

DENVER STARTUP WEEK 2023

How to Navigate Employee Benefits

With Mary Heidbrier & Lana Lightner



How to Navigate Employee Benefits

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This session is part of the People Track, sponsored by Empower, one of eight programming tracks aimed at supporting the entire entrepreneurial team.

By attending this session you're agreeing to follow our Code of Conduct as well as to being photographed or recorded on video.

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#MLJInsurance



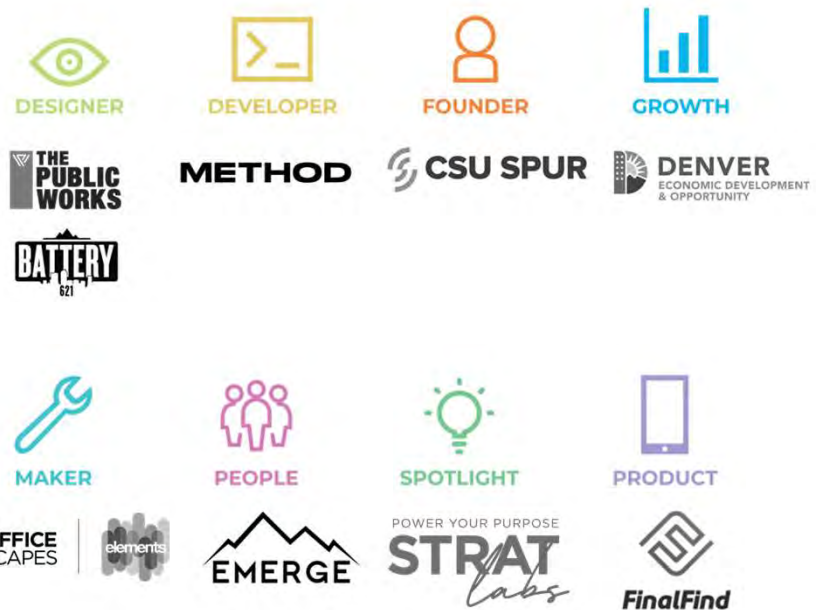
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Mary Heidbrier / MLJ Insurance

Insurance Agency and Mary Heidbrier is the founder who has been helping employers offer benefits for over 20 years.

Known also as a broker or benefits agency.

