

Employee Benefits Committee Meeting

Jan. 17, 2013 Notes

Committee members present: Rhonda Crawford, Ana Simental, Chiara Galloway, Terri Ezaki, Leean Dessaussois, Karen Knight, Rob Thomas, Michael Itkoff, Mary Ann Delleney, Elena Cabrera, Tony Peterson (sub for Dan Anklam), and Kelly Goldsmith. Absent: Kim Cacioppo and Dan Anklam

Welcome and Introductions (Crawford)

Rhonda Crawford opened the meeting and introduced Tony Peterson who was filling in for Dan Anklam and Kelly Goldsmith who will be taking over when Sandy retires

Affordable Care Act

Terri gave an overview on the Affordable Care Act (ACA) and handouts were provided. Additional updates will be provided as they become available; Kelly will distribute those to the committee.

Overview:

- New summary of benefits (SBC) – each carrier will create and distribute to employers
 - Must be distributed on the first day of open enrollment
 - No penalty for not distributing SBC this year as long as we show good faith
 - W2s in 2013 will reflect employer/employee share of health benefit premium
- 2013 FSA, medical reimbursement account, contributions capped at \$2,500
 - District implemented change 7/1/12 so we are ahead of the game
- Additional fees and taxes with health care reform
 - Known as the CER or PCOR fee; in place until 2018-19
 - Paid for by the carrier so nothing needs to be done by the District
 - Will be part of the District's 2013 renewals
- Exchange notification
 - Written notice is required to all employees by March 1, 2013
 - Model notice will be provided by the regulatory agencies; not released as yet
 - Available Jan 2014
- New Medicare taxes on unearned income and high income employees and self-employed
 - Effective with the first payroll in 2013

- High income employees making more than \$200k for singles and \$250k for married
- Employer mandate effective Jan. 1, 2014
 - Large employers must offer coverage to their full-time employees and dependent children up to age 26
 - Full-time employee is defined as 30 hours per week, per month
 - Special Transition Rule for non-calendar plans - District will not have to comply with mandate until July 1, 2014
 - Variable hour employees
 - Employer established measurement periods of three to twelve months to determine if employee is full-time
 - May have two different employee measurements- initial and standard
 - Need something in place to measure the employee hours
 - Seasonal employees
 - Not obligated to cover seasonal employees; employers permitted to reasonable, good faith interpretation
- Coverage must be affordable and of a minimum value for certain employees
 - A plan must pay at least 60% of the “total allowed cost of benefits”
 - Terri stated that all of our current plans “ pass” the 60% requirement but we need to wait for the evaluation
 - Employee’s share of the self-only premium for the employer’s lowest-cost plan that provides minimum value cannot exceed 9.5% of required contribution based on his or her W-2 form wages (recent safe harbor Notice 2011-73)
 - Based on the full time employee; 30 hours per week, per month
 - Self-only premium
 - *District will need to think how this is going to affect their other budgets because they’ll have to have this other pot of money for healthcare*
 - Safe Harbor rules - new releases, not sure of the impact it will have on the previous release
 - 1st rule- Rate of Pay Safe Harbor: rate of pay determined based on an employee’s rate of pay- the employee’s monthly contribution amount (self-only coverage) is affordable if it is equal to or lower than 9.5% of the computed monthly wages
 - 2nd rule- FPL Safe Harbor- determined based on the federal poverty level for single employee- if the employee’s cost for self-only coverage does not exceed 9.5% of the FPL for a single individual, the coverage is considered affordable
 - *Need to check the regulations to see how they affect the District*

- Exchange Plan
 - Exchange plans will not be ready until Oct 2013 – District will not be able to compare the Exchange Plans for employees during renewal time
 - District is not responsible to make sure everyone has healthcare, they are only responsible to offer the insurance- will not be tracking who is on the Exchange Plan
 - At this time there is no guidance for employees who go into the Exchange and then change their minds and want to enroll into the District's benefit plans mid-year

