

In the Spotlight: 2014

As far as the health care industry is concerned, there have been few more anticipated dates than January 1, 2014. When the Affordable Care Act (ACA) was signed into law back in 2010, 2014 sounded abstract and distant. But now 2014 is upon us, however the actual requirements applicable to 2014 have changed quite a bit in the last three and a half years.

What does the year 2014 really mean for health care? How do the changes impact people in our state? And employers? And how does Blue Cross and Blue Shield of North Carolina (BCBSNC) feel about it? These are questions this Spotlight will try to address.

Individuals and Small Groups

Planned Changes

When passed in 2010, the ACA mandated a host of new, key requirements for the individual and small group markets beginning on or after January 1, 2014 including:

- New restrictions on [out-of-pocket costs](#)ⁱ, mandating a set limit on cost-sharing including deductibles, copayments, and coinsurance.
- Inclusion of a [set of benefits](#) deemed “essential”ⁱⁱ for all new small group and individual plans. These benefits include things historically covered in most health insurance plans (for example, emergency care) and other benefits that have not historically been included in all plans (like maternity).
- The launch of Health Insurance Marketplaces (aka the “Marketplace” or “Exchanges”). These electronic marketplaces provide a one-stop shopping for individual health insurance products. Smaller employers (those with 50 or fewer full-time equivalents) will be eligible to purchase coverage on the [Small Business Health Options Program](#) (SHOP)ⁱⁱⁱ, the equivalent of the Marketplace for the small group market. By purchasing the SHOP and SHOP-eligible plans, small employers may be eligible to receive [tax credits](#) from the federal government.^{iv}
- The advent of [open enrollment periods](#) – the only period of time each year in which all individuals may shop for plans without special permission – began in 2013. The first open enrollment period spans from October of 2013 until March of 2014.
- [Financial assistance](#)^v for new individual plans purchased on the Marketplace will be available beginning January 1, 2014. Individuals and families who purchase will have to meet certain other criteria, such as household income and access to other affordable insurance.
- [Medicaid expansion](#)^{vi} in some states will begin in January 2014. For states that chose to participate, Medicaid coverage will be extended to all individuals and families up to 133% of the federal poverty level. North Carolina is not participating in the Medicaid expansion.
- The year 2014 also represents the first year of the [individual mandate](#)^{vii}. This is the requirement that most individuals carry insurance coverage or be faced with a penalty when they pay their taxes. For 2014, the fee is the greater of \$95 or 1% of total household income.

New Developments

Many of the 2014 planned changes have experienced challenges or modification since 2010. Most notably, the launch of the Marketplace was marked by technical difficulties. Because of the problems associated with the Marketplace web site, the federal government has already pushed back the timeline for open enrollment for next year. The open enrollment period for 2015 plans will begin November 15 and span into January 15.^{viii} Additionally, the online capabilities of the SHOP was postponed. Small employers who wish to enroll in plans eligible for the tax credits will need to enroll directly through issuers in SHOP-eligible plans instead of through a centralized online portal. In next year's open enrollment period, it is anticipated that small employers will be able to enroll through the SHOP similarly to individuals enrolling through the Marketplace today.

Additionally, there were some new flexibilities granted for 2014. The federal government decided to allow insurance companies to offer so-called "transitional plans." Transitional plans allow some individuals and small groups that had insurance coverage as of October 1, 2013, to renew that current policy another year, thereby postponing many of the mandated benefit changes that were supposed to take effect in 2014 for another year.

Medium and Large Employers

Although the reporting and penalty imposition provisions of the [employer shared responsibility requirements](#) (also called "pay or play") were delayed for a year, employers will need to initiate a number of activities in 2014 including determining if they are an applicable large employer and determining which employees are considered full-time and thus must be offered coverage in order to avoid potential penalties.^{ix} Pursuant to the delay, beginning in 2015, employers with at least 50 full-time equivalents (which is a calculation that includes hours worked by part-time employees) will be required to offer coverage to all full-time employees (those working an average of 30+ hours per week) and their dependents (which IRS has defined to not include spouse) or pay a fine.

Upcoming Changes - Insurers

The year 2014 brings many changes for insurers, as well. Throughout the reform process, insurers have learned to be flexible within a changing regulatory environment. The timeline laid out and executed for last year's Marketplace has shifted. As previously mentioned, the open enrollment period for next year has been pushed back by a month. The timeline for submitting plans for approval to be sold on the Marketplace has been shifted as well; insurers will now have until late May 2014 to submit plans to be sold for 2015.^x

The year 2014 marks the first year that insurance companies will have to pay the "[health insurance providers fee](#)," also called the health insurance tax. For 2014, the aggregate fee paid by insurance companies will total \$8 billion (it increases annually until 2018).

Several programs implemented as a part of an effort to stabilize insurance markets during the surge of new entrants begins in 2014. The reinsurance program, a temporary program designed to stabilize premiums, begins in 2014.^{xi} This program will include a fee on almost all health insurance plans, including self- and fully-insured. For the year 2014, the total assessment is \$12 billion.

Additionally, insurance companies pay a so-called "user fee" in order to participate in the Marketplace. For 2014, the fee is 3.5%. This fund is intended to pay for the cost of running the Marketplaces.

BCBSNC Views

BCBSNC has worked since ACA was signed into law more than three and a half years ago to implement the required reforms while maintaining choice for our consumers. Welcoming many new consumers into the market and maintaining our positive reputation as the state's premiere insurance company remains challenging, but we are up to the test. We look forward to serving a new, expanded group of individuals within the state.

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- ⁱ Affordable Care Act, Section 1302(c)(1)
 - ⁱⁱ Affordable Care Act, Section 2707(a)
 - ⁱⁱⁱ Affordable Care Act, Section 1311(b)(1)(B)
 - ^{iv} Affordable Care Act, Section 1421(b)
 - ^v Affordable Care Act, Section 1401, Subtitle E, Part 1
 - ^{vi} Affordable Care Act, Section 2001
 - ^{vii} Affordable Care Act, Section 5000A
 - ^{viii} Affordable Care Act, 45 CFR Parts 147, 155, and 156
 - ^{ix} Treasury Notes Blog, "Continuing to Implement the ACA in a Careful, Thoughtful Manner." 2 July 2013.
 - ^x Affordable Care Act, 45 CFR Parts 147, 155, and 156
 - ^{xi} Affordable Care Act, Section 1341