



# Benefit Bullets

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February 12, 2014

## Health Care Reform

### HealthCare.gov Gets New IT Contractor

Facing much criticism after numerous malfunctions with HealthCare.gov, the Center for Medicare and Medicaid Services (CMS) has terminated its contract with CGI Federal, effective the end of February 2014, as it became due for renewal. Instead, CMS has decided to appoint Accenture, one of the world's largest consulting firms, to manage the application process on federally facilitated exchanges. Accenture has extensive experience establishing and maintaining government websites for the IRS, US Census Bureau, and US Department of Education however not CMS. Accenture has established health care exchanges on a state and local level in the past, California's state exchange for example, however admits they must familiarize themselves with CMS systems. The switch in contractors signal the Obama administration's efforts to improve HealthCare.gov, however the transition from CGI Federal to Accenture is a large concern. Accenture signed a one year contract where the initial phase of the project, including a transition plan, is valued at \$45 million followed by a mutually agreeable work plan defining the remaining value of the contract.

### District Court Upholds Federally-Facilitated Exchange Premium Tax Credits

The fact that thirty-four states have neglected to establish as state-run exchange has given rise to multiple challenges to the Affordable Care Act in recent months. In January, a district court in Washington D.C. ruled in favor of the federal government authorizing premium tax credits in states where there is no state-run exchange established. This case specifically, *Halbig vs. Sebelius*, the plaintiff argued that the legislation intended premium tax credits to be available to enrollees of "an exchange established by the state." They further sought to void any individual mandate penalty or employer shared responsibility penalty in states with federally-facilitated exchanges as premium tax credits play an integral part in determining penalty applicability. The district court ultimately ruled that the plaintiffs' reading of the legislation was too narrow and that the purpose of the Affordable Care Act demonstrates Congress' intent for premium tax credits to be available to enrollees of both state-run and federally-facilitated exchanges. Should this case make it to the Supreme Court and the Supreme Court disagrees with the ruling, employers operating in states with federally-facilitated could potentially be exempt from the employer shared responsibility penalties commonly referred to as the pay or play penalties.



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## Small Group Plan Cancellations Expected To Follow Individual Market

The small group market should be prepared for major disruption in the coming year as a result of both direct and indirect requirements of the Affordable Care Act, according to insurers and state regulators. Some plan cancellation notices have already been released, however many insurers expect the majority of cancellations to occur in October 2014 just before the next open enrollment period for exchanges. While some cancellations are a result of policies failing to cover the law's basic benefit requirements, others are a result of insurers restructuring their plan offerings to minimize added risk associated with the health care reform law. In Pennsylvania, Delaware and West Virginia, Highmark Blue Cross Blue Shield is replacing all small-group plans that did take an early renewal with new plans containing different coverage and cost. Back in 2010, The Department of Health and Human Services estimated approximately 80 percent of small group plans covering less than 100 employees could be cancelled by the end of 2013.

## Compliance Corner

### White House Delays Health Insurance Mandate for Medium-Sized Employers until 2016

Health Care Reform's Employer Shared Responsibility provisions were scheduled to take effect beginning January 1, 2015. However for the second time in a year, the Obama administration is giving extra time before employers must offer health insurance to almost all of their full – time employees.

Under the final rules issued on February 10, 2014, employers with 50 to 99 employees will be given until 2016, which is two years longer than originally stated in the Affordable Care Act before a federal penalty is imposed for not complying.

Companies with 100 workers or more are getting a different type of one-year grace period. Previously they were required in 2015 to offer coverage to at least 95% of full-time workers these larger employers can now avoid a fine by offering insurance to at least 70% of full-time workers starting in 2015.



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The penalties are generally (i) \$167 per month (1/12 of \$2,000) per full-time employee (minus 30) **for not offering coverage**, and (ii) \$250 per month (1/12 of \$3,000) per each full-time employee who actually receives a tax credit or cost-sharing reduction for offering coverage that is **unaffordable** or **does not provide minimum value**.

The long awaited transition relief rules for fiscal plans (non-calendar year) have been finalized and employers who meet the requirements will not have to comply until the first day of their plan year after 1/1/2015.

Additional guidance was also provided for specific industries such as education (adjunct professors), bona fide volunteers for a government or tax exempt entity. An IRS FAQ is available at this link: [IRS FAQ](#)

## Product Spotlight

### Long Term Care Insurance

Many people find it hard to envision needing assistance with basic activities of daily living such as bathing, eating and dressing. The U.S. government reports that 70% of people who reach age 65 will require Long Term Care services at some point in their lives. Long Term Care Insurance provides benefits to protect your assets from being depleted and affords more options related to that care. The cost of care can be financially devastating. Some things to know about Long Term Care:

**You're probably not covered.** Many people mistakenly believe they are covered for long term care, but this assistance is not typically covered by your health or long term disability insurance policies.

