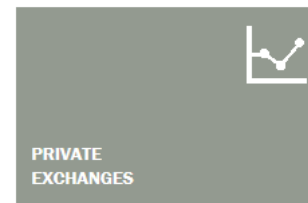
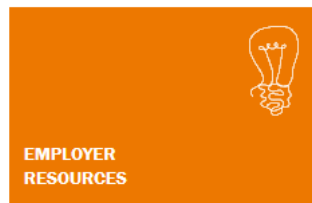
Webinars

Are you overwhelmed by ever-evolving regulations? You aren't alone.

Healthcare reform legislation is complex, and employer mandates are continually changing. It's time to work with a partner who can help shoulder your compliance burdens, stem the paperwork tide and reduce the risk of noncompliance.

The dramatic change to the healthcare landscape ushered in by the passage of the Patient Protection and Affordable Care Act (PPACA) presents a daunting challenge in understanding the myriad of potential impacts on you and your employees, while achieving your business objectives. As with most major legislation, the interpretation and implementation of the regulations may bring legal challenges that can result in new or modified requirements.

Arthur J. Gallagher & Co.'s Benefits & Human Resources Consulting team approach and market-leading financial and analytical modeling tools will guide you through the healthcare reform labyrinth. As your guide and advisor, we will work with you to understand the strategic, financial and operational impacts today and in the future.





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Questions:

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