

Health Care Reform Checklist for Small Businesses

Some requirements of the health care reform law are already effective and other aspects will be phased in over the next few years. Many regulations have not yet been issued. This checklist can help you prepare for changes this year and in 2014. As always, you should consult your tax advisor and legal counsel to determine the best approach for your business.



July 2013

This guide will be updated frequently as more information becomes available. Please contact your account consultant for the most current version or visit: ExcellusBCBS.com/HealthReform

| Date(s) | Requirement | Details | Prepare Your Company | Date Completed |
|---|--|---|--|----------------|
| Essential Health Benefits | | | | |
| <p>Upon renewal on or after 1/1/14</p> | <p>Include Essential Health Benefits in coverage offered to employees</p> | <p>Small business health insurance policies must include all Essential Health Benefits, a required set of standard benefits.</p> <p>New York State's Essential Health Benefits are based on the Oxford small group EPO plan and are similar to what most small business policies include today.</p> | <p>1. Excellus BCBS will ensure that all small group plans are compliant with the requirement to include Essential Health Benefits.</p> <p>Keep in mind this could mean some changes to the benefits and cost-sharing you offer today.</p> <p>Talk to your account consultant about the best options for your business</p> | |

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|---|--|--|--|----------------|
| Exchange | | | | |
| <p>No later than 10/1/13 for current employees and for all new employees beginning 10/1/13</p> | <p>Notify employees of Health Insurance Exchanges</p> | <p>The Employer Notice to Employees must be provided in writing, either by mail or electronically, to all employees, even if they are not eligible for health insurance coverage under your plan.</p> <p>Any employer that is subject to the Fair Labor Standards Act (FLSA) needs to provide the notice. The notice needs to be provided by employers who offer health insurance and those who do not offer health insurance. DOL provided two model notices</p> <ul style="list-style-type: none"> • Employers who currently offer health insurance to any or all employees can use this notice: http://www.dol.gov/ebsa/pdf/FLSAwithplans.pdf • Employers who do not offer health insurance to any employees can use this notice: http://www.dol.gov/ebsa/pdf/FLSAwithoutplans.pdf <p>The Model Notice does not have to be used. Employers have the option to draft their own notice as long as it includes:</p> <ol style="list-style-type: none"> 1. A description of what Exchanges are, what they provide, and where employees can go to find more information about them; 2. Information regarding available tax credits if the employer doesn't provide minimum essential coverage and the employee purchases health insurance on the Exchange; and 3. A statement that employees who purchase coverage on the Exchange may lose any employer contributions and that these contributions may be excludable from employees' income when they file their Federal income tax | <ol style="list-style-type: none"> 1. Decide if you will use a template from DOL or if you will draft your own letter 2. If drafting your own letter, see the requirements under "details" 3. Notify current employees by 10/1/13 and all new employees beginning 10/1/13 | |

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| 10/1/13 to 3/31/14 | New York Health Benefit Exchange begins open enrollment for individuals Coverage is effective beginning 1/1/14 | Help employees who aren't eligible for your health insurance plan to enroll on the New York Health Benefit Exchange. Remember, federal financial assistance is available to individuals who qualify based on household income. | 1. Contact us for more information on coverage available for individuals not eligible under your plan. | |
| | | | 2. Want to offer coverage to more employees? Talk to your account consultant about affordable plan options. | |
| 10/1/13 | Open enrollment begins on the Small Business Health Options (SHOP) exchange Coverage is effective beginning 1/1/14 | The SHOP exchange opens October 1, 2013. Small businesses are not required to participate on the SHOP and can continue to purchase or renew health insurance directly through Excellus BlueCross BlueShield or through their broker. New York State is still in the process of defining how employers can offer health insurance on the SHOP. | Talk to your account consultant or broker about your options for the 2014 plan year. | |
| Reporting | | | | |
| 1/31/13 | Report the cost of health insurance on employees' W-2 forms | Employers who filed more than 250 W-2 forms in 2011 are required to report the cost of employer-sponsored health insurance coverage in Box 12 of W-2 forms. Reported costs should include those paid by the employer and contributions from the employee. We anticipate that all employers will be required to report this information in 2014 for the 2013 tax year. The penalty for non-compliance is \$200 per W-2 form, capped at \$3 million. | See our fact sheet for more information. 1. For more details on required and optional reporting, see the IRS W-2 form instructions. | |
| | | | 2. Follow up with your payroll company to verify compliance. | |

| Date(s) | Requirement | Details | Prepare Your Company | Date Completed |
|---|--|---|---|----------------|
| Small Business Tax Credit | | | | |
| <p>4/1/13 for the 2012 tax year</p> <p>4/1/14 for the 2013 tax year</p> | <p>Determine if you qualify for the Small Business Tax Credit</p> | <p>The Small Business Tax Credit is available today to small employers who meet the requirements set by the IRS.</p> <p>Starting in 2014, however, the credit will only be available to employers who purchase coverage through the SHOP exchange.</p> | <p>1. Do you meet the requirements for the Small Business Tax Credit?</p> <ul style="list-style-type: none"> • 25 or fewer employees • Average annual wages are less than \$50,000 per FTE • Offer health insurance to employees • Pay at least 50% of the cost of self-only coverage • After 2014, coverage is offered through the SHOP exchange <p>If yes, go to Step 2.</p> | |
| Summary of Benefits and Coverage | | | | |
| <p>Plan year starting on or after 9/23/12</p> | <p>Issue Summary of Benefits and Coverage (SBCs) to employees</p> | <p>Provide SBCs to employees who are eligible for coverage:</p> <ol style="list-style-type: none"> 1. During open enrollment 2. When they become newly eligible for health insurance 3. At the time of a qualifying event that allows a plan medical change 4. Upon request | <ol style="list-style-type: none"> 1. Obtain SBCs for each plan you offer. We will provide a master copy of each SBC. 2. Incorporate SBCs into open enrollment materials when you renew. If you don't distribute enrollment materials, make SBCs available to employees on the first day they're eligible to enroll. If coverage renews automatically, make SBCs available 30 days before the new plan year begins. 3. Make SBCs available in New Employee Orientation (NEO) materials no later than the first day the new employee is eligible to enroll. 4. Develop a process to ensure SBCs are delivered to employees within 7 days upon employee request. 5. Determine review process to periodically review and determine if any contract changes have occurred. | |

