

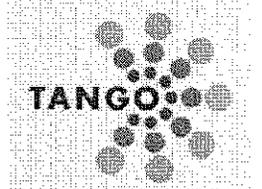
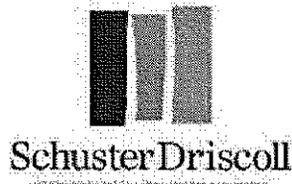
PPACA Impact Study for The State of Connecticut's Non-Profit Organizations



Presented by:

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Introduction



This Analysis has been prepared by:

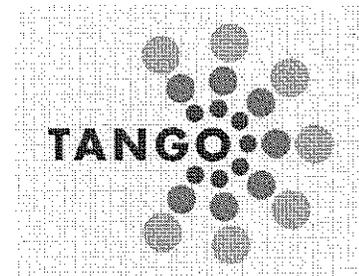


Schuster Driscoll LLC

- CT Based Employee Benefits Consulting / Brokerage Firm
- 20+ Years of Non-profit Expertise
- Creator of:
The Alliance for Non-profit Growth and Opportunity, Inc. (**TANGO**)
 - Community of Resources
 - Discounts on Preferred Services

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Methodology



Eleven of Connecticut non-profits have been selected to be included in this report. These non-profits range in size (all over 50 employees), and services provided, they also represent both Union and Non-Union Organizations. This cross section provides a depiction of the impact of PPACA throughout the non-profit sector.

Sample Group

- 3 DDS Non-Union
- 2 DDS Union
- 1 Multi Non-Union
- 2 Multi Union
- 2 DCF Non-Union
- 1 DMHAS

nonprofit

Impact Study



Scenarios:

1. Continue to Offer Coverage
2. Plan Termination
3. 60% Plan Value (Bronze)

Executive Summary					
Employer Cost Summary					
	Without PPACA		Scenarios with PPACA		
	2013 Baseline	2014 Baseline	Current Plans	Plan Termination	60% Plan Value
Total Employees	145	145	145	145	145
Enrolled Employees	106	106	144	0	144
Projected Employer Costs	\$722,000	\$805,000	\$1,085,000	\$238,000	\$709,000
2014 Projected Cost Change (\$)		583,000			
2014 Projected Cost Change (%)		11.5%			
2014 Incremental Costs/(Savings)(\$)			\$280,000	\$(567,000)	\$(96,000)
2014 Incremental Costs/(Savings) (%)			34.8%	-70.4%	-11.9%

Employee Cost Summary					
	Without PPACA		Scenarios with PPACA		
	2013 Baseline	2014 Baseline	Current Plans	Plan Termination	60% Plan Value
2013 Enrolled Employees Only	106	106	106	106	106
Projected Employee Costs	\$99,000	\$111,000	\$111,000	\$531,000	\$70,000
2014 Projected Cost Change (\$)		\$12,000			
2014 Projected Cost Change (%)		12.1%			
2014 Incremental Costs/(Savings) (\$)			\$0	\$420,000	\$(41,000)
2014 Incremental Costs/(Savings) (%)			0.0%	378.4%	-36.9%

Objective of the Review



Gauge the Impact Of PPACA to Connecticut's Non-Profit Providers

Findings:

1. Healthcare costs continue to rise (CT trend 11.5%)
2. Funding has not kept pace with healthcare inflation
3. Enrollment is expected to rise thus increasing costs to non-profits
4. Organizations are considering dropping coverage

Terminating Coverage

Pro

- Penalty < Premium

Con

- Penalty not eligible with OPM cost standards
- Most employees will pay more in the exchange than the current employer sponsored plans
- Bonus of salary has complications
- Recruitment and retention issues
- Premium not pre-tax in the exchange

