# Benefit Insights

February 2017

A Newsletter for Clients and Friends of Century Benefits Group Inc.


# Family and Medical Leave in New York (NY)

### New York Paid Family Leave

Special Update: New York has enacted a paid family leave policy, to be phased into effect beginning on or after January 1, 2018, that will apply to employers of all business sizes. When the law is fully phased-in over the next several years, employees will be eligible for 12 weeks of paid, job-protected leave when certain life events occur.

### Employee Eligibility Requirements

Under the new law, employees are generally eligible for paid family leave benefits after having worked for their employers for 26 or more consecutive weeks. "Family leave" is defined as leave taken by an employee from work:

- To participate in providing care, including physical or psychological care, for a family member (including a child, parent, grandparent, grandchild, spouse, or domestic partner) with a serious health condition;
- To bond after the birth or adoption of a child (including foster children, the children of a domestic partner, and stepchildren); or
- Because of any qualifying exigency arising out of the fact that the employee's spouse, domestic partner, child, or parent is on active military duty.

### Amount of Leave

In general, the weekly benefit for family leave will be phased in as follows:

- On or after January 1, 2018, eligible employees will be entitled to 8 weeks of family leave at 50% of an employee's average weekly wage (capped at 50% of the state average weekly wage);
- On or after January 1, 2019, eligible employees will be entitled to 10 weeks of family leave at 55% of an employee's

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## Welcome to the Century Benefits Group Newsletter!

It is with great satisfaction that we bring our newsletter to you. In this issue and in coming months, we will discuss health insurance and employee benefit topics which may affect your organization. Please visit our **NEW** website at **www.aboutcentury.com**. We also have a Medicare website at **www.healthplansforseniors.com**. A New New York state regulation will become effective on January 1, 2018 - NYS PAID Family & Medical Leave Act. All employers will be required to provide the paid family and medical leave next year. More details should be available around June. Stay tuned as we will be hosting seminars later in the year on this topic. Be sure to watch your email as we often send out emails on important changes regarding employee benefit and human resource subjects. Are you may aware, we provide Premium only plan documents (POP), health and dental insurance plan documents and summary plan descriptions, www.HR360.com a human resource online portal, and no cost Health savings accounts exclusively to our clients. If you need any of these services please contact us. We sincerely hope that you will find this newsletter informative and please do not hesitate to contact us should you have any questions or needs.


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# Status of the ACA: What Changes Are Likely to Come


With a Trump Administration coming into the White House for the next four years and a Republican majority in both houses of Congress, it's quite likely that we will see some significant changes to the Affordable Care Act, and possibly an outright repeal.

Trump's own campaign was short on actual details during the election. His campaign called for repealing and replacing the ACA, allowing health insurance to be sold across state lines, and letting individuals take full tax deductions on health insurance premiums, but little beyond that.

But a group of House Republicans, led by Speaker Paul Ryan (R-Wisc.), has published a 37-page white paper outlining proposed reforms in more detail over the summer.

Trump's pick for the Secretary of Health and Human Services, Representative Tom Price (R-Ga.) is also informative. Price, a former orthopedic surgeon and the current chairman of the House Budget Committee, has been an ardent opponent of the ACA. He's also sponsored a bill, the Empowering Patients First Act, that has so far been the leading Republican alternative proposal to the Affordable Care Act.

**Price's bill, if enacted, would have the following effects:**

- It would incentivize the use of consumer-directed health plans, such as high-deductible health plans (HDHPS) and health savings accounts by providing a tax credit of up to $1000 for employer contributions to employee HSAs.
- The ACA system of online health insurance exchanges will be repealed, though some states may continue to maintain their own sites to implement state programs.
- It would raise the allowable contribution limit for HSAs from $3,350 to $5,500 per year, to bring them into line with IRA contributions.
- Health carriers would again be allowed to discriminate against those wth pre-existing conditions. To mitigate this effect, Price's high-risk insurance pools at the state level to make coverage available for those with pre-existing conditions.
- Consumers will be able to buy insurance policies across state lines.
- The ACA's 40-percent tax on so-called "Cadillac" insurance policies, now scheduled to take effect on employer-sponsored plans with premiums above $10,200 for individual policies and $27,500 for family plans, will be repealed.
- The expanded Medicaid provisions in many states would be repealed.
- Income-based subsidies available for polices bought over the exchanges would be replaced with a system of tax credits based on age, rather than income.

