Jeff Rubleski Shares…

Everything You Need To Know About

Part 1

HELLO
my name is

Healthcare Reform
ABOUT JEFF RUBLESKI

Jeff Rubleski serves as Director of Sales Strategy for Blue Cross Blue Shield of Michigan. He is responsible for implementing sales strategies for group customers, with an emphasis on contemporary healthcare solutions with specific expertise in defined contribution options and effective wellness program integration. Jeff works closely with Blue Cross Blue Shield of Michigan's Office of National Health Reform on emerging healthcare reform issues and has been instrumental in educating group customers in all market segments on the implications of The Affordable Care Act. He is a Certified Healthcare Reform Specialist.

Jeff received his MBA from Grand Valley State University and has served as an adjunct faculty member for the Grand Valley State University Finance Department. He is a featured speaker and subject-matter expert panelist at regional and national conferences on a variety of health benefits, corporate wellness, healthcare reform and personal finance topics. He has authored several published articles on the topics of emerging consumer-directed healthcare practices, healthcare reform, employee benefit trends and workplace wellness.

ABOUT DAVID HUNNICUTT

Since his arrival at WELCOA in 1995, David Hunnicutt has interviewed hundreds of the most influential business and health leaders in America. Known for his ability to make complex issues easier to understand, David has a proven track record of asking the right questions and getting straight answers. As a result of his efforts, David's expert interviews have been widely-published and read by workplace wellness practitioners across the country.

David Hunnicutt can be reached at dhnunicutt@welcoa.org.
Dr. David Hunnicutt: So Jeff, I know you’ve been busy lately working with Healthcare Reform and all of its implications for group customers. Please tell our readers what the ACA is and how it will affect them?

Jeff Rubleski: Yes, it’s been an interesting time to be involved in health insurance since the Affordable Care Act became law on March 23, 2010. Officially the “Affordable Care Act” is The Patient Protection and Affordable Care Act (PPACA), but for purposes for our discussion, I’ll refer to it either as the ACA or Healthcare Reform. This law will bring sweeping changes to the way health insurance is purchased by businesses and individuals and how health care will be delivered by health care providers (physicians, hospitals, out-patient clinics, etc.) when the state-based health insurance exchanges go into effect and mandatory coverage for most Americans will be required by law beginning January 1, 2014.

In fact, the ACA represents the most significant regulatory overhaul of the U.S. healthcare system since the enactment of Medicare in 1965. The changes that Healthcare Reform will deliver will be much more far-reaching than the Medicare legislation because it has implications and insurance requirements for virtually all Americans. At the core of Healthcare Reform is the Individual Mandate, which requires most adult Americans to have a specified level of health insurance coverage or pay a tax penalty. The Individual Mandate goes into effect on January 1, 2014. The ACA also requires “large employers,” defined as entities that employ 50 or more full-time equivalent employees to provide both affordable and minimum-essential coverage to eligible employees or they will face additional taxes starting on January 1, 2014. This is referred to as the Employer Mandate. Employers with fewer than 50 full-time equivalent employees are not subject to the Employer Mandate taxes. Regardless of employer size, all employers must decide whether to offer employer-sponsored group coverage or to drop coverage in favor of having employees and their eligible dependents purchase health insurance directly from insurance carriers or through the state-based health exchange that will be operational in each state effective January 1, 2014.
DH: Jeff, how do employers prepare for the changes that the ACA will bring?

JR: The best advice I can give employers around the ACA is to do whatever it takes to get a strong working knowledge of the law and its specific implications for your business. And this is no easy task! The ACA is over 2,400 pages and trying to determine legislative intent is the job of federal regulators primarily from The Departments of Treasury, Labor and Health and Human Services. As we move toward 2014, there will be more regulations and guidance that will be issued from these regulatory agencies, which should provide insight that employers will need to make sound decisions involving the ACA.

I spend a considerable amount of time working with employers of all sizes to help them understand their numerous options when it comes to the ACA. I advise employers to cast a wide net when it comes to understanding the ACA. I encourage them to seek wise counsel from a variety of professional sources, including their insurance agent or broker, their health insurer or third-party administrator (TPA), their accountant, their legal counsel and respected professional sources. Businesses will be best served evaluating the ACA under several “lenses” to determine the best course of action to take and to ensure that strategic business initiatives are not compromised by unsound decisions related to the ACA.