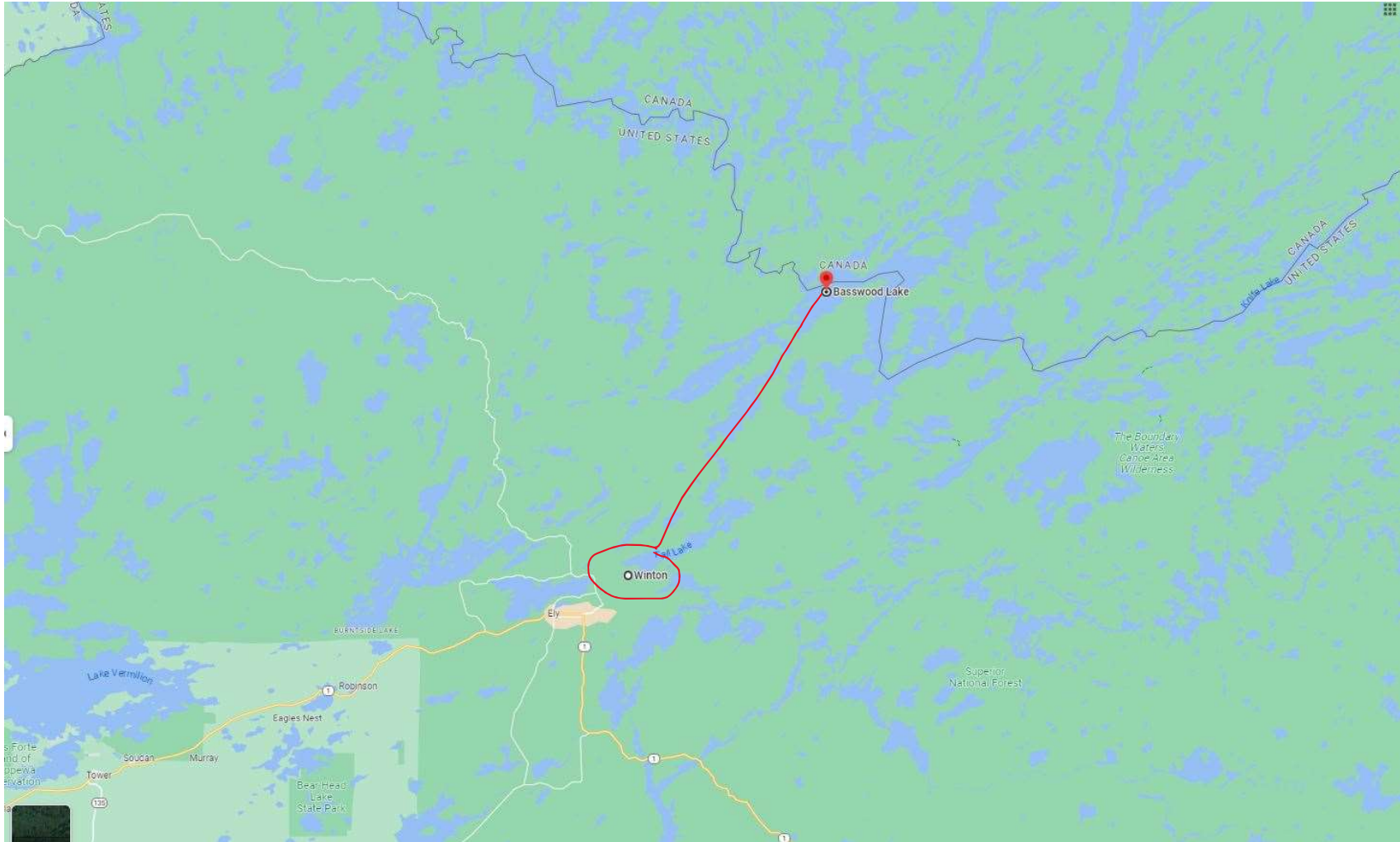


Lana Lightner / Kaiser Permanente

Lana is a Representative with Kaiser Permanente, which is an Insurance Company or Carrier who offers insurance. We are filed with the state of Colorado to offer insurance to employers in our state

Did you know that?

- 1. Insurance brokers are licensed and regulated by the State.**
- 2. Insurance brokers meet ongoing education requirements like that required of other professionals such as lawyers and accountants.**
- 3. The brokers at MLJ have completed additional coursework which include college level courses.**
- 4. Health insurance brokers are not employees of health insurance companies. This means that the broker will not place the insurance company ahead of your companies needs or budget.**
- 5. Insurance brokers are paid from the money you pay in premiums. Therefore, it is a benefit you pay for, whether you use it or not.**







Our Audience

- ┆ What size of company now?
- ┆ What benefits offer now?
- ┆ Work with a broker/insurance carrier?
- ┆ Knowledge level of benefits for size of employer you are or plan to become?
 - ┆ 1-5 1 being not much if any to 5 being very knowledgeable



06/04/2017



Small Group Fully Insured





Definition by Colorado Law :

- ↳ A “small employer” means any person, firm, corporation, partnership, or association that is actively engaged in business; employed an average of at least 1, but no more than 100, eligible employees on business days in the prior calendar year; and was not formed in order to buy insurance



Definition of an Eligible Employee

CO law defines an eligible employee of a small employer as:

“Eligible employee” is defined as a full-time employee in a bona fide employer / employee relationship reasonably expected to work at least a 30-hour work week.

Some carriers allow groups to lower the hourly requirement to a 24-hour work week.

Eligible Employee does **not** include:

- ↳ Temporary or substitute employees (i.e. 1099's)
- ↳ An owner and his or her spouse or partner in a civil union
- ↳ A partner in a partnership and his or her spouse or partner in a civil union





Small Group Eligibility

- ↳ Carve-outs
- ↳ 1099 Employees
- ↳ Husband and Wife Employees
- ↳ Owner-Partner Employees
- ↳ HQ location vs. majority of ee's
- ↳ Contribution/Participation

**CARRIER UNDERWRITING
GUIDELINES**



Set up your Company for Success

Tips for understanding what your broker will need:

