

HCR Question	Answer
1 In 2018 when the Cadillac tax liability kicks in for employees, how does that work?	The Cadillac Tax is the liability of the insurance carrier for fully-insured plans. The amount of the tax is 40% of the cost of group health benefits that exceeds \$10,200 for single coverage and \$27,500 for coverage other than single. For example, if the combined cost of medical and prescription drug for an individual is \$12,000, the tax would be 40% of \$1,800 or \$720. The employer calculates the tax and advises the insurance carrier of the amount to pay.
2 Can the employer reduce health care coverage for current employees due to the ACA?	An employer always has the right to reduce coverage but this is usually the subject to collective bargaining in the union context.
3 Can employers change their "look back" period yearly? Or, how often can they change it?	Employers may change the "look back" period yearly.
4 How does COBRA fit into this? I started COBRA on 9/1/12 and it will expire at the end of Feb. 2014. That is not the middle, but into 2014. Then I was told the state COBRA would take over for 18 more months.	An individual on COBRA has 18 months of coverage. In California, that same individual is entitled to an additional 18 months of coverage under Cal-COBRA. An individual on COBRA can enroll in the Exchange at any time when COBRA terminates.
5 Regarding the Cadillac tax: the threshold amount stays the same over the years while the cost of coverage rises. Why doesn't the threshold rise? As it is, it just increases the Cadillac tax.	The threshold does change based on the cost of the "Standard Plan" offered to Federal employees as well as based on the age and gender of the person involved. In my presentation, I kept the threshold static to demonstrate my point about how the tax works.
6 Why is the formula of 95% employer coverage per college not the District? Wouldn't it be cheaper to offer coverage to a larger group of people?	It is likely that the IRS wanted to use the 95% rule on a per employer basis to prevent a group of employers, like the District, from excluding all the employees of an employer in a group of employers yet still satisfying the rule.
7 Did you say at the end of the year the state sends a list to employers of all employees getting a subsidy? Isn't this a breach of the private information act and also could lead to an employer to targeting those employees to fire if they are costing the employer tax penalties?	The Exchange will send a "1411 Certification" to each employer listing employees who receive a subsidy. Although it may seem like a breach of privacy, by law, the employer will receive the list and must account for each person receiving a subsidy. However, there are very strong whistle blower rules that were recently issued that prevent an employer from discriminating against an employee who receives a subsidy.
8 How does ACA affect medical deductions on tax returns if you are getting a subsidy?	In 2013, the threshold for medical deductions has increased from 7.5% of Adjusted Gross Income to 10% of AGI. Any medical expenses incurred by an individual that exceed this threshold are eligible for a tax deduction.
9 The ACA presentation focuses on employees---what are the implications of the rules and on the District's obligations towards retirees?	Retirees may opt out of District coverage and purchase coverage on the Exchange. It is likely that they would do this only if it were a better deal for them. At this time, we don't know Exchange pricing so its impossible to predict retiree behavior. A retiree may be eligible for a subsidy for Exchange coverage but the employer would not be subject to a tax.
10 If the District currently pays 100% of premiums, why would any employees or retirees who meet coverage eligibility look at exchange options?	As the cost of healthcare soars, Exchange coverage may represent an opportunity over time. If the District maintains 100% of the cost without reducing coverage, it is unlikely that employees would purchase Exchange coverage next year.
11 How will ACA effect the current District payment of total premiums for full-time employees and retirees?	Direct costs such as fees, indirect costs of the administrative burden and the Cadillac Tax will add unwanted costs.
12 How is summer or recess periods calculated? Does a compressed schedule get calculated on time per month or per semester?	There are special rules for counting hours in the education setting. Hours earned while actually working can be deemed to be worked for recess periods but no more than 501 hours...or, hours actually worked for the shorter period can be counted and deemed to be for the year.
13 Regarding the Cadillac tax: if there is an employee cap and the employee pays, does the tax still apply?	Cadillac Tax is based on both the employer and employee cost of a plan. It does not matter if there is an employee cap and the employee pays.
14 How does the ACA impact grandfathered plans?	It impacts grandfathered plans in a good way and a bad way. The good way is that a GF plan is able to avoid many of the mandates imposed on plans
15 How will the powerpoint be made available?	Ask your Keenan service team.