Objective of the PPACA = Universal Coverage



1. To provide coverage to those who do not or cannot get it due to health conditions or costs



2. Not to disrupt the employer based model of providing coverage

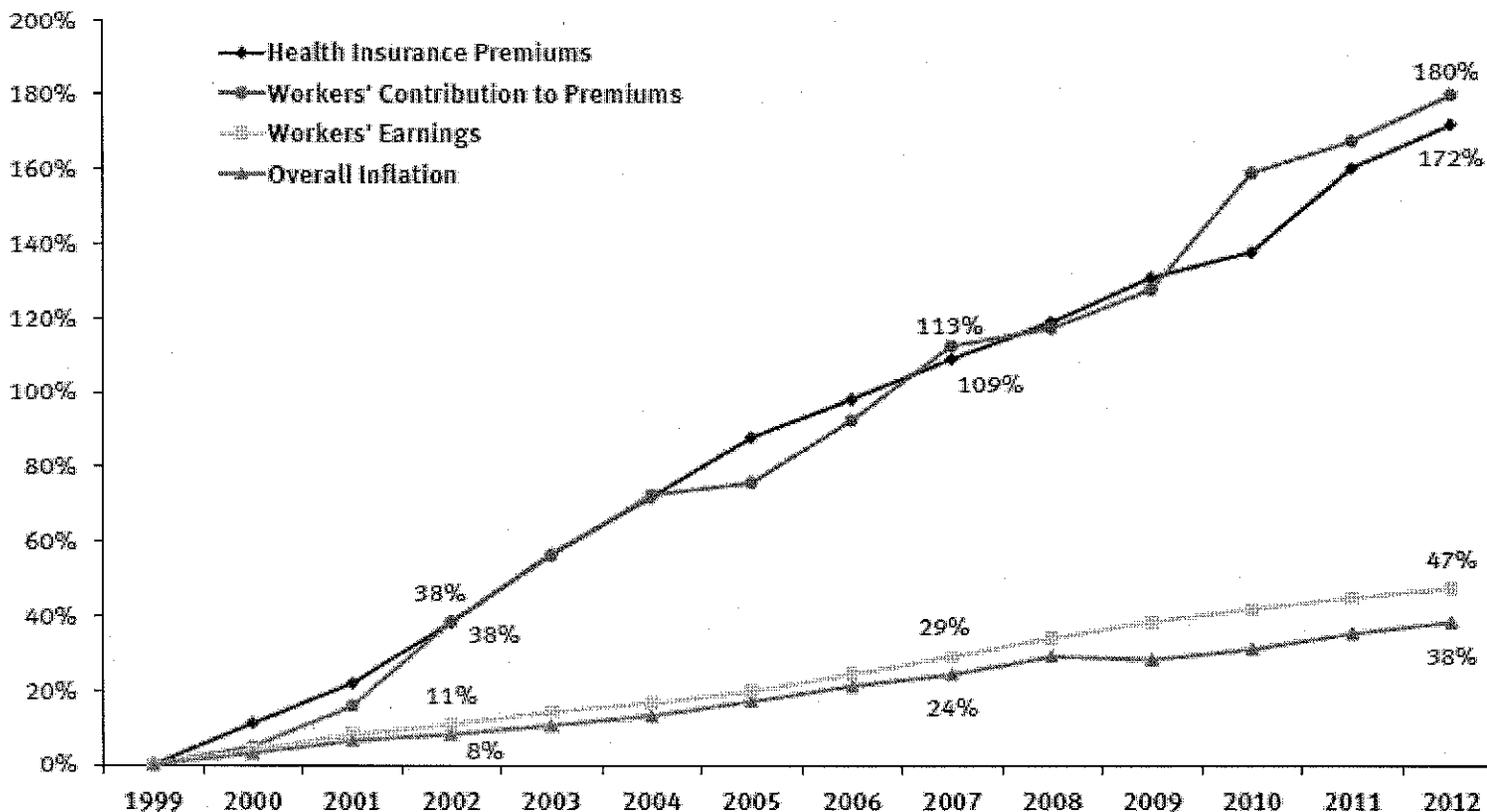
- **Penalty is not tax deductible**
- **Premium are not pre-tax in the Exchange**
- **Penalty not recognized in OPM's cost standards**

Findings and Trends



- Funding has not kept pace with healthcare inflation.

Cumulative Increases in Health Insurance Premiums, Workers' Contributions to Premiums, Inflation, and Workers' Earnings, 1999-2012



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2012. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2012; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2012 (April to April).