- ▾ CO Secretary of State Filing “Principal Location”
- ▾ Benefit needs (HSA, Copays, or specific carrier)
- ▾ Network requirements (PPO, HMO, EPO)
- ▾ Budget (contribution strategy, attracting new employees, etc.)
- ▾ Confirm Group size for quoting (small, large, level funded)

CENSUS



RELATIONSHIP	EMPLOYEE NAME		AGE	DATE OF BIRTH	GENDER	HOME ZIP CODE	DATE OF HIRE	HRS. PER WEEK	ACTIVE/ COBRA	WORK ZIP CODE	COVERAGE TIER
	First	Last									
Employee, Spouse/Partner or Child/Dependent	First	Last		MM/DD/YR	M/F		MM/DD/YR				EE, ES, EC, EF, Waive
Employee	Jim	Boot		6/1/1990	M	80421					EE
Employee	Tom	Clone		3/6/1970	M	80465					ES
Spouse/Partner	Mary	Clone		12/26/1971	F	80465					
Employee	Susan	Hat		12/18/1967	F	80439					EE
Employee	Larry	Shoe		2/15/1982	M	80433					EE
Employee	Tom	Tree		7/11/1989	M	80470					FA
Spouse/Partner	Sue	Rain		6/14/1955	F	80470					
Child/Dependent	Lynn	Gear		12/25/2007	F	80202					
Child/Dependent	Jeff	Gear		1/6/2012	M	80202					
Employee	Rick	Tops		10/22/1962	M	80433					ES
Spouse/Partner	Sue	Tron		3/18/1960	F	80433					
Employee	Tim	Light		3/26/1979	M	80421					EE
Employee	Craig	Mac		8/31/1982	M	80421					FA
Spouse/Partner	Cindy	Mac		2/25/1984	F	80421					
Child/Dependent	Jenny	Mac		9/11/2010	F	80421					
Child/Dependent		Mac		3/21/2009	M	80421					
Employee		Rock		5/5/1975	M	80235					EE
Employee	Van	Price		3/18/1990	M	80110					EE





Small Employer ACA Rating Structure - *AGE BANDED RATING*

1. **Geographic Pricing** 9 rating areas based off the group's principal location (zip code/county)
2. **Plan Designs** (bronze, silver, gold, platinum)
3. **State Mandates/Broker Commissions**
4. **Employee and Dependent Ages**
 - ↳ Single age bands ages 0-14
 - ↳ One year age bands ages 15-63
 - ↳ Single age bands 64+
 - ↳ Special Rule: Rates apply to the three eldest children under 21 in the family. Any additional children are not rated.