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DH: Jeff, in your last statement you said that business decisions related to the ACA can compromise strategic business initiatives. Can you expand on that statement?

JR: Yes, the biggest decision any business of any size has to make around the ACA is to offer or discontinue group-sponsored health coverage. This decision becomes magnified for businesses that currently provide group-sponsored coverage. Starting in 2014, all individuals, regardless of health status, can purchase guaranteed-issue coverage through a state-sponsored health insurance exchange. All subsidy-eligible employees with a household income less than 400% of the federal poverty level will be eligible to receive a federal financial subsidy to purchase health insurance through the state-sponsored exchange. And 400% of federal poverty level for 2012 is $44,680 for one person and $92,200 for a family of four. This is hardly what most business leaders would consider “poverty-level” for their workforce! The poverty level amount is adjusted annually by the Department of Health and Human Services in the first quarter of the year. Depending on the industry, some organizations will have a majority of benefit-eligible employees qualifying for health insurance subsidies to offset the cost of health insurance purchased on the state-based health insurance exchange.

When employers start to “do the math” around this and they calculate the penalty associated with not providing coverage (and there is no penalty for those employers with fewer than 50 full-time equivalent employees), the “simple” math starts to look intriguing for some employers to drop coverage on January 1, 2014. Why? Because the penalty is a fraction of the cost that most employers incur to pay for group-sponsored health insurance. The penalty for not offering qualified health insurance coverage is $2,000 per employee annually (but paid monthly), with the first 30 employees not being subject to the penalty. So if an employer has 100 full-time equivalent employees and elects to discontinue group sponsored coverage, the annual penalty calculation would be 100 employees minus 30 employees times $2,000. This would equal an annual penalty of $140,000. The penalty will be assessed on a pro-rated monthly basis.

Yes, the biggest decision any business of any size has to make around the ACA is to offer or discontinue group-sponsored health coverage.”
But as the late-night infomercials always say—Wait There’s More! And the “more” here is that all employers must take into account what dropping health coverage will mean to their workforce in terms of some really important things like productivity, employee retention, recruitment and overall employee compensation.

The Employee Benefit Research Institute conducts annual employer surveys to provide employers with invaluable insight on benefit trends and their research consistently highlights that employees view the employer benefit package (with health insurance being by far the most coveted workplace benefit!) as one of the primary reasons why they continue working for their employer. So what this means is that employers need to be very careful when making the decision to keep or drop group-sponsored health insurance. Key factors to consider include the industry your business is in, the overall wage structure of your workforce and the competition for mission-critical talent. There are a myriad of other strategic factors to consider as well, including how will the state-based health insurance exchanges work in 2014? No one knows for sure—and it’s a pretty safe bet that it will not be a “seamless” experience for many in the first year who venture on the insurance exchange in search of the best insurance value! That’s why it is anticipated that most employers that currently offer health insurance coverage (especially those with 50 or more full-time employees) will continue to offer group-sponsored health insurance in 2014 and will actively evaluate their health insurance options each year to determine the best course of action for sponsorship of group benefits for their business and their workforce.

And the “more” here is that all employers must take into account what dropping health coverage will mean to their workforce in terms of some really important things like productivity, employee retention, recruitment and overall employee compensation.”
DH: We have a diverse membership at WELCOA that includes CEOs, benefits professionals, wellness professionals, human resources professionals and professionals in the health care industry. We also work with industries spanning the Fortune 500 all the way to small businesses that employ fewer than 50 employees. Does the ACA have a big impact on all segments of our diverse membership?

JR: Absolutely! There is no escaping the impact of the ACA. This sweeping legislation will impact every industry. What I find interesting, David, is that WELCOA’s membership is literally in the “Reform Zone” from a decision making and strategic perspective. What I mean by this is that wellness, benefits and human resources professionals should find themselves in the center of their organization’s Health Reform strategies. I think that this will present some really interesting and important opportunities for your members to add considerable value in helping their respective organizations to navigate through the complexities of the ACA.