Actually repealing the Affordable Care Act may prove tricky, though. While the Affordable Care Act is still unpopular in most of the country, some aspects of it, such as the requirement that insurers take on those with pre-existing conditions - are still quite popular. The mandate is the necessary flip side to make covering those with pre-existing conditions workable, and the popular pre-existing condition provision could be enough to flip a few GOP Senators and keep the Affordable Care Act in place - or at least part of it - and frustrate GOP plans to repeal the law.

For his part, Trump has indicated he is willing to compromise, keeping the pre-existing condition clauses and the provision that allows certain adult children to remain on parental plans up to age 26. Democrats will likely oppose the bill, arguing that the age-based credits will provide less help to lower-income families.

Employers should be watching developments carefully, as things are likely to happen fast over the next six months.

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average weekly wage (capped at 55% of the state average weekly wage);

• On or after January 1, 2020, eligible employees will be entitled to 10 weeks of family leave at 60% of an employee's average weekly wage (capped at 60% of the state average weekly wage); and

• On or after January 1 of each succeeding year, eligible employees will be entitled to 12 weeks of family leave at 67% of an employee's average weekly wage (capped at 67% of the state average weekly wage).

### Leave for Adoption

New York law requires private employers who permit employees to take a leave of absence for the birth of a child to grant the same leave (on the same terms) to employees for the adoption of a child. However, such employee is not entitled to equal child care leave at any time after the adoptive child reaches the minimum age for public school attendance, unless the adopted child is a hard-to-place or handicapped child under the age of 18 (as determined pursuant to state law).

Please Note: The state laws summaries featured on this site are for general informational purposes only. In addition to state law, certain municipalities may enact legislation that imposes different requirements. State and local laws change frequently and, as such, we cannot guarantee the accuracy or completeness of the information.

# Understanding How Group Health Insurance Works

**There are different rules for group health coverage and individual coverage. For businesses, the fortunate part of this difference is that they enjoy a few advantages that are not extended to individuals.**

### Understanding Group Coverage

Group coverage includes one big policy that encompasses all eligible participants. In some cases, it may extend to the family members of the covered individual as well. Individual policies differ in the respect that they are only issued to one person, and that person may be able to add family members for an additional premium. As a rule, individual policies are more expensive for the insured person.

The reason for the price difference between these two types of coverage on a per-person basis is the risk calculation for the insurer. In the past, individual coverage was often calculated based on a person's specific medical history. Today, it is determined by a set of laws and average costs for different companies and regions. Insurers today cannot deny individual coverage to someone based on their health history.

The common method used in the past for group coverage included premium pricing based on cumulative data from the specific group. That data has widened in recent years beyond the age, gender and similar factors of a small group. Insurers must provide coverage for small groups.

### Insurance Requirements

Small business owners are not required by law to offer health insurance. However, many of the provisions in the Affordable Care Act impact the cost of offering health coverage. Small business owners everywhere should pay attention to the changes that take place with the ACA's laws every year. Business owners must follow some strict regulations when they offer group coverage.

After 2015, the ACA's provisions resulted in large companies facing penalties if they did not provide health coverage. However, small businesses with an employee base of 50 or fewer do not face penalties for skipping health coverage. Companies with at least 50 employees who do not qualify for tax credits or cost-sharing reductions do not have to offer coverage.

### Group Insurance Eligibility

If small businesses choose to offer coverage, it is their guaranteed right under the ACA. This is true even if the insured individuals all have extensive health issues. The staff limit is 50 people, and this count includes the business owner or owners. Partnerships also qualify since the employee minimum is two people. As a rule, employers offering group coverage to a specific department or group of full-time employees must offer it to all full-time workers on the payroll.