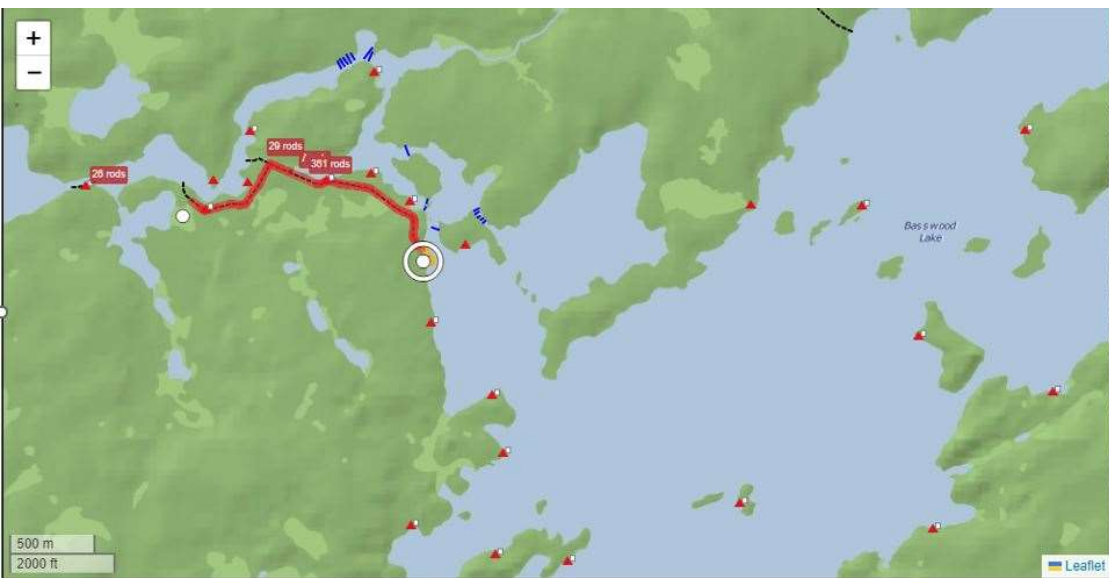


Small Group – *COMPOSITE RATING*



- ▾ Available to groups with 2+ enrolled employees
- ▾ Calculation uses one year age bands for employees and dependents
- ▾ Final rates are based on actual enrollment and do not change until the groups anniversary the following year.
- ▾ For multi plan offerings, the entire enrolled census is used regardless of specific plan enrollment

- Employee
- Employee + Spouse
- Employee + Child(ren)
- Family





LEVEL FUNDED



Basics of Level Funding

Fully Insured

(under 101)

- └ Carrier Claims Liability
- └ Community Rating
- └ Age Band or Composite
- └ Predictable Payments
- └ ACA Mandates
- └ Non-Customizable
- └ Carrier Admin
- └ **NO** MEDICAL UNDERWRITING

Self-Funded

(200+)

- └ Employer Claims Liability
- └ Group Specific Rating
- └ Composite Rates
- └ Fluctuating Payments
- └ Governed by ERISA
- └ Customizable
- └ TPA Admin
- └ MEDICAL UNDERWRITING

Level Funded

(2-300)

- └ Split Claims Liability
- └ Group Specific Rating
- └ Composite Rates
- └ Predictable Payments
- └ Governed by ERISA
- └ Customizable
- └ Carrier Admin
- └ MEDICAL UNDERWRITING



Request for Proposal Requirements

1. Key Factors

- ┆ Participation
- ┆ Contribution
- ┆ Claim History and any on-going major medical conditions, disabilities
- ┆ Census demographics (dates of birth, m/f, home zip codes, first/last names)
- ┆ Number of **COBRA** participants

2. Along with the RFP, you must submit the renewal (if available) and the current plan designs and rates.

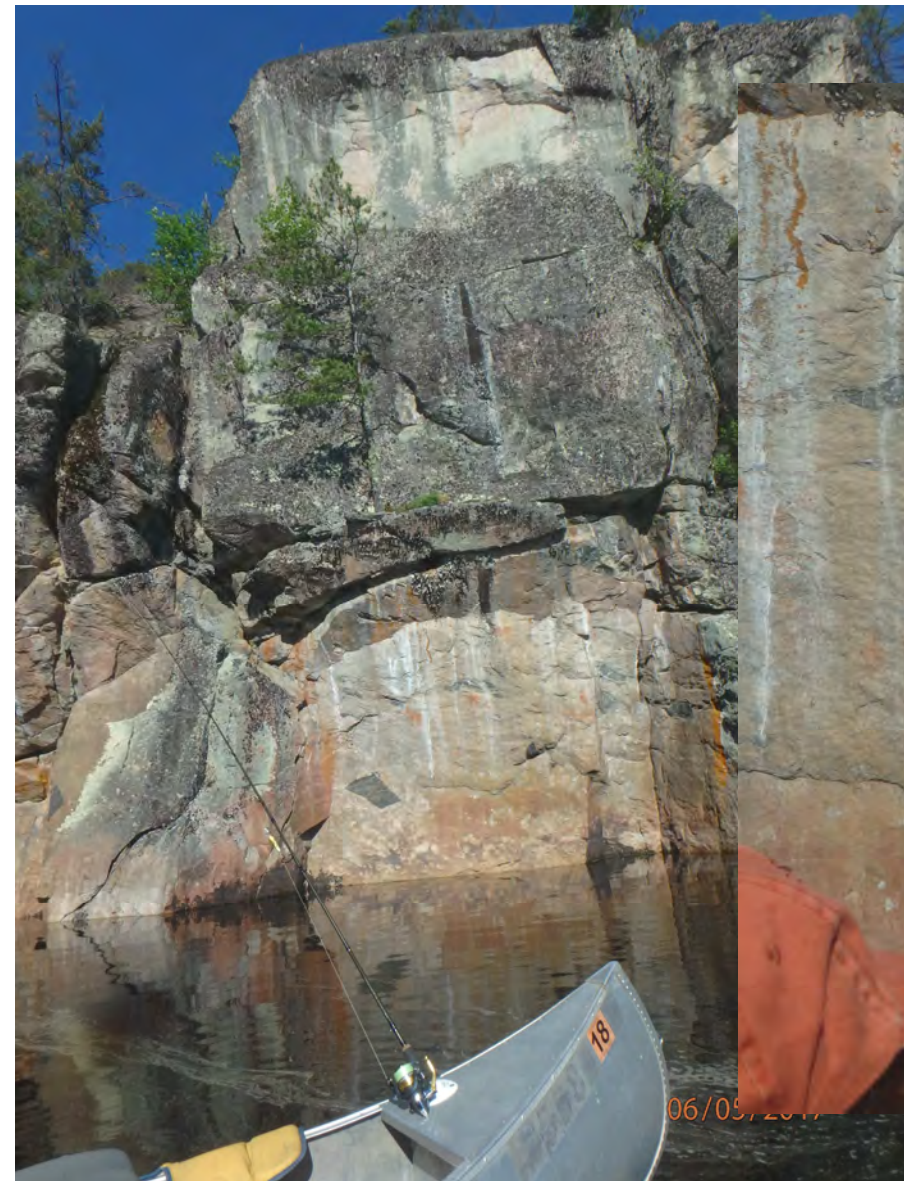
3. Underwritten rates *usually* can be turned around within 5-14 days (depending on time of year).



