Health Care Reform Delayed Again: What Now?

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Recently, there have been two notable delays among many regarding health care reform. So, what should employers be doing now? We recommend a three step approach.

Perhaps the most visible delay of the Patient Protection and Affordable Care Act (PPACA) was the implementation of the Employer Mandate, or "pay or play." This mandate outlined for large employers (50 or more FTEs) the requirements of offering affordable and accessible health care insurance. Slated to begin Jan. 1, 2014, it was postponed to Jan. 1, 2015.

The Health Insurance Exchange (HIE) Notification penalty was also delayed. If your company operates within the Fair Labor Standards Act (FLSA), you were required to send a HIE Notification to all your employees regardless of their health care insurance status. However, the Department of Labor stated recently there would be no penalties to employers if they did not issue the notice.

With confusing regulations from the start, these delays have created even more frustration for employers (among others) being held accountable for health care reform implementation.

The politics around this issue have created even more trepidation for PPACA implementation. Employers are confused and consistently ask: "What should I focus on now?"There are three key actions you should take.

Develop a Strategy — Still The Key to Success

Employers need to develop a strategic approach. Don't just implement solutions focused on financial performance. Based upon your company size, health insurance costs, industry and workforce, it could easily be less expensive to stop offering health insurance to your workforce and pay the related penalties. However, that short-sighted approach to PPACA implementation could be detrimental to your bottom line for other reasons. That's why you should weigh all your options, including seeking independent advice on your strategy.

Consider Other Insurance Options

Two of the more common insurance considerations include offering health insurance through private exchanges and transitioning from a fully insured workforce to a self insured plan. Private exchanges are typically managed by benefits companies and provide several choices of insurance for the employees of large employers. These employers will usually provide a fixed dollar premium to each employee and direct them to a private exchange designed for their workforce. For example, Aon Hewitt offers private exchange services to employers with at least 5,000 employees, including Walgreens. However, other private exchanges are available to employers with significantly fewer employees.

Self-insurance coverage is also growing because of PPACA. Employers are looking at their internal cost of self insuring compared to fully insured options. One vehicle to consider is the implementation of a captive insurance company, which offers significant tax benefits if structured appropriately.

Analyze Your Current Operations

As employers consider their options, they should note that 2014 will be a "look back period" for reform implementation by Jan. 1, 2015. You should monitor the hours your part-time and variable time employees are working. You should also evaluate policy and procedure manuals, job descriptions and employee handbooks to ensure they support any changes implemented in relation to PPACA. Employers must also evaluate their HR department skill sets and IT infrastructure to ensure appropriate resources are available that are sufficient to monitor and report critical employee hours and wages. ●

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