

# Updates & Clarifications on Key Provisions of the Affordable Care Act Impacting the Higher Education Community



Presented by:  
Michele Bergonzi, Senior Vice President of Account Management  
October 2, 2014



Gallagher | STUDENT HEALTH & SPECIAL RISK

# Agenda

- ACA Compliance: Final Phase Complete
- ACA's Impact on Employer Coverage Requirements
- Student Employees & Interns
- Massachusetts Student Health Insurance Program Regulation Updates
- Health Insurance Options for Massachusetts College/University Students



ACA Compliance:  
Final Phase Complete



# ACA Compliance

## 2014: Final Phase

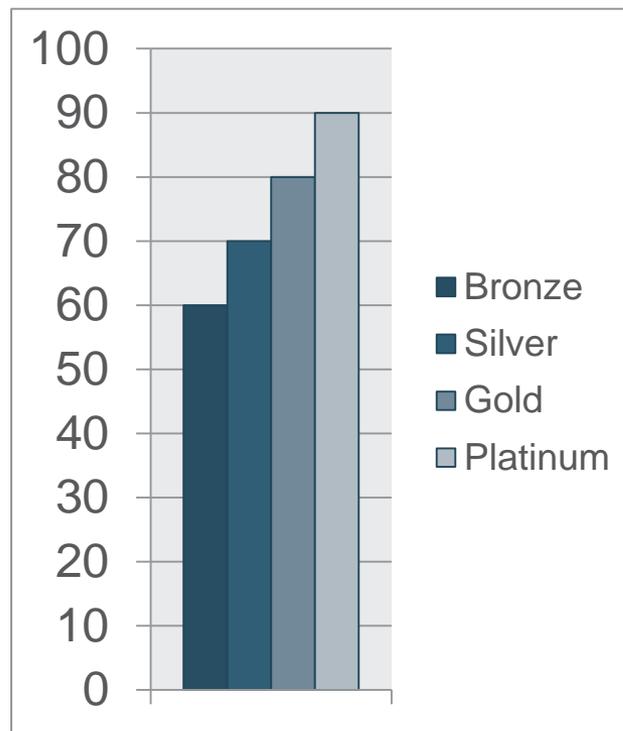
- No Annual or Lifetime Benefit Maximums
- No Pre-Existing Condition Exclusions or Limitations
- Coverage for Pediatric Dental and Vision services up to age 19
- Out-of-Pocket Maximum:
  - » \$6,350 Individual
  - » \$12,700 Family
- No internal annual dollar limits can be applied to 'Essential Health Benefits' (EHBs)
- EHBs must be covered by plans sold in the individual and small group markets
- EHBs are:
  - » Ambulatory Patient Services
  - » Emergency Services
  - » Hospitalization
  - » Maternity & Newborn Care
  - » Mental Health / Substance Abuse Disorder Services (in conjunction with the Mental Health Parity and Addiction Equity Act)
  - » Rehabilitative Services
  - » Durable Medical Equipment / Devices
  - » Prescription Drugs
  - » Diagnostic Tests



# ACA Compliance

## Actuarial Value Requirement

- The ACA requires all non-grandfathered health insurance plans offered in the individual and small group markets, both inside and outside of the Marketplaces, (including SHIPs) to comply with the Actuarial Value Requirement
- Actuarial Value indicates the average share of health care expenses that a plan will cover -- 60% (Bronze), 70% (Silver), 80% (Gold), and 90% (Platinum)
- All plans are required to calculate within one of these metallic tiers
- It is important to note that these percentages are not the same as coinsurance, in which the insured pays a specific percentage of the cost of a specific service





ACA's Impact on  
Employer Coverage  
Requirements

# Employer Shared Responsibility

- The Employer Shared Responsibility Mandate is a provision of PPACA that requires employers with at least 50 full-time equivalent employees to offer coverage that is affordable and provides minimum health essential benefits to full-time employees, or pay penalties
  - » Will generally apply to:
    - ♦ Larger employers with 100 or more full-time employees starting in 2015
    - ♦ Employers with 50 or more full-time employees starting in 2016
- As defined by the statute, a full-time employee is an individual employed on average at least 30 hours of service per week (does not apply to short-term employees)
- The final rules allow employers to use an optional look-back measurement method to make it easier to determine whether employees with varying hours are to be considered full-time



# Employer Shared Responsibility

**The U.S. Department of Treasury released the following clarifications to the Employer Shared Responsibility Mandate regarding whether employees of certain types or in certain occupations are considered full-time, including:**

- Volunteers: Hours contributed by bona fide volunteers for a government or tax-exempt entity will not cause them to be considered full-time employees
- Educational Employees: Teachers and other educational employees will not be treated as part-time for the year simply because their school is closed or operating on a limited schedule during the summer
- Seasonal Employees: Those in positions for which the customary annual employment is six months or less generally will not be considered full-time employees
- Student Work-Study Programs: Service performed by students under federal or state-sponsored work-study programs will not be counted in determining whether they are full-time employees