Know the Contract Differences

- ┆ **PCORI Fees Still Apply**
- ┆ **1094 & 1095 Tax forms**
- ┆ **State Mandates –(not necessarily covered)**
 - ┆ Autism, Bariatric, Infertility, Transgender
- ┆ **Federal Mandates –(not necessarily covered)**
 - ┆ Pediatric Dental / Vision
- ┆ **HIPAA: Dealing With Claims Info**
 - ┆ Broker Must Have A Business Associate Agreement With Client
- ┆ **COBRA & State Continuation**
- ┆ **Discrimination -105 (h) Laws**
- ┆ **Check your E&O Coverage**
- ┆ **ALE Mandate applies**







Small Group or Large Group



Can a small employer, based on Colorado's definition, also be considered an 'Applicable Large Employer'?

- └ ACA ALE Calculation
- └ Controlled Groups



An ALE is an employer who employed an average of at least **50** “full time” equivalent employees on business days during the preceding calendar year.

For the purposes of the Affordable Care Act, a full-time employee is someone who works at least 30 hours a week.



APPLICABLE
LARGE
EMPLOYER



Controlled Group/Common Ownership

Two or more businesses that have a specified level of common or related ownership generally are treated as a single employer and are combined for purposes of determining whether or not they collectively employ at least 50 full-time employees (including full-time equivalent employees).

- ↓ Parent/subsidiary; brother/sister; affiliated service group
- ↓ If the combined total meets the ALE threshold, then each separate business is considered to be an "ALE member" and is subject to (a) the 4980H penalties and (b) the 1094/1095 reporting requirements.
- ↓ Note: Although combined for counting purposes, each entity is separately responsible for any 4980H penalty, and each must file its own 1094/1095s
- ↓ Resource: <https://www.irs.gov/affordable-care-act/employers/determining-if-an-employer-is-an-applicable-large-employer>

ACA Employer Mandate and the Controlled Group Rules

IMPORTANT: This document is not intended to be comprehensive nor should any of its contents be construed as legal advice. Readers should contact an attorney if legal advice is needed.

Under the ACA employer mandate, Applicable Large Employers (ALEs) — employers with 50 or more full-time or full-time-equivalent employees (FTEs) — will be subject to a penalty tax for: failing to offer healthcare coverage to all full-time employees; offering minimum essential coverage that is unaffordable; or offering minimum essential coverage where the plan pays less than 60% of cost. For groups of 100+ employees, penalties for noncompliance in 2015 will be levied in 2016; for groups of 50-99 employees, penalties for noncompliance in 2016 will be levied in 2017.

To avoid the penalties, some large employers are considering subdividing into smaller companies (i.e., 1-49) that are not subject to the mandate. At the same time, some small group employers mistakenly believe they are not subject to the employer mandate, even though they are part of a "controlled group."

