



Health Care Reform Analysis for Aries Beef

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Health Care Reform Planning Workshop

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Plan Design For Initial Discussion

National Average Rates*		
Monthly Cost	Employee	Employer
EE Only	\$80	\$388
EE + Spouse	\$80	\$388
EE + Children	\$360	\$950
Family	\$360	\$950



90% actuarial value

72% of plan premiums are paid by the employer

* National average rates have been used, to shape initial strategy/cost planning. Source: Kaiser/HRETs 2012 Survey of Employer Sponsors

Who is required to receive an offer for coverage?

Note: these results are based on a point-in-time analysis; the number of eligible employees could change based on continued hours worked and/or changes in ongoing workforce size strategies

	Measurement Period*	# Full-Time	% Full-Time	# Part-Time	% Part-Time
1+ Year Tenure	Ongoing: 12 Months	116 employees	95%	0 employees	0%
< 1 Year Tenure	Initial: tokenaverageInitialPeriod Months	6 employees	4%	0 employees	0%
	TOTAL	122 employees	100%	0 employees	0%

* If varying periods were used for different employee classes, average is shown

We have determined the proposed measurement periods to balance administrative burden, with the cost of total eligible staff

Enrollment Estimates and Projections

Scenario 1

*“Mostly
Individuals”*

90% enrollment in
individual of
employee &
spousal coverage

10% enrollment in
employee & child
or family coverage

Scenario 2

“National Average”

46% enrollment in
individual of
employee &
spousal coverage

54% enrollment in
employee & child
or family coverage

Scenario 3

“Mostly Families”

10% enrollment in
individual of
employee &
spousal coverage

90% enrollment in
employee & child
or family coverage

Overall Cost Summary, 2015 and 2016 Planning

Using our initial plan design, what would annual costs be?

2015: Offer to 70% of Eligibles

2016: Offer to 95% of Eligibles

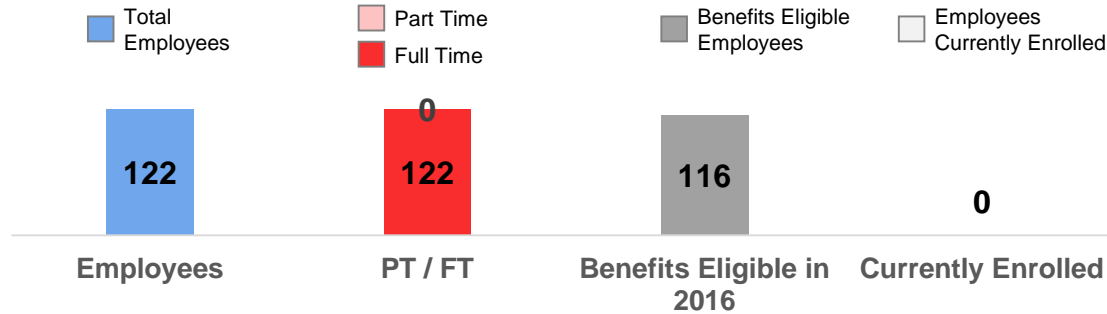
Enrollment Scenario		2015: Offer to 70% of Eligibles		2016: Offer to 95% of Eligibles	
		Aries Beef	Employees	Aries Beef	Employees
Enrollment Scenario 1	<i>Direct Cost</i>	\$455,216	\$110,678	\$617,793	\$150,206
	<i>Excise Penalty¹</i>	\$0	---	\$0	---
	<i>Tax Deduction</i>	\$145,031	\$27,149	\$196,828	\$36,845
	Net Cost	\$310,184	\$83,528	\$420,964	\$113,360
Enrollment Scenario 2	<i>Direct Cost</i>	\$708,628	\$321,552	\$961,709	\$436,392
	<i>Excise Penalty¹</i>	\$0	---	\$0	\$0
	<i>Tax Deduction</i>	\$237,187	\$78,876	\$321,897	\$107,046
	Net Cost	\$471,441	\$242,676	\$639,813	\$329,346
Enrollment Scenario 3	<i>Direct Cost</i>	\$915,966	\$340,233	\$1,243,097	\$461,745
	<i>Excise Penalty¹</i>	\$0	---	\$0	---
	<i>Tax Deduction</i>	\$300,818	\$83,459	\$408,252	\$113,266
	Net Cost	\$615,148	\$256,774	\$834,844	\$348,479

A photograph of a row of classical marble columns on a stone staircase. The columns are fluted and have a decorative capital. The staircase is made of light-colored stone blocks. A red speech bubble is overlaid on the bottom right of the image.

Supporting Analytics

Summary of Supporting Analysis

Eligibility and Enrollment Breakdown



Key Assumptions

- **30%** effective corporate tax rate
- **3%** annual merit increase
- **0%** annual growth in FTEs
- **10%** healthcare inflation/base premium growth

Average Employee Pay

- **W2 Wages: No W2 data was provided**
- **Annual Income: \$27,302**
- **Household Income (estimated): \$52,732**

Employer Mandate Preparation Material

Current State

2015

2016

How many FTEs do we have?