It is great to see that wellness is now a mainstream function for most employers for a variety of excellent business and employee productivity reasons. And the ACA only makes the need for strategic worksite wellness ever-more important, as the law expands the HIPAA-compliant wellness-based health plan savings premium differentials from 20% to 30% starting in 2014 and also provides health insurance premium differentials up to 50% for structured programs that reward non-smokers! I find this really exciting and think it bodes well for the continued expansion of strategic health plan-based wellness initiatives in forward-thinking organizations!
DH: What are the biggest challenges in your opinion for the ACA moving into 2014?

JR: What comes to my mind is something that most of us in business dread and it’s the cost of compliance and the added cost of new taxes. Let’s face it, business for most of us is very competitive; profit margins are squeezed and pricing power for our goods and services is held in check by existing and new competitive threats. The ACA will require significantly more tax and payroll-based reporting from employers. It will also result in new taxes being imposed on health insurance plans to pay for the cost of the expansion of subsidized health coverage to millions of currently uninsured Americans. These added taxes will be passed along to employers by health insurance carriers and TPAs, which will add pressure on the affordability of health insurance for businesses and individuals.

The anticipated 10 year cost of the ACA, according to the Congressional Budget Office, is just over 1 trillion dollars! With the budget challenges we have as a nation to pay for Medicare, Medicaid, Social Security and National Defense, I’m personally concerned that our nation will not be able to afford to pay for the promises of the ACA without a significant increase in taxes and fees. With all of the new taxes, fees and regulations, will the ACA actually lower the trajectory of health insurance costs over a period of years? That’s one of the key assumptions that proponents of the ACA make and if it doesn’t lower the year-over-year increase in health insurance costs, I think we could be in big trouble as a nation to continue funding health insurance as we know it today.

“With the budget challenges we have as a nation to pay for Medicare, Medicaid, Social Security and National Defense, I’m personally concerned that our nation will not be able to afford to pay for the promises of the ACA without a significant increase in taxes and fees.”
DH: From a health insurance prospective, what are some of the biggest changes we’ll see when the ACA requires everyone to have health insurance on January 1, 2014?

JR: There are so many things that come to mind. First, the ACA will require a number of plan design changes for health plans to be compliant with federally required Essential Health Benefits Mandates. These 10 Essential Health Benefit Mandates dictate the benefits that must be included in any plan offered on a health insurance exchange. As I mentioned earlier, all health plans will be required by the ACA to charge a number of new taxes to help pay for the cost of the subsidized coverage that millions of Americans will receive through the ACA and all of this will add to the cost of health insurance. This likely means more cost sharing for employees, as employers will pass along some if not all of these new costs to their workforce. I do believe that forward-thinking organizations will use this as an opportunity to use health plan-based incentives to encourage specified employee participation or health outcomes-based insurance coverage to improve the health and productivity of their workforce. With the ACA, starting January 1, 2014, health insurers will be able to increase the HIPAA-compliant health plan incentives from 20% to 30% of the cost of an employee health premium. This significant expansion of health plan design incentives for participation-based or outcomes-based health plans will present some terrific opportunities to keep the workforce engaged in targeted employee and spouse health initiatives.

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DH: You mentioned that public health insurance exchanges will be available in each state accepting enrollment beginning January 1, 2014. Will all employers be able to participate in these state-based exchanges?

JR: That’s a great question! The answer is no—the state-based exchanges will be divided into two parts. The first part will be available for all individuals that do not have insurance through their employer or another qualified plan. The second part of state-based exchanges will be dedicated to small businesses that decide to offer group-sponsored coverage through the state-based exchange. The state-based health insurance exchange for small businesses is referred to as the Small Business Health Options or SHOP Exchange. State exchanges have the flexibility for the first two years to decide the employee threshold for small business eligibility of either up to 50 eligible employees or up to 100 eligible employees. Most states are opting for the up to 50 eligible employee threshold for the first two years (2014 and 2015). In 2016, all state-based exchanges must be available to employers with up to 100 eligible employees and then in 2017, states may decide to increase the exchange-eligible employer size to those with more than 100 benefit-eligible employees.

So, if you work for an employer that has over 100 benefit-eligible employees, the employer will not be eligible to purchase group-sponsored coverage from a state-based exchange until 2017 at the earliest.