Those employers need to understand that the controlled group rules found in IRS Code § 414 (b) and 414(c) will be applied to the employer mandate regulations. The controlled group rules essentially state that "all employees of all corporations which are members of a controlled group of corporations" and "all employees of trade[s] or business[es] (whether or not incorporated) which are under common control" are to be treated as employed by a single employer.

This means the employees of all related employers within the controlled group are counted when determining whether the controlled group, treated as one, is a large employer.

If the combined total number of FTEs of a controlled group is 50 or more, then each member company of the controlled group is subject to the employer mandate provisions — even if the individual member companies employ fewer than 50 FTEs.

Generally, there are three types of controlled groups: parent-subsidiary groups, brother-sister groups and combined ownership groups.

Parent-subsidiary groups

One business owns 80% or more of another business or businesses.

Example

Redwood Corporation owns:

- 90% of the stock of Bond Corporation,
- 80% of the stock of Greene Corporation, and
- 65% of the stock of Teller Corporation.

Unrelated persons own the percentage of stock not owned by Redwood Corporation.

Redwood Corporation owns 80% or more of the stock of the Bond and Greene Corporations. Therefore, Redwood Corporation is the common parent of a parent-subsidiary group consisting of Redwood, Bond and Greene. Teller Corporation is not a member of the group because Redwood Corporation's ownership is less than 80%.



Applicable Large Employer Mandate -2022

1

Minimum Essential Coverage (MEC)

Generally any plan that provides medical coverage to at least 95% of 30 hour Full-Time Employees and their dependents child(ren)

2

Minimum Value (MV)

60% of expenses covered
(This means it will typically cover at least 60 cents out of every dollar of medical expenses on average.)

3

Affordable

Employee contributions for lowest-cost, self-only plan – less than **9.12% (*)**

EMPLOYER Penalties if: No coverage is offered OR Coverage doesn't meet standards

*SAFE HARBOR – Affordability can be measured by the wages the employer pays the employee for that year, as reported in Box 1 of Form W-2. If an employer offers multiple coverage options, the lowest-cost MEC option available to the employee will apply.



Mij

Without Help You
could end up with
a “broken paddle”



Applicable Large Employer **Penalties** -2023

**Employees
NOT offered
coverage**

- **\$2,750** for each FT employee, (minus the first 30)

OR

**Employees
receive
subsidies
and
purchase
on the
exchange**

- **\$4,120** for each FT employee who receives a subsidy



How does the IRS know: You must Report

ALE employer reporting IRS code 6056

*Confirms compliance with the
Employer Mandate*

- Impacted employers must file with IRS and report to listed employees
- Report on who was offered coverage and who accepted it

Employer & Plan:	Full-Time Employees Will Receive:
ALE - Fully Insured	<ul style="list-style-type: none">• Form 1095-C from employer 1094-C Transmittal• Form 1095-B from insurer
ALE - Self-Funded	<ul style="list-style-type: none">• Form 1095-C from employer 1094-C Transmittal
ALE that Offers No Coverage	<ul style="list-style-type: none">• Form 1095-C from employer
Small Employer - Fully Insured	<ul style="list-style-type: none">• Form 1095-B from insurer
Small Employer - Self-Funded	<ul style="list-style-type: none">• Form 1095-B from employer 1094-B Transmittal
Small Employer that Offers No Coverage	<ul style="list-style-type: none">• No Forms from employer or insurer
Employee Enrolls in Individual Marketplace Plan	<ul style="list-style-type: none">• Form 1095-A from Marketplace



**LARGE GROUP
Fully Insured**

101+ FTE's

Rates are Composite (no age banding)

Negotiable

Coverage is not guaranteed
**(can't be declined but
can be rated up)**

There may be some plan flexibility

ALE Mandate

Other types of employee benefits:

Life Insurance

Disability Insurance

Short-term

Long-term

Dental

Vision

Worksite

HSAs, FSAs, HRAs









06/04/2017



Compliance

Different Compliance Level for size of company

- ┆ Benefits Notices
- ┆ ERISA
- ┆ Discrimination
- ┆ State Continuation  COBRA
- ┆ FMLI  FMLA