- Premium Impacts
 - A number of fees, taxes, and benefit requirements that will affect the cost of healthcare for employers during the next several years
 - Unknown if premium impacts will be part of the 2013-2014 renewal
 - Consumers, both group and individual buyers will face substantial price increases

- Pay or Play- Two possible penalties
 - Penalty A - if the employer does not offer coverage to all or substantially all full-time employees and at least one full-time employee receives a tax credit on the Exchange, then the penalty is \$2,000 (annualized) times the total number of full-time employees (minus the first 30 full-time employees)
 - Penalty B - if the employer does offer all or substantially all coverage and one FTE receives a tax credit on an Exchange, the penalty is \$3,000 (annualized) times the number of FTEs receiving a tax credit on an Exchange

- Premium Tax Credit
 - Individuals are eligible for the tax credit only if they:
 - Have a household income between 100% and 400% of the federal poverty level
 - Not enrolled in government coverage
 - Not eligible for employer-sponsored coverage, or are eligible but the coverage is unaffordable or fails to provide minimum value (minimum value will be determined by a government calculator, design-based safe harbor or an actuarial certification)

- Subsidy available- only if the employee is on the exchange
 - Exchange looks at the household so someone may qualify for a subsidy under an Exchange plan but not under a district plan

- Federal poverty level
 - Measurements as to who would be qualified for a federal subsidy
 - Average subsidy would be \$5,000
- Any insurance bought through the Exchange is post tax, no tax breaks
- Expect the District notification for the Exchange Plan to have some highlights and to list the website where employees can find detailed information about the Exchange Plan
 - It is not the employers/Districts responsibility to inform employees about the Exchange
 - There are regulations on how much our agents can share, not sure what they will be able to provide the District on the Exchange
- Each state will have their own exchange, each state will decide what it will look like but it will need to have the 10 components

Our brokers are focusing on what the District is going to have to deal with. They are hoping to get the Exchange Plan designs and compare them to the District's plans but they are not sure if they will be able to do that because of the regulations.

Wellness Survey-

- Copies of the draft survey were handed out. Terri explained the discussion from last meeting was to keep the survey simple and promote some of the healthcare services available.
- Discussion on the purpose of the survey
 - Start off small; informational survey
 - To assess what people know about their own health and what services are available through their medical insurance
 - This survey is a beginning, 3 to 5 year rollout for a wellness program
- Discussion on what changes should be made to the survey and the purpose of the survey
 - First question- remove school names and change to classified, certificated and management
 - Add- What city do you primarily work in, Rancho or Folsom
 - Also wanted to know, do they know what is available for their age group
 - Question to read- Are you aware that your health plan offers free preventative services?

- Changes will be made to the survey Friday morning (Jan 18) and emailed to Kelly
 - Kelly to forward to committee to review and send any changes back to Kelly no later than Wed Jan 23rd
 - Survey will be launched on January 24th - February 4th
 - Email will be sent to all admin assistants to distribute to their staff
 - Email will include a link to the survey using SurveyMonkey and a hard copy will also be attached for those staff members who do not have a District email
 - Hard copies of the survey will be picked up at the Education Services Center February 6th
 - A reminder email will be sent to the sites on January 31st
- Follow up with a second survey asking a little more detail based on the results of this survey
 - Need to make sure we do something with this survey and give feedback on it
 - Terri suggested we promote the vegetable gardens that have been planted at the school sites to promote healthy living
 - Mary Ann mentioned that Elk Grove USD will be having a wellness webinar
 - The following meeting dates will be scheduled at the Education Services Center, 4th floor, room 401, at 3:30 pm
 - March 6, 2013 - Education Services Center, 4th Floor, Room 401, 3:30 pm
 - March 13, 2013 - Education Services Center, 4th Floor, Room 401, 3:30 pm
 - March 20, 2013 - Education Services Center, 4th Floor, Room 401, 3:30 pm
 - April 3, 2013 - Education Services Center, 4th Floor, Room 401, 3:30 pm
 - Next meeting- February 20th, 2013, 3:15 pm (**note time change**)