“So, if you work for an employer that has over 100 benefit-eligible employees, the employer will not be eligible to purchase group-sponsored coverage from a state-based exchange until 2017 at the earliest. But it’s important for employers of all sizes to know how the public exchange in their state will function because certain employees may be eligible to purchase coverage through the exchange due to rules impacting income eligibility for coverage, especially expanded Medicaid coverage for low income workers, which in many states will increase from 100% to 133% of the federal poverty level.
DH: Will the state-based health insurance exchanges be essentially the same from state to state?

JR: Yes and no. How’s that for an answer? The state-based exchanges will essentially come in three varieties. The first is a state sponsored exchange, which will be administered by the state. To date, there are 18 states that have taken the numerous steps and have incurred significant expense to establish a state-sponsored health insurance exchange for 2014. The second public exchange option is a joint federal and state administered model, where the federal exchange is used as the infrastructure hub for the state and the state is involved in limited exchange functions primarily related to regulation of the health insurers that wish to sell their products on the exchange. The third public exchange option is referred to as a federally-facilitated exchange. This option will be used primarily for states that are not aligned politically with the ACA. Since the ACA was upheld by the Supreme Court last summer, a public exchange option must be available to residents in each state. So when a state’s ruling political party essentially says, “we are not going to build or be involved in the federally-required public health insurance exchange,” the feds will come in and provide the federal exchange for the state’s residents with very limited or no involvement by the state in the operation of the state’s federally-facilitated public exchange. The takeaway here is to know what your state is going to do for its public exchange option in 2014. One thing for sure is that with three public exchange options, the operation of each state’s exchange will be a unique and perhaps interesting experience for those that enroll in the public exchange option starting on January 1, 2014.

The takeaway here is to know what your state is going to do for its public exchange option in 2014.

DH: Jeff, what are you hearing from businesses about their plans for 2014?

JR: Most business healthcare decision makers are now trying to grasp the far-reaching implications of the ACA and are pondering the best course of action for their businesses. And for all business decision makers, they now know with certainty that it’s “game on” for the ACA due to last summer’s Supreme Court affirmation of the ACA and last fall’s national election results, specifically the reelection of President Obama. The ACA is the cornerstone thus far of his presidency and the ACA will continue moving forward and businesses of all sizes must make key health benefits decisions beginning in 2014 to comply with the ACA.

Specifically, I see a bifurcation occurring with businesses when it comes to continuing providing group-sponsored health insurance.
The Affordable Care Act…
In fact, the ACA represents the most significant regulatory overhaul of the U.S. healthcare system since the enactment of Medicare in 1965. The changes that Healthcare Reform will deliver will be much more far-reaching than the Medicare legislation because it has implications and insurance requirements for virtually all Americans.

What Every Employer Should Be Doing…
The best advice I can give employers around the ACA is to do whatever it takes to get a strong working knowledge of the law and its specific implications for your business.

The Importance Of Making Good Decisions…
Yes, the biggest decision any business of any size has to make around the ACA is to offer or discontinue group-sponsored health coverage. This decision becomes magnified for businesses that currently provide group-sponsored coverage. Starting in 2014, all individuals, regardless of health status, can purchase guaranteed-issue coverage through a state-sponsored health insurance exchange.

What The ACA Means For Wellness Practitioners…
It is great to see that wellness is now a mainstream function for most employers for a variety of excellent business and employee health and productivity reasons… I find this really exciting and think it bodes well for the continued expansion of strategic health plan-based wellness initiatives in forward-thinking organizations!

The Future Of Health Care Reform…
I do believe that forward-thinking organizations will use this as an opportunity to use health plan-based incentives to encourage specified employee participation or health outcomes-based insurance coverage to improve the health and productivity of their workforce.
The most likely employers to drop group sponsored coverage in 2014 are those employers with fewer than 50 full-time equivalent employees. Why? First the Employer Mandate (which authorizes the IRS to levy a penalty on employers that do not provide qualified coverage to employees beginning in 2014) does not apply to employers with fewer than 50 full-time equivalent employers. Additionally, with lucrative insurance premium tax credits and subsidies available on the public exchanges to those individuals with a total household income less than 400% of the federal poverty level, dropping coverage for some employers may result in a win-win strategy for both the employer and its employees who receive significant tax subsidies from the public exchange to purchase health coverage.