# Employer Shared Responsibility

**The U.S. Department of Treasury released the following clarifications to the Employer Shared Responsibility Mandate regarding whether employees of certain types or in certain occupations are considered full-time, including:**

- Adjunct Faculty: The final regulations provide as a general rule that, until further guidance is issued, employers of adjunct faculty are to use a method of crediting hours of service for those employees that is reasonable in the circumstances and consistent with the employer responsibility provisions
  - » However, to accommodate the need for predictability and ease of administration, the final regulations expressly allow crediting an adjunct faculty member with 2 ¼ hours of service per week for each hour of teaching or classroom time as a reasonable method for this purpose





# Student Employees & Interns

# Student Employees

- When students enter practical training arrangements, it is important to determine whether an employment relationship exists
- The Fair Labor Standards Act (FLSA) establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting full-time and part-time workers in the private sector and in Federal, State, and local governments -- Generally, under FLSA, students who are employed as part of their overall educational programs are not considered to be “employees” regardless of effort
- However, under PPACA, the common law definition of employee is to be applied:
  - » A “common-law employee” is a person who receives detailed direction about how a task is to be performed from the recipient of his or her services
  - » While it is not always completely clear whether a worker is a common-law employee:
    - ♦ **IF** the company:
      - determines the worker’s hours
      - provides the location where the work is done
      - provides the equipment needed to do the job
      - dictates how the work is done
      - expects the worker to work primarily or exclusively for the employer
      - asks the worker to perform a function that’s key to the employer’s business
      - expects the relationship to continue indefinitely
    - ♦ **THEN** the worker will generally be a common-law employee and must be counted



# Student Employees

- Conclusions:

- Under the final Employer Shared Responsibility regulations, “All hours of service for which a student employee of an educational organization (or of an outside employer) is paid or entitled to payment in a capacity other than through a federal work study program (or a state or local government’s equivalent) are required to be counted as hours of service”
- Only students in work-study programs are exempt from potential status as a full-time employee under the ACA
- Students employed by a College or University an average of 30 hours or more per week MUST be offered the Employer Group Plan – The Student Health Insurance Plan can be offered as well but will not satisfy the requirements of this provision



# Interns

- Academic institutions are permitted to exclude hours of service for interns or externs who do not receive, nor are entitled to receive, payment for services
- Hours worked in a paid internship must be considered (although in many cases the employer for which the student is interning, and not the educational institution, will be the “common-law employer” of the intern)

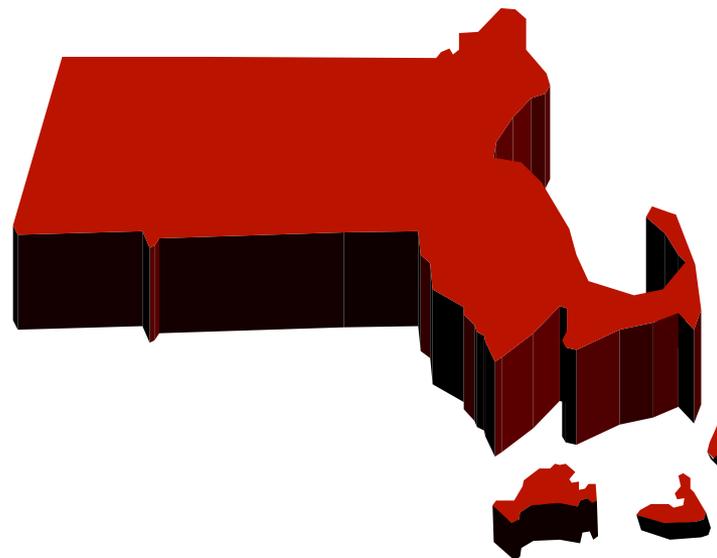




Massachusetts  
Student Health Insurance Program  
Regulation Updates

# Massachusetts Student Health Insurance Program (SHIP) Regulations

- The MA Health Connector proposed amendments to the Student Health Insurance Program (SHIP) Regulations in October 2013 (previously referred to as QSHIP)
- Final Amended Regulations went into effect on January 3, 2014, applicable to the 2014-2015 policy year and beyond



# Massachusetts Student Health Insurance Program (SHIP) Regulations

- Amended regulations state that:
  - » Schools must offer SHIPs that provide benefits that are substantially equal to the Essential Health Benefits (EHB) Benchmark Plan
    - ♦ The EHB Benchmark Plan is the health benefit plan required by ACA and chosen by the Commonwealth of Massachusetts through the Division of Insurance – This plan is the Blue HMO Plan, supplemented by the CHIP Dental Plan
    - ♦ A school may substitute benefits in its SHIP that are actuarially equivalent to the EHB Benchmark Plan as long as the substitutions are in accordance with the law
    - ♦ For schools whose SHIP is not regulated by the ACA (i.e. self-funded SHIPs), this amended regulation may require plan design modification – the assistance of legal and actuarial services is advised



