

## Affordable Care Act (ACA)/Health Care Reform (HCR)

The law focuses on provisions to expand coverage, control health care costs and improve the health care delivery system.

Issues to be addressed 2012 – 2018

(10/19/12; revised 2/26/13)

Element	MSU Implications	MSU Costs	Employee Relations
<b>2012</b> Form W-2 Reporting of Health Coverage	HR currently working with Payroll to implement with 2012 W-2's.	SAP Configuration (one- time cost).	Communication item only.
<b>2012</b> Group Health Plan Fees implemented to fund federal comparative program research (compares clinical effectiveness of medical treatments)	Additional cost to plan. \$1 per participant/year in 2012. Increases to \$2 in 2013. Indexed thereafter (methodology TBD); Sunsets in 2019.	Approximately \$30k in 2012, \$60k in 2013; costs will be subject to the index methodology thereafter	Seek ways to mitigate potential increases in employee cost-sharing. Included in the 5% health care cap.
<b>2013</b> Additional women's preventive services added	Primarily including generic contraceptives & related medical devices at no co-pay.	Approximately \$150k - \$200 annually.	Seek ways to mitigate potential increases in employee cost-sharing. Included in the 5% health care cap.
<b>2013</b> Flexible Spending Acct maximums decrease from \$5,000 to \$2,500 per individual.	Minimal configuration difficulties are expected. Cost of lost FICA savings.	MSU to lose \$100k - \$125k in current FICA savings, annually. (Apprx. 25% of employees are currently above a \$2,500 FSA election)	Communication item.
<b>2014</b> Cost Drivers: Shared responsibility fees, individual insurance mandate, movement of employees onto/out of MSU health plans, definition of full-time equivalent (FTE) Average of 130-hour/month; Applies to U.S. Citizens and legal residents	Increased costs related to employees moving onto MSU Health Plans. Continued evaluation of impact, verification of eligibility initiative underway.	Estimated \$2.3m – \$6.1m (2% - 5%) increase in health care costs on an annual basis.	Seek ways to mitigate potential increases in employee cost-sharing. Included in the 5% health care cap.
<b>2014</b> Transitional Reinsurance Fee \$25B levy assessed on employer group health plans for the purpose of establishing a high-risk pool for the individual insurance market.	The assessment is imposed for a limited number of years, beginning in 2014 and ending in 2016.	The fee will range between \$60 and \$100/member or \$1.9M - \$2.6M for 2014.	Seek ways to mitigate potential increases in employee cost-sharing. Included in the 5% health care cap.
<b>2015</b> Auto enrollment into a health plan (compliance date may be postponed)	SAP implications and communications; develop a low-cost health plan option.		Identify a low-cost plan option.
<b>2017</b> State Exchange may allow employees of large employers access to purchase coverage	Compare coverage levels to MSU plans; determine if MSU continues to offer coverage.	There is no guidance on the disposition of employer penalties.	Recruitment/retention issues.
<b>2018</b> 40% Excise Tax on "High Cost" (Cadillac) coverage. ACA established *value for active employees: \$10,200 Individual; \$27,500 Family *Value must include dental and Flexible Spending Accounts	Potential cost increases depending on the value of the health plan. Managing trend, evaluating plan design solutions.	If health care trends are: 6% - \$174k increase 8% - \$1.6m increase -incr. begin in 2020 based on CPI	Seek ways to mitigate potential increases in employee cost-sharing.