Employers may also offer coverage to part-time workers if they wish. Part-time workers must work fewer than 30 hours each week to qualify. If coverage is offered to one part-time worker, it must also be offered to all other part-time employees. These rules also apply regardless of the health status of employees. When dependents of participants are eligible for coverage, it must be offered to all children under 26 years of age and spouses of employees. In some instances, domestic partners are also included. Dependents may enroll only if the employee family member has already enrolled for coverage.

When it comes to a payment structure, employers can pay all or part of the premium. In some cases, it is best to have workers pick up the remaining portion of the premium. It pays to research tax credits for premium payments before deciding how much of the premium amount to pay. To learn more about this and small business tax credits for health coverage, discuss this with an agent.

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### Popularity

Thanks to the premium savings, these plans have proven to be a hit with the American public, and more and more people are flocking to such consumer-driven health insurance plans. The percentage of American workers enrolled in an HDHP with a savings option has increased from zero in 2015 to 29 percent in as of last year.

Employers have been leading the charge, migrating workers from more expensive PPO plans to HDHP plans with either a Health Savings Plan or Health Reimbursement Arrangement attached to the plan. The result is a lower out of pocket premium for similar coverage for the employer - and often for the employee as well. However, deductibles are higher, so in the end the worker winds up shouldering more of the burden. Average deductibles for individual plans range from $917 for HMO plans to $1,028 for PPOs to $2,199 for HDHPs with savings options.

In compensation, though, some employers are taking some of the money they save in the form of lower health care premiums, and using them to beef up employee health savings accounts. 14 percent of covered workers in an HDHP with a health reimbursement arrangement and 7 percent of covered workers enrolled in an HDHP with a health savings account receive employer contributions to their plans at least equal to their deductible. Further, about 47 percent of workers with HRAs and 28 percent of covered workers with an HSA receive enough contributions to their accounts from their employer that it reduces their annual deductible out of pocket costs to $1,000 or less - putting them in the neighborhood of HMOs when it comes to out of pocket costs.

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OR CURRENT RESIDENT

# High Deductible Health Plans and HSAs Gain Popularity As Customers and Employers Look to Trim Costs

As medical insurance costs continue to grow for both employers and employees, high-deductible health plans (HDHPs) and other forms of consumer-driven health plans (CDHPs) are getting more and more popular. Consumer-driven health plans require individuals to take a greater role in making their health care decisions, and to bear more of the cost of relatively minor medical issues. The expectation is that they will make better health care decisions with more sensitivity to cost.

HDHPs are special health insurance plans that require their insureds to meet relatively high expense thresholds before the insurance company will begin paying benefits for covered health care. In exchange, HDHP insureds and beneficiaries who qualify are allowed to contribute to special tax-advantaged accounts, called health savings accounts (HSAs), to help them accumulate cash to pay the deductibles themselves, in the event of a health care event.

These plans have proven to reduce eventual claims, resulting in premium savings for employers and employees alike. According to data from Mercer LLC and the National Business Group on Health - an association of large employers - the average medical costs per employee enrolled in a CDHP linked to a health savings account averages $9,228 compared with $11,212 for PPOs and $11,248 for HMOs.

These plans are also gaining traction in the individual market as well: The National Business Group on Health estimates that more than eight out of ten large employers plan to offer an HDHP or other variant of consumer-driven health plan in 2016. Of these, more than a third plan to offer HDHPs together with an HSA as the only option.

Why? In a word: Savings.

The average annual premium for individual health insurance plans last year was $6,435. But for those enrolled in HDHPs with health savings accounts, the average premium was $5,762 per year in 2015, according to the Kaiser Family Foundation.

For plans that cover the whole family, the premium savings that HDHPs offer were even greater: The average head of household was paying $19,003 for family insurance coverage. But HDHP premiums were just $16,737 per year, for savings of $2,266 per year.

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