Employer Mandate Penalty (not OPM eligible)



4980H(a)

Do you offer coverage?

No

\$2,000 per FTE (minus first 30)
Only applies if one full-time employee receives federal premium assistance for exchange coverage.

Yes

Does the plan provide minimum value?

No

Lesser of:
\$3,000 per FTE receiving tax credit or
\$2,000 per FTE (minus first 30)
Only applies if one full-time employee receives federal premium assistance for exchange coverage.

Yes

Is the coverage affordable?

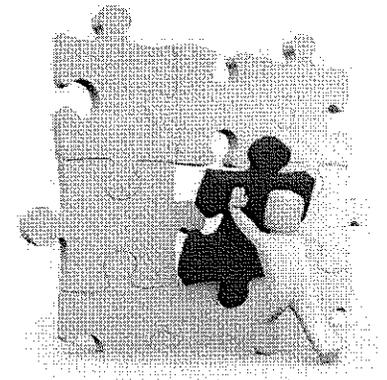
No

Yes

No Penalty

CT Non-Profits Provide Quality Coverage:

- Plans offered are affordable
- Benefit designs are Silver or better



Findings and Trends (continued)



- If a non-profit terminates coverage and pays penalty:

		Net Savings to the Non-Profit	Cost Increase to Employees (Silver Plan)
1	Union DDS	-89.8%	1006.6%
2	Non-Union DCF	-66.5%	246.7%
3	Union Multi	-70.4%	378.4%
4	Union DDS	-75.1%	267.9%
5	Non-Union DDS	-36.5%	62.3%
6	Union DDS	-69.7%	135.2%
7	Non-Union DCF	-83.9%	367.7%
8	Non-Union DDS	-56.9%	192.9%
9	Non-Union DDS	-84.4%	158.5%
10	Non-Union Multi	-50.7%	143.0%

Workforce Management



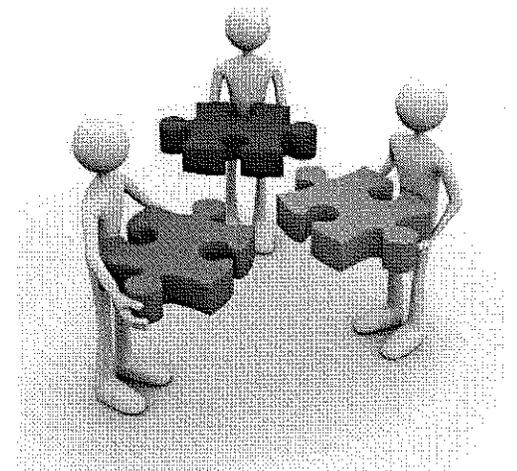
- **30 Hour Eligibility Rule**
 - Per diems
 - Part Time/ Variable Hour

EMPLOYER IMPACT:

- Probable cost increase to insure additional enrollees
- Non-profits that currently have an hourly requirement of more than 30 hours (ie: 37.5 hours)
- Variable hour/per diem workers averaging over 30 hours.
- Management of the process- "Tracking Hours"

STRATEGIES:

- Manage to under 30 hours
- Additional staffing may be required
- Union positions available per seniority
- Establish measurement period



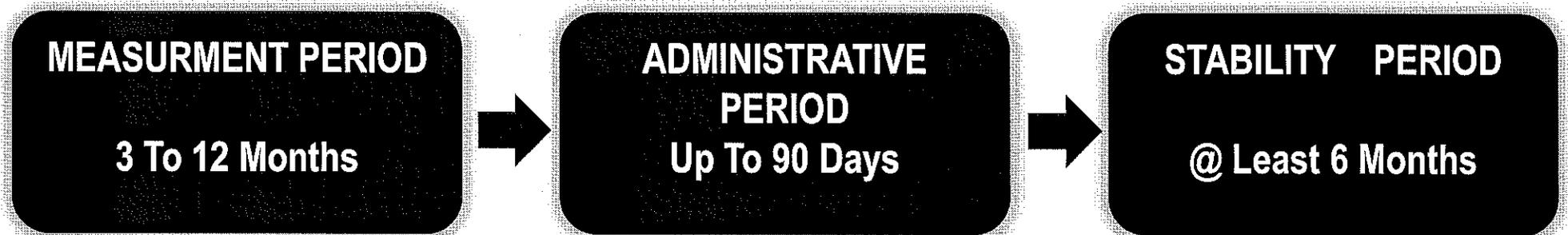
Determining Full Time Status



Employees who work:

- Irregular hours
- Variable schedules
- Seasonal employees
- New employees with uncertain schedules

IRS Notice 2012-58:



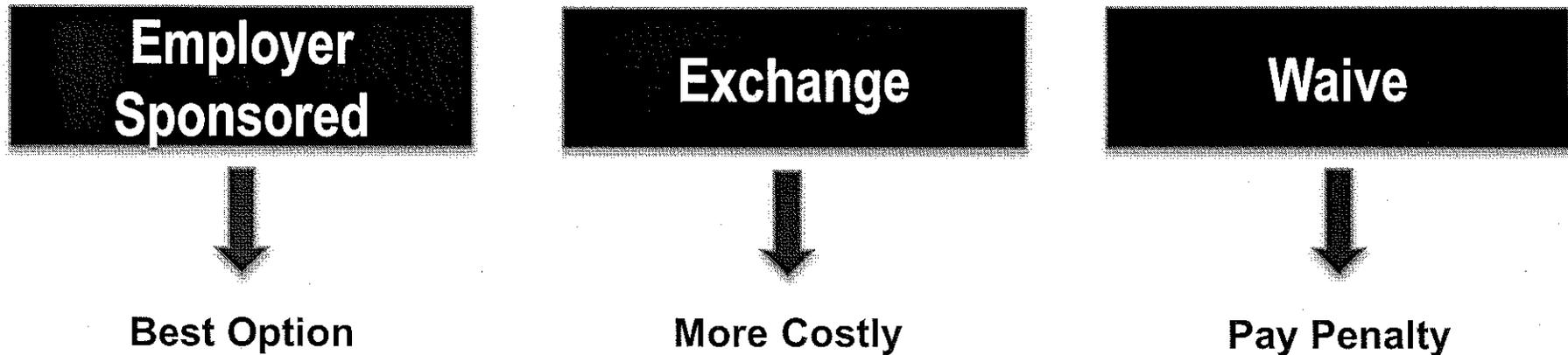
“30 hours”

Workforce Management



“Individual Mandate”

Employee Considerations



2014: \$95 or 1% of income
2015: \$325 or 2% of income
2016: \$695 or 2.5% of income

❖ **Medicaid Expansion to 133% FPL**

Defined Contribution/Private Exchange



State Public Exchange Integration



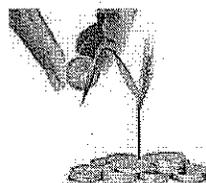
access health CT

PUBLIC EXCHANGE

BENEFIT COUNSELOR

PRIVATE EXCHANGE

Subsidies



Technology Interface

- Enrollment
- Carrier Feeds
- Tutorials

“Employee Experience”



- Health**
 - Multiple Plans
 - Dental
 - TeleMed
 - Vision
- Money**
 - HSA
 - FSA
- Protection**
 - Life
 - Disability
 - Pet Insurance

Summary



1. PPACA

- Not the “Silver Bullet” to help reduce costs to non-profits
- Opportunity for uninsured part timers and per diem employees to access coverage

2. **Costs will increase for non-profits due to increased enrollment**

- 30 plus hour eligibility requirements
- Variable hour/per diem employees who work over 30 hours
- Waivers electing coverage

3. **Employer penalty is not recognized at OPM**

4. **If enrollment increases, offer lower plan design to offset cost increase-Bronze with Buy-up**

Resources for Help



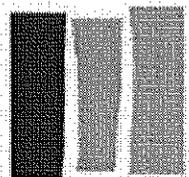
- ❖ Schuster Driscoll /TANGO PPACA Workshops
 - ❖ PPACA Consulting
 - ❖ Client Guidance- No Charge
 - ❖ Alerts and Newsletters
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