EDUCATORS HEALTH ALLIANCE

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In this issue:

Issue 2 A Publication of Educators Health Alliance May, 2013

Higher Healthcare Rates Inhibit Growth

BY CONGRESSMAN LEE TERRY, Nebraska's 2nd Congressional District

Congressman Terry

Earlier this year, the *Associated Press* reported Nebraska school districts were considering reducing hours for certain employees or even laying them off due in part to requirements in the Patient Protection and Affordable Care Act (PPACA) that mandates employers with over 50 full-time equivalent workers provide a certain level of insurance coverage for all their employers. This troubling trend is not unique to Nebraska. Unfortunately we are hearing from businesses, large and small, that they are holding back on hiring and expanding due to the uncertainty associated with the shaky implementation of the law and the prospect of much higher costs for providing insurance.

No matter how you look at it, if premiums increase, the cost of providing coverage as an employer goes up. This can create a significant burden for our school districts—at a time when many are already faced with tight budgets. A report recently prepared by the House Energy and Commerce Committee, Senate Finance Committee and Senate Health, Education, Labor and Pensions Committee revealed statistics that would make any insurance purchaser—or in this case, school teacher or employee—tremble. Since 2009, the average family premium payment for their insurance has gone up by over $3,000. More worrisome is that this analysis actually forecasts another "rate shock" for many young Americans, those in the 24-35 age bracket. With states that have filed their rates, analysts are predicting that age group could see a percentage increase in monthly premiums as high 145 percent nationally. Nebraska has yet to file their rates and

(continued on page 2)

Patient Protection and Affordable Care Act (PPACA)

Now is the time for Nebraska School Districts to Prepare for the 2014-2015 EHA Health Insurance Plan Fiscal Year

BY REX R. SCHULTZE, ESQ., Perry, Guthery, Haase & Gessford, P.C., L.L.O., rschultze@perrylawfirm.com

It has been nearly a year since school districts in Nebraska began the process of learning about and preparing for the implementation of the Patient Protection and Affordable Care Act (PPACA) which becomes effective January 1, 2014. The threshold issue for some school districts was whether they were a small employer or large employer (having fifty [50] or more employees – including part-time employees based upon full-time equivalency) under the Act; if a small employer, the school district would NOT be subject to the Act, and if a large employer, the school district would be subject to the Act. Most school districts have determined that they are large employers, or so close to the fifty employee break-point as to be in the "sweet spot" for the IRS to look closely to see if the school district is indeed a large employer.

If a school district is a large employer, the school district will need to meet the PPACA requirements of providing its full-time employees the opportunity to enroll in (1) minimum value employee "self-only" (employee/single) and dependent (family) health insurance coverage, and (2) affordable "self-only" (employee/single) health insurance. A "full-time" employee under the Act is an employee who is employed an average of at least 30 hours of service per week with the school district during the employee's work year (9 months, 10 months, 11 months, or 12 months)." (See discussion of "break period" below). If a school district should fail to meet the "minimum value" requirement or "affordable" requirement, it will be subject to the PPACA penalties applicable to each. Most school districts have committed themselves to providing the minimum

(continued on page 2)

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Participating Organizations

Nebraska Association of School Boards

Nebraska Council of School Administrators

Nebraska State Education Association

Higher Healthcare Rates…

(continued from page 1)

I'm concerned that we'll see a similar trend. This means less money in the paychecks of new teachers—perhaps those still struggling to buy their first home or cancel some higher education debt.

Improving our nation's health care system can't happen overnight. But we can work together to make sure the law works as it was intended. We need to take a thoughtful approach and consider if this is the best way to approach health care reform and see if there are ways we can expand access to insurance without significantly increasing costs. ❒

Disclaimer Notice

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PPACA Preparedness…(continued from page 1)

value/affordable health insurance coverage called for in the Act to their PPACA full-time employees both certificated (teachers and administrators) and non-certificated educational support staff (para-educators, food service, custodians, and clerical staff), and thereby avoiding the penalties.

The key to avoiding the penalties (and controlling the cost of complying with PPACA) is a proactive effort by each school district to schedule the work of its employees, particularly hourly rate non-certificated employees, in a manner that allows the employer school district to determine which employees are "PPACA full-time" employees. In December, 2012, IRS issued proposed regulations that provide "safe harbors" and some "educational institution" mandates for school districts in implementing the requirements of PPACA that provide guidance and focus in determining the employees to which minimum value/affordable health insurance coverage must be provided. Some of the most significant safe harbors/mandates are the following:

Safe Harbors:

- Transition Relief: The "Transition relief" safe harbor recognizes that some employers (school districts through the Educators Health Alliance (EHA)) have group health insurance plans with a fiscal plan year plan rather than a calendar plan year. Because the January 1, 2014 implementation date of PPACA would fall after the beginning of the fiscal plan year for 2013-2014, the proposed regulation provides relief from the requirements of PPACA until the first day of the fiscal plan year beginning during 2014; for EHA school districts, that would be September 1, 2014. As such, as long as a school district provides minimum value/affordable health insurance coverage as of September 1, 2014, there would be no penalties (however, if as of September 1, 2014 the school district does not provide either minimum value or affordable health insurance, the penalties are retroactive to January 1, 2014). While Transition relief allows school districts to wait until September 1, 2014 to comply with PPACA, school districts must plan and prepare during the 2013-2014 plan fiscal year to control the number of employees that must be provided the opportunity to obtain minimum value/affordable health insurance coverage, and the costs associated therewith, as discussed below.
- Rate of Pay: The "rate of pay" safe harbor provides a measure for determining the monthly compensation paid to an employee for purposes of calculating the maximum amount that such employee may be required to contribute toward the cost of the employee's health insurance to meet the affordability standard of the Act, e.g. no more than 9.5% of the employee's household income. The rate of pay measure is used because the employer has no consistent way of knowing the employee's household income, leaving the employee's compensation paid by the employer as the only reliable and uniform measure. The "rate of pay" calculation is the hourly rate x 130 equal monthly rate of pay, or, for salaried employees their average monthly salary.
- Look-Back/Administrative/Stability Periods: One area of uncertainty in the Act is this question: How does an employer know at any one time whether an employee is a full-time employee under PPACA to whom the employer must provide minimum value affordable coverage? The proposed regulations attempt to provide a safe harbor to allow employers a "Stability Period" for an employee during which the employer can rely upon the employee's status as either a full-time employee or not a full-time employee. The proposed regulations allow an employer to establish a "Look-Back Period" (no less than 3 months or more than 12 months – but see Break Period mandate below) during which the employer counts the number of hours an employee works on average per week. The Look-Back Period is followed by the "Administrative Period" (no more than 90 days following the Look-Back Period), during which the employer determines whether the employee has worked on average 30 hours or more per week during the Look-Back Period. The Administrative Period is followed immediately by the "Stability Period" (again, no more than 12 months) during which the employer may rely upon the employee's status under during the Look-Back Period (either full-time or not full-time) in determining whether to provide minimum value/affordable health insurance coverage to such employee.

Mandate:

- Break Period: For school districts, as educational institutions that have extended summer break periods in excess of four (4) weeks, the proposed regulations mandate either (1) a break period of four weeks or more in duration should be excluded from the calculation of weeks worked in calculating the average hours per week an employee works for pur-

(continued on page 3)

EHA Meeting the Needs of School Districts

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Over the past six months the EHA has moved forward on a variety of fronts in working with health care reform and in the process keeping premium costs as low as possible. The first action taken by the EHA board was the Dependent Eligibility Verification, which was acted upon as an attempt to keep our premiums as low as possible. The goal of the DEV was to verify and insure dependents that are eligible to be on the insurance plan. As we move forward Xerox has been directed by the board to continue the verification for new dependents on a quarterly basis for a one-year trial period. This will effectively keep only eligible dependents on the EHA insurance plan.

The second action that was addressed by the EHA board was to meet needs of school districts that wanted to see a minimal value plan. On April 29th the board approved a minimal value plan brought forth from Blue Cross Blue Shield of Nebraska. This plan was created for schools to offer affordable health insurance as directed by federal health care reform. It is imperative that school districts know that the EHA will meet the needs of school districts and have federally approved plans established for the 2014/2015 school year. Creating the first minimal value plan is the first of many steps that will be taken by both the EHA Board of Directors and Blue Cross Blue Shield of Nebraska.

The third task approved was the optional open enrollment. To proactively address offering health care as mandated by health care reform the board passed a true open enrollment for school districts to participate if they choose. It is important to note that this is a true open enrollment where there are no preexisting conditions. Schools will have their own option to participate in the EHA enrollment for the 2013/2014 year.The board will discuss other options for offering affordable health insurance for the 2014/15 school year and then make appropriate announcement when issues are considered.

Lastly, the EHA would like to reassure all school districts that as issues arise due to health care reform, the EHA board of directors will make decisions so that all schools have the ability to comply with health care rules and regulations. This means that all plans released by the EHA will meet the federal mandates on affordability and value by September 2014. As insurance plans are approved the EHA will release statements giving school districts the necessary information to offer affordable health care. ❐

PPACA Preparedness… (continued from page 2)

poses of determining if the employee is a full-time PPACA employee, or (2) the average hours worked during the school term should be extrapolated for the weeks of the break period up to a maximum of 501 hours.

Generally, Nebraska school districts have embraced the need to meet the requirements of the Act and avoid the aforementioned penalties through the use of the foregoing safe-harbors as adjusted by the "Break Period" mandate. As noted above, now is the time for Nebraska school districts to plan for the 2014-2015 EHA plan fiscal year by:

(1) Anticipating and possibly adopting a twelve-month Look-Back Period which includes the 2013-2014 school year;

(2) Determining in advance employee hours worked during the school (work) year excluding any Break Period of four weeks or more (particularly non-certificated employee hours, as teachers and administrators will have sufficient hours to meet the 30 hours per week threshold upon application of the Break Period rules);

(3) Managing employee hours so that those employees the school district has determined should NOT average 30 hours or more per week do not vary from that designation; and,

(4) Calculating the number of employees that will be full-time PPACA employees and decide the structure of compensation and benefits to be provided that will allow the school district to provide minimum value/affordable health insurance coverage to such employees at a cost that is within revenue and budgetary limitations.

