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Health Care Reform Law Upheld: Employee FAQs

Since the Supreme Court recently upheld the health care reform law, it is likely that your employees are experiencing confusion about how this ruling will affect them. Read on for a list of common employee questions and how to answer them.

Do I now have to buy health insurance?

Currently no law requires you to purchase coverage, but starting in 2014 most people will be required to have health insurance or pay an additional tax.

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Final Regulations on Employee Tax Credit to Impact Employers

The Affordable Care Act (ACA) created a premium tax credit to help eligible individuals and families purchase health insurance through the new Affordable Insurance Exchanges. Recently, the IRS released final regulations that provide guidance on various aspects of the premium tax credit, including eligibility criteria.

These regulations affect employers with 50 or more full-time employees. Beginning in 2014, if a large employer's health coverage does not meet ACA's minimum essential coverage requirements and a full-time employee receives a premium tax credit under an exchange, the employer may be subject to ACA's shared responsibility penalty.

For employers whose health coverage does not meet the requirements for minimum essential coverage, these penalties amount to \$250 monthly for each full-time employee who receives a premium credit, to a certain maximum. A separate penalty applies to large employers that do not offer health coverage.

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Workplace Bullying: Identification and Prevention

Affecting nearly half of all Americans, workplace bullying can lead to loss of employees, sharp drops in productivity and pollution of the corporate culture. If your organization is not addressing the workplace bullying epidemic, the time to start is now.

What it looks like

There isn't a singular definition of workplace bullying, but generally it is considered to be the use of intimidation through power, influence, tone or language to affect a person negatively. At times bullies aren't aware of hurtful words or actions, but most often bullying is intentional.

Since bullying is often perpetrated in subtle ways so as not to draw attention from management, it is often difficult to identify a bully. In addition to taking every report of bullying seriously, here are a few warning signs to look out for:

- Individuals who don't recognize others' achievements or efforts, and who level unjustified criticism at an individual, not their work
- Individuals who reprimand or humiliate other employees publicly
- Managers who threaten to punish employees for no justifiable reason, or who engage in unwarranted and constant checking of an employee's work quality, output or whereabouts
- Managers who change workplace rules regularly and without notice
- Patterns of absenteeism, sick leave, staff turnover, grievances or sudden unexplained changes that may indicate bullying is present

How to prevent it

Here are a few ways you can prevent workplace bullying in your organization:

- Develop a workplace bullying policy for your employee handbook

- Establish the expectations of appropriate behavior and clearly indicate the consequences of engaging in workplace bullying
- Develop a complaint handling and investigation procedure
- Provide training and education for all employees to raise awareness about workplace bullying

The Rate of Rising Health Care Costs Expected to Slow in 2013

According to recent reports, though the cost of health care is expected to rise 7.5 percent in 2013, it may indicate a dropping average growth rate.

While the overall cost of service is expect to rise by 7.5 percent—more than three times the predicted growth rates for inflation and the gross domestic product—premiums for large employer-sponsored health plans are only projected to rise 5.5 percent due to wellness programs, higher deductibles and copays.

The projected growth is nearly double the 3.9 percent rise in health care spending that occurred in 2010 (the most recent figures available). However, many believe that the data from the past three years suggests an extended slowdown in health care inflation—in past decades, annual costs rose by double digits.

The increased costs are associated with a recovering economy and an increase in new medical technology, such as robotics and new imaging techniques. And while the definite cause for the decreasing rate of growth is still unknown, some attribute it to the transition to a consumerism model that exposes employees to the cost of services and encourages them to be more price conscious.

Final Regulations, cont.

Minimum Essential Coverage

In addition to other requirements, to qualify for the tax credit an individual cannot be eligible for minimum essential coverage.

Minimum essential coverage includes coverage under government-sponsored coverage, such as Medicare or Medicaid, or employer-sponsored minimum essential coverage.

An employee who may enroll in an employer-sponsored plan is generally considered eligible for minimum essential coverage if the plan is **affordable** and provides **minimum value**. Employees who are eligible for minimum essential coverage are not eligible for the premium tax credit, and therefore don't trigger the shared responsibility penalties.

The IRS intends to issue additional regulations in the future to determine when a plan is affordable and provides minimum value. In the meantime, the final regulations provide the following guidance:

- An employee is not eligible for minimum essential coverage during any waiting period before employer coverage becomes effective. However, the IRS is expected to issue guidance that relieves employers from the shared responsibility penalty for any waiting period during the first three months following any employee's date of hire.
- An individual who may enroll in COBRA continuation coverage is considered eligible for minimum essential coverage only for the months that the individual is enrolled in the coverage.
- An individual who is enrolled in employer-sponsored coverage does not qualify for the tax credit, regardless of whether the plan meets the affordability and minimum value requirements.
- Individuals who are automatically enrolled in employer-sponsored coverage will be given a

period of time to decline enrollment to maintain their eligibility for the tax credit.

Brown & Brown Consulting will keep you updated as further guidance is released and more information becomes available on this subject.

Health Care Reform Law Upheld, cont.

What if I can't afford health insurance?

Beginning in 2014, the federal government is offering to pay for the expansion of state Medicaid programs. If you are unable to afford health insurance and your income is at or lower than 133 percent of the federal poverty level you will be eligible for Medicaid.

Based on the current guidelines, 133 percent of the federal poverty level is \$14,856 for individuals or \$30,656 for a family of four. However, states are not required to participate in the Medicaid expansion and may not offer this program.

If your income is too high to qualify for Medicaid, you may still be eligible for government subsidies to help you pay for private insurance.

If I have health problems, will it be easier for me to obtain coverage?

Yes. Beginning in 2014, carriers will no longer be allowed to reject applicants based on a preexisting condition.

Will my health care cost more because of the law?

No one knows for certain. The law was designed to decrease health care cost by expanding coverage to everyone, thereby eliminating uninsured medical costs. Those opposed to the law believe the additional coverage requirements will increase the cost of coverage.

The information contained in this newsletter is not intended as legal or medical advice. Please consult a professional for more information.
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