| Date(s) | Requirement | Details | Prepare Your Company | Date Completed |
|--|---|---|--|----------------|
| Waiting Periods | | | | |
| By 1/1/14 | Limit waiting periods for new employees to 90 days or less | Employers are required to make health insurance coverage available to new full-time employees within 90 days of their start date. Employees can always opt out of coverage. | 1. Determine if your probationary period is greater than 90 days from date of hire. If yes, go to step 2. | |
| | | | 2. Review your policy and establish a new probationary period for new employees. (90 days or less). | |
| | | | 3. Once new time period is established, communicate new probationary period to Excellus BlueCross BlueShield. | |
| Coming Soon | | | | |
| Employer Responsibility (Pay or Play) | | | | |
| 2014 begin reviewing data | Determine if you have 50 or more full-time equivalent employees under Health Care Reform | Using the formula provided by the IRS, determine the size of your group. 1. Include the # of full-time employees, which means anyone who worked an average of 30 hours or more per week. plus 2. Add the # of full-time equivalent (FTE) employees. This is calculated on a monthly basis for all employees not considered full-time. Take all hours paid per employee (including paid vacation, illness, and holiday time) and then divide the number by 120. | 1. Consult with your legal counsel for situations specific to your business. | |
| | | | 2. Determine the size of your group on an annual basis using the entire calendar year for the calculation. | |
| | | | 3. If you have 50 or more FTEs, you may be subject to additional coverage requirements. Ask your broker or account consultant for our Large Business Checklist. | |
| Non-Discrimination Compliance | | | | |
| TBD – delayed until further notice | No discrimination in favor of highly compensated employees | Employers are required to offer the same level of tax-free coverage to all classes of employees. If any employer offers additional benefits only to highly compensated employees, those benefits will be taxed. Employers that don't comply with this rule will be subject to a penalty of \$100/day. | We'll keep you informed when we have more information about when and how you need to comply. In the meantime, you can continue to monitor the IRS for new rules and regulations | |

| Date(s) | Requirement | Details | Prepare Your Company | Date Completed |
|-------------------------------------|--|---|---|----------------|
| Reporting | | | | |
| TBD – Pending guidance from the IRS | Report health insurance coverage to the IRS and notify employees | <p>Beginning in 2015, employers are required to report health care information to the IRS.</p> <ul style="list-style-type: none"> • All employees enrolled in a health insurance plan offered by the employer, including covered dependents; • The employer’s contribution to the premium; • Any waiting period for new employees; • The lowest cost premium offered to employees; • The employer’s share of the cost; • Number of full-time employees enrolled each month; • Name, address and taxpayer identification number of each individual covered; and • The dates each individual was covered under minimum essential coverage during the calendar year. <p>In addition, employers must send a notice to all full-time employees with the same information by January 31st of each year.</p> | <p>The IRS has not issued guidance on this requirement. We’ll keep you informed when we have more information about when and how you need to comply.</p> <p>In the meantime, you can continue to monitor the IRS for new rules and regulations.</p> | |

Your Action Plan At A Glance

| Action | Effective Date | Mandatory? | Create Your Action Plan |
|--|---|------------|-------------------------|
| Employer Responsibility (AKA Pay or Play) | | | |
| Determine if you have 50 or more full-time equivalent employees under Health Care Reform | Begin reviewing data in 2014 to determine your group size. | Yes | |
| Essential Health Benefits | | | |
| Include Essential Health Benefits in coverage offered to employees | Effective upon renewal on or after 1/1/14 | Yes | |
| Exchanges | | | |
| Notify employees of exchanges | No later than 10/1/13 | Yes | |
| Open enrollment begins on the Small Business Health Options (SHOP) exchange | Open enrollment begins 10/01/13 for coverage effective 1/1/14 | No | |
| Non-discrimination Compliance | | | |
| No discrimination in favor of highly compensated employees | TBD pending further guidance | Yes | |
| Reporting | | | |
| Report the cost of health insurance on employees' W-2 forms | Anticipated compliance date for all employers is 1/31/14 | Yes | |
| Report health insurance coverage to the IRS and notify employees | TBD pending further guidance | Yes | |
| Small Business Tax Credit | | | |
| Determine if you qualify for the Small Business Tax Credit | File by 4/1/13 for the 2012 tax year and 4/1/14 for the 2013 tax year | No | |

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| Action | Effective Date | Mandatory? | Create Your Action Plan |
|--|--|------------|-------------------------|
| Summary of Benefits & Coverage | | | |
| Issue Summary of Benefits and Coverage (SBCs) to employees | Effective upon renewal on or after 9/23/12 | Yes | |
| Waiting Periods | | | |
| Limit waiting periods for new employees to 90 days or less | Effective upon renewal on or after 1/1/14 | Yes | |