Importantly, the EHA has been receptive to the requests of its school district members to develop health insurance products and options that will hopefully provide school district employers with a "minimum value" (Bronze level) health plan that meets PPACA requirements that is also "affordable" under the Act for employees (particularly non-certificated educational support staff – para-educators, food service, custodians, and clerical staff). The recent announcement by EHA of a "Bronze level like" plan for the 2013-2014 plan year with a $4,000 individual deductible is a good initial step toward the development of a low cost/high deductible plan. We are hopeful that for the 2014-2015 plan year, EHA will have developed a PPACA compliant Bronze level plan that meets all PPACA requirements that has premiums priced at a level that is affordable for the school district and its employees.

Conclusion: Overall, here in Nebraska we have made significant strides in preparing school districts for the requirements of the PPACA legislation, and the strategies and approaches to most effectively prepare for and comply with the mandates of the Act for both employer and employees. Each EHA member school district will need to remain vigilant and stay informed as to developments with the EHA plans available to school districts and their employees for the 2014-2015 plan year, and apply that information to the decision making process for employee compensation as negotiation or establishment of wage rates and benefits for certificated and non-certificated employees for the 2014-2015 fiscal year proceeds in the fall of 2013. ❐

Rex Schultze is an attorney in Lincoln, Nebraska focusing his practice on representation of public school districts throughout the state. Rex has been a leader in providing information, in-services and guidance to school districts throughout our state with regard to the federal and state health care legislation (the Patient Protection and Affordable Care Act – PPACA), helping our school districts prepare for the implementation of that Act in 2014.

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Worksite Screenings Coming Soon!

Thanks to the EHA Board, participating in screenings at your worksite and/or in your community will be a convenient option for your employees. The board recently passed a resolution to provide biometric and vascular screening opportunities for all EHA Subgroups. Biometric screenings include blood pressure measurement, height, weight and BMI, along with a finger stick blood test to measure cholesterol and glucose levels. The vascular screenings are provided separately and are done using ultrasound technology to create images of arteries to measure the blood flow through the vessels.

The program is voluntary and will be provided by Life Line Screening. The screenings program will be piloted in the fall and provided to all groups immediately after that.

More information regarding the screenings and how your group can participate will be provided soon…if you have questions, please contact Greg Long or Kent Trelford-Thompson. ❒

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Shedding Light on Sun Safety

Summer's here and it's time for some fun in the sun! Whether you're enjoying a baseball game or basking in the sun by the lake or pool, staying safe is a priority. Considering that about one in five Americans will develop skin cancer in the course of a lifetime, sun safety is key.

- Apply sunscreen with a sun protection factor (SPF) of 30 or greater at least 30 minutes before sun exposure and then every few hours thereafter
- Select cosmetic products and contact lenses that offer UV protection
- Wear sunglasses with total UV protection and wide-brimmed hats, long sleeved shirts, and pants
- Avoid direct sun exposure as much as possible during peak UV radiation hours between 10:00 a.m. and 3:00 p.m.
- Perform skin self-exams regularly to become familiar with existing growths and to notice any changes or new growths
- Avoid tanning beds

Also remember to drink lots of water while enjoying the sun!

The EHA Wellness program can help your group with wellness topics of all types. The next program coming up is Smart Money which focuses on financial wellness. Take charge of your health today by participating in the EHA Wellness Program. Email contact@ehawellness.org today to get your group involved. ❒

Dependent Eligibility Verification Appeals Extension Announcement

BY GREG LONG, EHA Field Representative

The Educators Health Alliance (EHA) Board at its April 29th, 2013 meeting gave the authorization for Xerox to extend the Dependent Eligibility Verification Process (DEV) Appeals Period until May 31st of 2013. This will give members an extended period of time to satisfy the requirements to verify dependent eligibility. It is strongly recommended that any member who has not met the requirements of the DEV do so in an expedited manner.

The coverage termination date remains March 31 for dependents that are determined to be ineligible or do not provide sufficient evidence of eligibility. If your dependent has had coverage terminated and is successful in appealing this determination before May 31, 2013, their coverage will be reinstated back to March 31, 2013. If the appeal occurs after May 31, 2013 the member that lost coverage will not be able to get the coverage backdated to March 31 coverage; even if the appeal is successful.

The DEV will also allow verifications between June 1st and August 31st. If the eligibility has been approved during this period the dependent will be reinstated the 1st of the month following the approval.

Blue Cross Blue Shield of Nebraska has sent to EHA subgroups a list of employees whose dependents whose coverage has been terminated. If your subgroup has not received such a list it is because all your employees have satisfied the DEV requirements.

If you have any problems you are strongly encouraged to contact Xerox at 855-874-8505. ❒