Upcoming mandates and responsibilities
Additional mandates coming up in 2012 & 2013

2012 Mandates	
Form W-2 reporting	▪ Beginning with coverage provided in 2012 and reported on Form W-2 to be given in January 2013 ▪ Gross costs, like COBRA ▪ Actives
Group health plan fee	▪ Annual fee of $1, then $2 indexed, based on average number of covered enrollees, until 2019 ▪ Fund federal program on comparative effectiveness research
Uniform benefit summary	▪ In addition to SPD and other currently required disclosures ▪ Four pages, 12-point font summary provided at initial and annual enrollment ▪ Includes information about covered benefits, exclusions, cost-sharing and continuation coverage

2013 Mandates	
$2,500 health FSA contribution cap	▪ CPI adjusted after 2013
Health insurance exchange notice	▪ Inform employees about health insurance exchanges: and eligibility rules
New taxes for high-income households	▪ Additional *employee-only 0.9% Medicare* tax on wages exceeding: – $250,000/married filing jointly – $125,000/married filing separately – $200,000 in any other case ▪ New 3.8% tax on investment income for taxpayers with incomes exceeding levels described above

Looking ahead….

The road to 2014

- Automatic enrollment for new full-time employees
- Shared responsibility obligations
- Health insurance exchanges
- Income-based assistances for exchange coverage

Health Care Reform
Employer shared responsibility

Employer Shared Responsibility	
General rule	■ Employers with 50 or more *full-time equivalent employees* may be subject to shared responsibility penalties if at least one *full-time* employee* obtains exchange-based coverage and is eligible for financial assistance to better afford it
Employers *offering* coverage to full-time* employees (and their dependents)	■ Subject to penalties if either – the plan's share of total allowed benefit costs is less than 60% ("minimum value" test), or – an employee's contribution to self-only coverage represents more than 9.5% of household income ("affordability" test) ■ Penalty is the lesser of: (1) up to $3,000 for each *full-time* employee eligible for income-based assistance, or (2) up to $2,000 for every *full-time* employee (minus the first thirty)
Employers *not offering* coverage to full-time* employees (and their dependents)	■ Subject to penalty of up to $2,000 for each *full-time* employee (minus the first thirty)

* A full-time employee is one who, with respect to any month, is employed an average of at least 30 hours of service a week

Health Care Reform
Health insurance exchanges

Health Insurance Exchanges	
General rule	■ State-based health insurance exchanges to facilitate purchase of health insurance by individuals and small employers

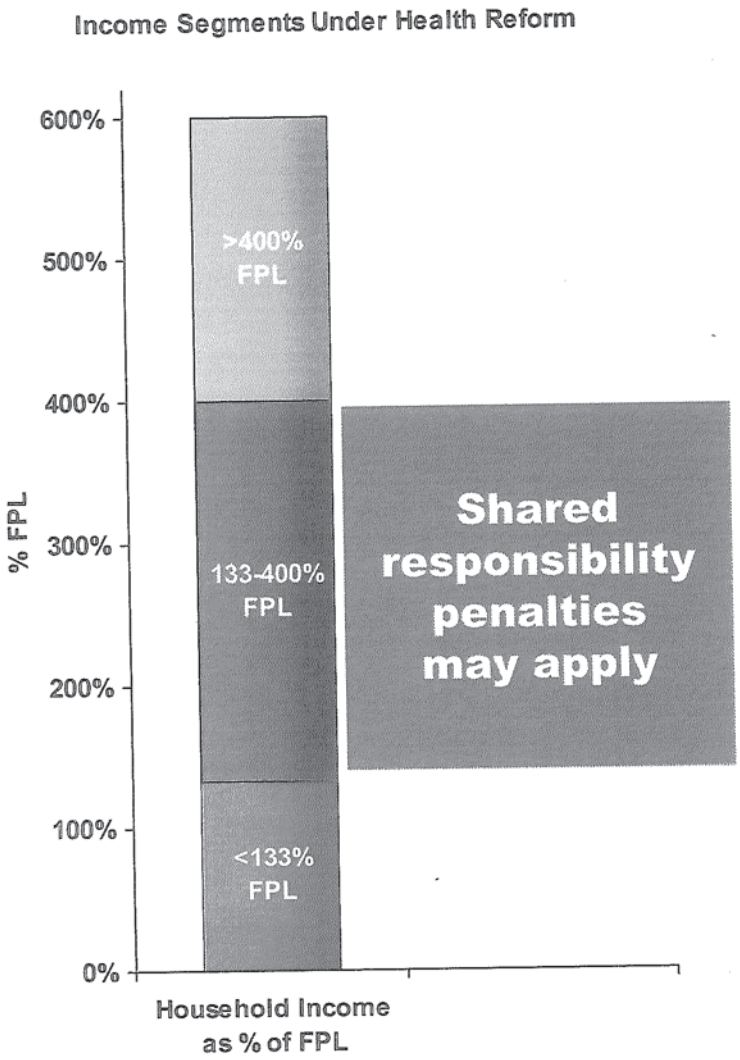
Eligible to enroll	■ Individuals residing in the state who are lawful residents and not incarcerated
	■ Certain employer groups
	  ■ 2014-2015: Up to 100 employees (states may use 50 employee limit)
	  ■ 2016: Up to 100 employees
	  ■ 2017: State discretion to expand
	■ State flexibility to merge individual and employer exchanges

Coverage	■ Exchange-certified qualified health plans

Financial assistance for certain people not Medicaid-eligible

- Federal premium tax credits and cost-sharing reductions
  - Household income ≤ 400% FPL
  - No employer coverage available or
  - Employer coverage is unaffordable or does not meet minimum actuarial value
    - Plan must cover at least 60% of the value of benefits
    - Employee contribution for self-only coverage does not exceed 9.5% of household income
  - If at least one full-time employee is eligible for premium tax credit or cost-sharing reduction, employer faces "shared responsibility penalties"

Shared Responsibility
2014 Affordability mandate – income segments



	Single individual	Family of Four
% of FPL	Annual Household Income	
Household income in excess of 400% of Federal Poverty Level Not eligible for subsidy through Exchange		
400%	$48,784*	$99,296*
300%	$36,588*	$74,472*
200%	$24,392*	$49,648*
150%	$18,294*	$37,326*
133%	$16,220*	$33,016*

* Note: Number based on Mercer forecasts for 2014 based on current contributions; illustrative only

2014: Impact of the law
Most new requirements raise costs and risks

Eligibility and enrollment[1]	Plan design[1]
▪ Individual mandate ▪ Automatic enrollment ▪ 90-day waiting period maximum ▪ Medicaid ▪ Exchange coverage premium tax credits	▪ 60% plan value minimum ▪ Essential benefits are optional ▪ Eliminate dollar limits, if covered ▪ Deductibles up to $2,000/$4,000[2] (indexed) ▪ Cost-sharing up to HSA limits[2] (indexed)
Premium contributions[1]	**Delivery and insurance[1]**
▪ Affordability based on employee-only contribution[2] ▪ Dependent contributions can differ from employee contributions[2] ▪ For eligible workers in exchanges – Shared responsibility tax for full-time ▪ Annual increase in thresholds and taxes	▪ Medicaid and public exchanges ▪ Minimum loss ratios for insured plans ▪ Individual non-group product regulations ▪ Self-insured and insured group product rules

1. Partial list; some provisions apply differently for grandfathered and non-grandfathered plans; 2. Based on current interpretation

Year End reports

- Caremark
- United Healthcare

Medicare Buyback

Vacancies

Questions?