# Massachusetts Student Health Insurance Program (SHIP) Regulations

- Amended regulations state that:
  - » A school permitting students to waive participation in the SHIP must grant a waiver if the student is enrolled in a subsidized health plan through the Health Connector or MassHealth

## Waiver Approved

- CommonwealthCare
- ConnectorCare
- MassHealth (including temporary coverage)
- Network Health Extend (formerly the Medical Security Program)

## Waiver Denied

The following exclusions apply:

- MassHealth Limited
- The Health Safety Net
- The Children's Medical Security Plan



# Massachusetts Student Health Insurance Program (SHIP) Regulations

- Amended regulations state that:
  - » Schools must offer a prorated premium refund to students who have paid for a full year of coverage through the SHIP in the event that:
    - ♦ The student disenrolls from the school prior to the start of a term
    - ♦ The student becomes eligible for a subsidized plan through the Health Connector or becomes eligible for MassHealth prior to the start of a term, and uses enrollment in such coverage to waive the SHIP
    - ♦ Prorates apply to prospective term, i.e. Spring
    - ♦ Prorates should be managed directly through Student Accounts to protect Financial Aid Regulations



# INET-MA

- The Massachusetts Health Connector manages the administration of the INET program
- They are currently in the process of creating a new portal and questionnaire with the intention of streamlining the system to make the questions more manageable and the collection process simpler
- The new system is scheduled to be up and running by January 1, 2015
- Schools will be able to enter data from January to April with a filing deadline of **May 1, 2015**





Health Insurance Options for  
Massachusetts College/University  
Students

# Health Insurance Options for Students

- Massachusetts law states that students enrolled in higher education programs with a 75% full-time curriculum must be covered by a health insurance plan that offers reasonably comprehensive coverage
- Health Insurance options include:
  - » School-Sponsored Student Health Insurance Plan
  - » Coverage as a dependent on Parents' Health Insurance Plan to the age of 26
  - » Coverage through Medicaid (MassHealth) based on eligibility
  - » Qualified Health Plan offered through the Health Connector; with premium tax credit, or subsidy, if income requirements are met
  - » Coverage through an Individual Health Plan offered outside of a Marketplace
  - » Group coverage as a common law employee (who works 30 or more hours per week)



# Comparison of Massachusetts Student Health Insurance Plans to Health Connector Plans

Plan	Individual Annual Rate	Annual Deductible	Annual Out-of-Pocket Maximum	In-Network Primary Care Visit	In-Network ER Visit	In-Network Hospital Stay	In-Network Rx	Travel Assistance/ Medical Evacuation/ Repatriation of Remains Coverage
<b>AICUM Consortium Student Health Insurance Plan (PPO)</b>	UG: \$1,596 Grad: \$1,945	IN: \$50 OUT: \$200	IN: \$5,000 OUT: \$10,000	\$25	Deductible, then \$100 + 10%	Deductible, then 10%	Tier 1: \$15 Tier 2: \$30 Tier 3: \$50	Unlimited
<b>Mid-Range Bronze Plan: Ambetter Bronze 1 (HMO)</b>	\$2,883	\$2,000	\$6,350	Deductible, then \$50	Deductible, then \$750	Deductible, then \$1,000	Tier 1: Deductible, then \$30 Tier 2: Deductible, then 50% Tier 3: Deductible, then 50%	None
<b>Mid-Range Silver Plan: Tufts Commonwealth Advantage HMO 2000 v.3 (HMO)</b>	\$3,714	\$2,000	\$4,950 MED \$1,400 RX	\$30	Deductible, then \$350	Deductible, then \$1,000	Tier 1: \$20 Tier 2: \$40 Tier 3: \$70	None
<b>Mid-Range Gold Plan: Fallon Steward Deductible 1000 (HMO)</b>	\$4,717	\$1,000	\$5,000	\$25	Deductible, then \$150	Deductible, then \$500	Tier 1: \$5/\$15 Tier 2: \$40 Tier 3: \$75	None
<b>Mid-Range Platinum Plan: Network Health Direct Platinum Zero (HMO)</b>	\$5,685	\$0	\$2,000	\$25	\$150	\$500	Tier 1: \$15 Tier 2: \$30 Tier 3: \$50	None

## Notes:

- MA Health Connector Plan Premiums have been annualized for comparison purposes.
- Data obtained on 9/10/2014, based on 27 year old, non-smoker, living in zip code 02215, for coverage beginning 11/1/2014 (by qualifying event).
- The AICUM Consortium Student Health Insurance Plan includes Anna Maria College, Boston Architectural College, Boston Conservatory, Endicott College, Fisher College, Laboure College, Lasell Colleges, Longy School of Music of Bard College, Massachusetts School of Professional Psychology, Mount Ida College, New England College of Optometry, Northpoint Bible College, Regis College, Smith College School for Social Work, and Stonehill College.

# Questions



Michele Bergonzi

Senior Vice President of Account Management  
Gallagher Student Health & Special Risk

Phone: 800-457-5599, x.6424

Email: [Michele\\_Bergonzi@ajg.com](mailto:Michele_Bergonzi@ajg.com)