Planning List for Growing Company LLC

Prepared by MLJ Insurance Services

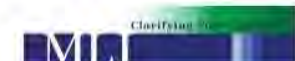
Requirements for 1-19 person Group	Purpose/Law	When Required	Resolved or when to address
Colorado State Continuation	Offer benefit Continuation for eligible terminated employees.	Offer to any employee enrolled 6+ months on benefits (Medical only but can include dental & vision)	MLJ will recommend TPA for administration 4 months after plan inception.
Summary of Benefits & Coverage (SBC) and Notice of Plan Changes	Post the SBC for the medical plans; ensure that employees are notified as early as possible for changes	Constantly	Done as part of MLJ service
ERISA	ERISA imposes a variety of compliance obligations on the sponsors and administrators of group health plans.	When offering benefits to 2+ W2 employees.	MLJ will recommend service.
Medicare Secondary	Groups under 20: Medicare eligible employees must have Medicare Part A and B which would be primary	1-19 employees for more than 50% of the days of previous calendar year	As employees age into Medicare at 65
Benefit Notices	There are a number of DOL required benefits notices that employers must distribute when offering benefits (and even when not offering benefits.)	When offering benefits to 2+ W2 employees.	MLJ will recommend service.
Requirements for 20+ Group	Purpose/Law	When Required	Resolved or when to address
COBRA (will replace State Continuation)	Provide eligible employees and their dependents who would otherwise lose group health coverage as a result of a qualifying event with an opportunity to continue group health coverage.	Once COBRA required, employees must be offered continuation regardless of time on benefits.	If hitting 20+ FTE by 6/15/23, will need for 2024. If not 20+ FTE by 6/15/23, will need in 2025.
Summary of Benefits & Coverage (SBC) and Notice of Plan Changes	same as above	same as above	same as above
ERISA	same as above	same as above	same as above
Medicare Primary	Groups 20+: Medicare eligible employees must pay full commercial price for group plan as Group plan will be primary if they stay enrolled	20+ employees for more than 50% of the days of previous calendar year	As employees age into Medicare at 65
Benefit Notices	same as above	same as above	same as above



Planning List for 50+ Employees for Growing Company LLC

Prepared by MJ Insurance Services

Requirements for 50+ Group	Purpose/Law	When Required	Resolved or when to address
Family Medical Leave Act (FMLA)	Entitles eligible employees of covered employers to take unpaid, job-protected leave for specified family and medical reasons.	50 or more employees for the past 20 weeks	If hitting 50+ FTE by 6/15/23, will need for 2024. If not 50+ FTE by 6/15/23, will need in 2025.
Applicable Large Employer (ALE)	ACA's employer-shared responsibility ("pay or play") requirements <i>Make sure that 50+ employees on the average for every month of the past calendar year</i>	Beginning of tax year with a 12-month look back <i>Once you know that you will be ALE in coming year</i>	If hitting 50+ FTE by 6/15/23, will need for 2024. If not 50+ FTE by 6/15/23, will need in 2025.
<i>Determine Group Size for prior 12 months</i>			
<i>Determine Minimum Value</i>	<i>Make sure that medical benefits satisfy the Minimum Essential Coverage required by ACA</i>	<i>Once you know that you will be ALE in coming year</i>	
<i>Determine Affordability</i>	<i>Make sure no employee is paying more than 9.69% of their gross income for the employee-only premium</i>	<i>Once you know that you will be ALE in coming year</i>	Can be prepared for when making plans or change in time for deadline.
Satisfy Information Reporting Requirements (Section 6056)	Information reporting is used to determine compliance with ACA's individual responsibility and "pay or play" provisions	After one tax year is completed and employer is an "ALE"	
<i>Forms 1095-B</i>	<i>A listing sheet used by the insurance providers to send the IRS information about who has the health coverage that meets ACA requirements</i>	<i>Fully Insured Carrier files tax documents</i>	If hitting 50+ FTE by 6/15/23, will need for 2024. If not 50+ FTE by 6/15/23, will need in 2025.
<i>Forms 1095-C</i>	<i>The IRS will use this information to determine proper administration of employer-shared responsibility/Form is sent to employees</i>	<i>Employer files these tax documents</i>	
<i>Forms 1094-C</i>	<i>Transmittal form for group employees submitted to the IRS</i>	<i>Employer files these tax documents</i>	



Questions & Answers



06/09/2017



THANK YOU

