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Affordable Care Act Plan Year and Shared Responsibility Issues

EHA and BCBSNE have received questions from employers about the “plan year” and its impact on the effective date of various Affordable Care Act (ACA) provisions. The EHA Group Health Plan has been maintained on a September 1 through August 31 plan year. EHA and Blue Cross Blue Shield of Nebraska have a written agreement identifying the plan documents and specifying that the plan year is September 1 through August 31. As a result, EHA intends to use September 1, 2014, as the date on which various ACA provisions become applicable to the EHA plan. EHA expects that most, if not all, EHA participating employers have followed the September 1 to August 31 plan year for the coverages of the EHA Group Health Plan that they have offered to their employees. When you complete your Subgroup Application for the plan year beginning September 1, 2013, you will confirm your plan year.

Another important issue applies to an employer that is an “applicable large employer,” as defined under ACA. Such an employer must determine when and how to deal with the “shared responsibility” requirements of ACA. The “shared responsibility” provisions require an “applicable large employer” to either offer its employees who are “full-time” health insurance coverage meeting affordability and value requirements, or pay a penalty tax to the IRS if any such employees obtain a federal subsidy for purchasing coverage through one of the ACA health insurance Exchanges (which will begin operating in 2014). If on December 27, 2012, the employer maintained its plan on a “fiscal year,” such as September 1 through August 31, *and* if the employer meets the requirements of transition rules prescribed by the Internal Revenue Service, the shared responsibility requirements may not apply with respect to employees of that employer until the first day of the plan’s fiscal year beginning in 2014. Each employer must seek guidance from its own legal counsel on whether it will be an applicable large employer, and if so, when the shared responsibility provisions of the ACA will apply to it. EHA cannot provide legal advice to employers.

Please contact Greg Long, EHA Field Representative at greg@ehaplan.org or 402-440-1358, or your BCBSNE Regional Representative if you have questions.

Sincerely,

Beth Kernes Krause
Chair EHA Board of Directors