

REPORTS

**PATIENT PROTECTION
AND
THE AFFORDABLE CARE ACT**



VALENCIA

Report Summary

This report provides a summary of the health care reform requirements of the Patient Protection and Affordable Care Act (PPACA), the College's responsibility and how we plan to comply with the requirements. We will explain how these requirements impact our budget, benefits, and staffing.

VALENCIA

Patient Protection and Affordable Care Act

*briefing presented to District Board of Trustees
June 18, 2013*

Overview

PPACA requirements and guidance

Valencia's plan for compliance

- Census Period
- Fees
- Benefits
- Staffing
- Reporting

PPACA Requirements

- Phase 1 (2010-2013) changes made including:
 - Dependent coverage to age 26
 - Preventative health services
 - Flexible spending account limits reduced to \$2500
- Phase 2 (2014 and beyond) changes to include:
 - Exchanges
 - Employer shared responsibility (pay or play)
 - Individual mandates
 - PCORI and transitional reinsurance fees
 - Automatic enrollment
 - Clinical trials
 - Cadillac Plan Excise Tax

New/increased fees:

- **Patient-Centered Outcomes Research Institute (PCORI):** a private non-profit to research outcomes and clinical effectiveness to inform health decisions
 - Assessed on a per-covered life basis
 - \$1 times average number of lives under policy/plan payable July 31, 2013
 - \$2 times average number of lives next year through 2019
- **Transitional Reinsurance:** a program to stabilize premiums for individual exchange market
 - Assessed on a per-covered life basis
 - Proposed 2014 fee = \$63/covered life
 - Fees will decrease over next two years as the exchange market stabilizes

Employer Shared Responsibility

- Offer affordable coverage (minimum essential coverage) to full time and full time equivalent employees
 - Full time equivalent employee averages 30 hours of service per week (includes part-time hourly and adjuncts)
- No coverage = \$2,000 penalty per FTE after first 30 employees
- Unaffordable coverage = \$3,000 penalty per subsidized FTE

Guidance on Adjuncts

- Expect additional guidance from the IRS later this year
- Not enough to count only hours in the classroom. Must have some reasonable and good faith accounting for hours spent outside the classroom on preparation, grading, student engagement, etc.

Valencia's plan for compliance: Census

- Initial census period = June 1 – September 30
- Benefits available January 1 for eligible employees and are offered for a full year
- Next census period will be a full year
- New individual census period for each new part-time employee

Valencia's plan for compliance: Fees

- Pay new fees from self-insurance liability account
- PCORI fees = approximately \$2,000 in 2013 with expectation to double in 2014 - 2019
- Transitional reinsurance fees = approximately \$125,000 in 2013 with expectation to reduce in 2014 and 2015
- Increase in per-user fee for BenefitsFocus enrollment tool (based on \$2.00 PEPM)

Valencia's plan for compliance: Benefits

- Revise benefit offerings
 - Create default 60% actuarial value plan for those who do not actively participate in open enrollment (required)
 - Increase the "opt out" benefit option from \$600 Flexible Spending Account to \$1200
 - Improve benefits communication and marketing to assist employees in making benefits selections

Valencia's plan for compliance: Staffing

- Convert positions from part to full time to meet student learning and service needs
- Implement a 25-hour per week threshold for all part-time employees
 - Reduce part-time hourly to not more than 25 hours per week (on average) and require vice president approval for exceeding 25 hours per week
 - Hire additional part-time employees to fill gaps
 - Credit one hour outside the classroom for each contact hour; count lab and clinical time as straight time (this means most adjuncts can teach four 3-credit hour classes for a total of 24 hour per week)
- Establish positions which will exceed 30 hours per week and budget for associated benefits

Valencia's plan for compliance: Reporting

- Create a variety of new tools to enable management to carefully monitor employee hours
 - Employees with multiple assignments cannot exceed the threshold among ALL assignments
 - Example: C-JI Adjunct instructor who also works part-time security on campus
 - Example: Adjunct faculty member who also leads several faculty development courses and supervises student internships
 - Example: Adjunct faculty member who teaches multiple sections on three campuses