**Government programs aren't designed to pay for all your needs.** Medicare only pays for skilled care, while Medicaid only covers the very poor- those whose assets are at or below state-required levels. These programs don't cover care provided in your own home.

**Long Term Care doesn't mean nursing home care.** In fact, the majority of people who need care remain in their own home or in their community. Most Long Term Care Insurance policies cover people in all care settings including the home. That's a significant benefit.



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**Your age and health make a big difference in what protection costs.** Many people put off looking into Long Term Care Insurance protection. Waiting to plan can be a mistake because the cost of insurance is based on your age, increasing as you get older. Your health is also an important factor. Waiting to plan can be a costly mistake because a change in your health can make you ineligible for this protection (no matter how much you are willing to pay).

## **DiscoverHealth** ®

### **Know Your Exercises: Aerobic vs Anaerobic**

Heart disease, the number one killer of Americans, gets its own spotlight in February as we celebrate Heart Month. While there are several ways to go about living a heart healthier life, by means such as not smoking and reducing stress, it's no secret that exercising regularly (and in turn maintaining a healthy weight!) plays a huge role in improving cardiovascular health. By looking specifically at the different types of cardiovascular exercise, we can decide which works best and optimize either one or both to our choosing.

It's certainly no new news that a component to good health is being active by means of fitness. But that doesn't mean that all work outs are created equal. If you slave away on a treadmill or piece of cardio equipment, is your body benefitting in the same respect as if you were to engage in a strength training routine? Not necessarily.

Exercises fall under the category of either primarily aerobic or anaerobic types, classified according to the energy pathways used during exercise. Aerobic means with oxygen, as anaerobic means the opposite- without oxygen. But what's so important about knowing the difference between the two and figuring out which type your routine falls into? The health benefits of both are parallel on some levels, but also carry their own unique sets of perks.



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Cardiovascular exercise, commonly referred to as cardio, is considered an aerobic exercise. What does this mean? Aerobic workouts are characterized as moderate intensity, maintained heart rate types of exercise. Examples of aerobic exercises are swimming, biking, group fitness classes and skiing. Its benefits include things such as reduction of contracting heart disease and possible reduction of type 2 diabetes and forms of cancer. In addition, fat is used as the primary source for energy during this type of activity. Because of this, aerobic exercise is commonly referred to as the kind you should do if wanting to lose fat. While aerobic exercise may target the fat stores, the answer to long-term, sustainable weight loss does not lie in this alone.

Anaerobic exercise comprises the other piece of the fitness puzzle. Often referred to as high intensity or strength/resistance training, anaerobic exercises take place in the absence of oxygen. What does this mean? Think of performing an all-out sprint at a track. Sprints and other high-intensity exercises cannot be performed for a long period of time at such a high rate of activity. Breathing is also very difficult during these types of exercises. The benefits of anaerobic exercise include an increase in muscle strength and growth, an improvement in the amount of oxygen consumed during exercise of any kind, and increased ability to fight fatigue. Fat burning takes place for hours after anaerobic exercise is performed- a huge plus! Strength/resistance training is also a great form of anaerobic exercise that not only improves health and can reduce risk of injuries by strengthening muscles, but it also helps create a toned look.

So how do the two work together? By performing aerobic exercise, you are able to target the fat stores in the body, which can help lead to an overall reduction in fat mass. But in order to turn your body into a more effective machine, performing anaerobic exercises, especially strength training, leads to accumulation of muscle mass. The more muscle we have, the more calories our bodies burn just being alive. By pairing the two together, you can assure a well-oiled machine, and your heart will thank you for it.



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## Question of the Month

**Question:** Now that the October 1, 2013 deadline has passed for the distribution of the Marketplace (Exchange) Model Notice what are the employer's ongoing responsibilities?

**Answer:** The regulations surrounding the distribution of the Model Notice were clear on how to distribute the Notice to all employees by October 1, 2013 and to all new hires thereafter. What remains in question is if plan information changes, is the employer responsible for updating the notice and redistributing it to all employees? To date no guidance has been provided. This requirement has no penalties associated to it, so good faith compliance should be observed by employers.

Best practices would be to update the model notice if any plan changes would impact the information on the model notice. The updated notice should be provided to any new hires within 14 days of their date of hire.

As we approach the 2014 Marketplace open enrollment period (November 15, 2014 through January 15, 2015) there may be additional guidance for employers surrounding this notice.

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