However, I want to be clear that the decision of any employer to drop coverage should be made in a very deliberate manner. There are a myriad of factors that must be taken into account, in my opinion, before any employer drops group-sponsored coverage and transfers employee health coverage to a state’s health insurance exchange. We know from a number of recent surveys that have been conducted by respected health benefits research and consulting firms that most employers will continue to offer group-sponsored health insurance in 2014.

DH: Jeff, this has been an enlightening conversation about the ACA and the impact it will have on businesses of all sizes. Do you have any final thoughts to share with our readers?

JR: David, I would advise all of your readers to take the ACA seriously and to gain as much understanding of its far-reaching impacts as possible. To make good personal and business decisions related to the ACA, knowledge will truly be power. Denial of the ACA and essentially doing nothing is a reckless strategy. So, gain as much knowledge of the ACA from respected sources (your benefits broker or agent, benefits consultant, benefits attorney, tax professionals, etc.) and take the time to comprehend key regulations that apply to the ACA to understand the implications of any decisions you make with regard to health insurance coverage. Also, consider your company’s culture and how your organization is currently sponsoring and delivering health benefits for your workforce. Any sudden changes to your health benefits strategy will be disruptive to your employees no matter how much communication and planning that you do. Know that decisions regarding your organization’s role in sponsoring employee health insurance will have sweeping impacts on the long-term success of your organization.
## WELCOA 2013 Webinar Series

We are pleased to announce WELCOA’s 2013 Webinar Series. This year, seven dynamic webinars focus on a number of exciting topics that will help you in your quest to build and sustain a results-oriented wellness program. Each webinar is conducted by a nationally-recognized expert in the field of workplace wellness. And perhaps best of all, each session is offered in a convenient webinar format, which allows you to access these important training events from the comfort of your office or personal electronic device.

*The Webinar series is free to WELCOA members. If you are a current WELCOA member and would like to register, please visit [www.absoluteadvantage.org](http://www.absoluteadvantage.org). If you’re not a WELCOA member, you should be! Visit: [www.welcoa.org/member/benefits.php](http://www.welcoa.org/member/benefits.php)*

### JANUARY
- **Title:** Webinar #1: So The Election’s Over, What Now? Everything You Need To Know About Health Care Reform  
  **Date:** Thursday, January 24, 2013  
  **Time:** 9:30 – 11:00 AM Central

### FEBRUARY
- **Title:** Webinar #2: What Workplace Wellness Professionals Earn In The US: Key Findings From WELCOA’s National Compensation Survey  
  **Date:** Thursday, February 21, 2013  
  **Time:** 9:30 – 11:00 AM Central

### MAY
- **Title:** Webinar #3: Five Things You Can Do To Take Your Program To The Next Level  
  **Date:** Thursday, May 23, 2013  
  **Time:** 9:30 - 11:00 AM Central Time

### JULY
- **Title:** Webinar #4: How To Conduct A Wellness Culture Audit  
  **Date:** Thursday, July 25, 2013  
  **Time:** 9:30 – 11:00 AM Central Time

### SEPTEMBER
- **Title:** Bonus Webinar: How To Select The Right Wellness Vendor For Your Organization  
  **Date:** Thursday, September 26, 2013  
  **Time:** 9:30 – 11:00 AM Central Time

### OCTOBER
- **Title:** Webinar #5: Expanding Your Horizons: How To Improve Health Beyond Your Employees—How To Reach Spouses And Dependents  
  **Date:** Thursday, October 24, 2013  
  **Time:** 9:30 – 11:00 AM Central Time

### NOVEMBER
- **Title:** Webinar #6: Employee Engagement—Welcome To The New Frontier  
  **Date:** Thursday, November 21, 2013  
  **Time:** 9:30 – 11:00 AM Central Time

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> Overall, great information and good ideas—the webinar format and additional materials are really helpful...key things that set WELCOA's trainings apart from other webinars.

> “I thought the training was wonderful. I can’t wait to get started applying the information I learned!”
WELCOA 2013 Certification Opportunities

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*To learn more about the certification series, be sure to visit www.welcoa.org/consulttrain/certifications.php. To become a WELCOA member simply visit www.welcoa.org/store/product-landing/membership.

We covered a lot of material in a short period of time and the information was great!