- Based on current employee records, you have **121 FTEs**, and will be subject to the employer mandate

- We forecast you will have **121 FTEs**

- We forecast you will have **121 FTEs**

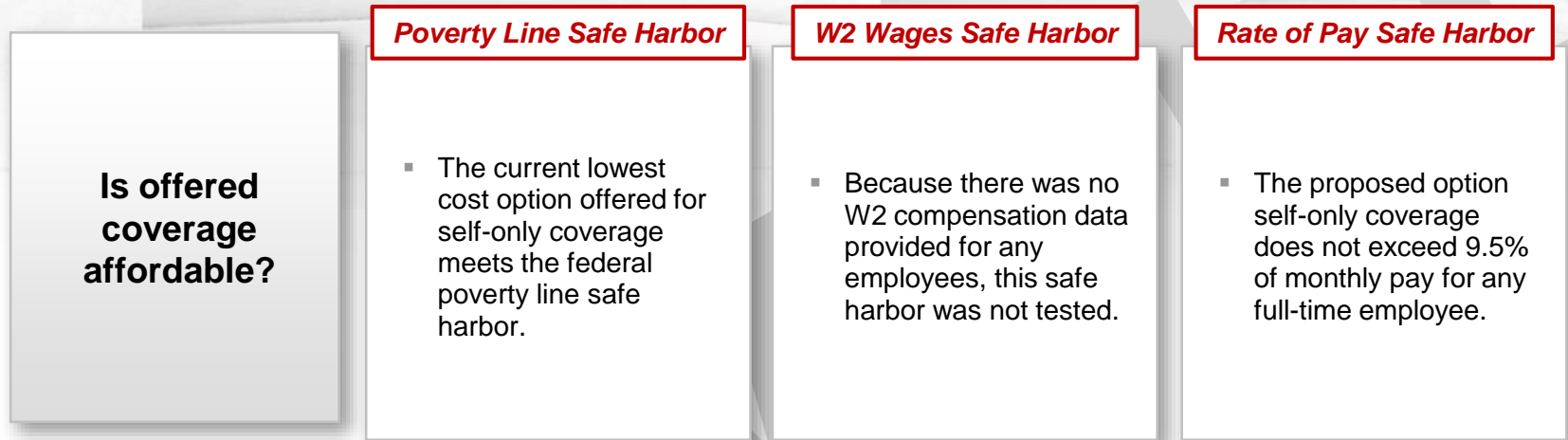
How many Full-Time Employees Must Be Offered Benefits?

- Currently there are **0** employees enrolled in coverage

- Using a standard 12-month stability period, coverage must be offered to **86 full-time employees, and their dependents**

- Using a standard 12-month stability period, coverage must be offered to **116 full-time employees, and their dependents**

Employer Mandate Preparation Material: Current State



Bottom Line For Aries Beef

- Based on this analysis, there could be exposure/risk to the 'pay and play' \$3,000 excise tax

Employer Mandate Preparation Material

2015 Pay or Play Cost Analysis ("Drop Coverage Analysis")

The annual cost to drop all coverage entirely, considering the \$2,000 annual fee, plus any loss of tax deduction gained from current benefits contributions is:

**\$84,000 excise fees +
= \$84,000 / per year**

2016 Pay or Play Cost Analysis ("Drop Coverage Analysis")

The annual cost to drop all coverage entirely, considering the \$2,000 annual fee, plus any loss of tax deduction gained from current benefits contributions is:

**\$184,000 excise fees +
= \$184,000 / per year**

Note: factors such as employee turnover, impact to productivity, impact to culture, and other considerations have not been factored into this analysis

*** Assumes 30% effective corporate tax rate**

Are Your Employees Eligible for Public Market Subsidies?

What do we know about Aries Beef staff?

- Total of 122 employees
- Average estimated household size is 1.0
- Average estimated household income is \$52,732

Percentage of Poverty Line	Number of Employees	They could receive...
Below 100%	0	<ul style="list-style-type: none"> ▪ Eligible for Medicaid
100% to 150%	0	<ul style="list-style-type: none"> ▪ “Free upgrade” to high-end platinum level plan ▪ Max out-of-pocket capped at 1/3 of normal amount
150% to 200%	0	<ul style="list-style-type: none"> ▪ “Free upgrade” to low-end platinum level plan ▪ Max out-of-pocket capped at 1/3 of normal amount
200% to 250%	1	<ul style="list-style-type: none"> ▪ “Free upgrade” to high-end silver level plan ▪ Max out-of-pocket capped at 1/2 normal amount
250% to 300%	4	<ul style="list-style-type: none"> ▪ Max out-of-pocket capped at 1/2 of normal amount
300% to 400%	34	<ul style="list-style-type: none"> ▪ Max out-of-pocket capped at 2/3 of normal amount
400%+	83	<ul style="list-style-type: none"> ▪ Not eligible for any government assistance

Using The Public Marketplace: The Bottom Line?

What is the bottom line cost to our employees?

Average of available carrier rates on the exchange in CA

- Average 2014 premiums for a silver plan without subsidy would be:

\$408 / month

- Average subsidy amount we estimate employees could receive would be:

\$39 / month

- Average cost per month, after subsidy:

\$369 / month

Employee Annual Cost:

\$540,216

Employer Annual Cost:

\$0

IRS Reporting Requirements for Employer Mandate

Employers will be required to report the terms and conditions of the health care coverage provided to full-time employees each year

6056 Requirements:

Employers with Fully Insured and Self-Insured Plans

- Name, address and EIN
- Verify employer offers minimum essential coverage under an eligible employer sponsored plan;
- # full-time employees for each month during the calendar year;
- For each full-time employee:
 - # months for which coverage under the plan was available and the months during which employee was covered;
 - The employee's share of the lowest cost monthly premium (self-only) for coverage, for each calendar month
 - Name, address, and Taxpayer Identification Number

6055 Requirements:

Employers with only Self-Insured Plans

- Name, address, and EIN
- Name of each individual enrolled;
- Name and address of the primary insured or responsible individual who submits the application for coverage
- Taxpayer Identification Number for each covered individual;
- Months of coverage for each covered individual;

First reporting will be due February 28, 2016, for the 2015 calendar year
IRS encourages adopting in 2014, to test reporting systems and plan design



Thank you

