ACA Implementation: 2015 Open Enrollment Lessons Learned and Employer Plan Offering Trends for 2016 and Beyond
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Sr. Director, United Healthcare

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Area Senior Vice President, Gallagher Benefit Services of California Insurance Services

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Vice President of Compensation and Benefits, Dine Equity

Moderated by: Julie Pastel  
Director, Human Resources, Pappas Restaurants
Clinton Wolf
Sr. Director, United Healthcare
## Motivating Health Ownership: Benchmarking the Strategy

<table>
<thead>
<tr>
<th></th>
<th>Initiation</th>
<th>Awareness</th>
<th>Accountability</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core Plan Design</strong></td>
<td>• CDHP &lt;20%</td>
<td>• CDHP 20-50%</td>
<td>• CDHP 50%+</td>
<td>• CDHP 75%+</td>
</tr>
<tr>
<td></td>
<td>• PPO</td>
<td>• More HSA</td>
<td>• HSA or HRA</td>
<td>• HSA or Dynamic Account</td>
</tr>
<tr>
<td><strong>Cost Share &amp; Funding</strong></td>
<td>• &gt;=90% AV</td>
<td>• 80-89% AV</td>
<td>• 70-79% value</td>
<td>• &lt;70% value</td>
</tr>
<tr>
<td>Reform Metallic Plans</td>
<td>• No rewards</td>
<td>• Limited rewards</td>
<td>• Rewards ~5%</td>
<td>• Rewards &gt;5%</td>
</tr>
<tr>
<td></td>
<td>• Platinum</td>
<td>• Gold</td>
<td>• Silver</td>
<td>• Bronze</td>
</tr>
<tr>
<td><strong>Network Design</strong></td>
<td>• Broad network</td>
<td>• High OON share</td>
<td>• Narrow / gatekeeper market models</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Low OON Share</td>
<td>• Value based Model</td>
<td>• Micro networks (ACOs)</td>
<td></td>
</tr>
<tr>
<td><strong>Quality &amp; Transparency</strong></td>
<td>• Network directory</td>
<td>• Targeted message</td>
<td>• Tiering (Premium)</td>
<td>• COE coverage mandates</td>
</tr>
<tr>
<td></td>
<td>• Basic Messaging</td>
<td>• Cost transparency</td>
<td>• Ctr of Excellence (COE) incentives</td>
<td></td>
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<tr>
<td><strong>Clinical Resources/ Rx integration</strong></td>
<td>• Initial deployment</td>
<td>• Nurse team</td>
<td>• Total population</td>
<td>• Single experience</td>
</tr>
<tr>
<td></td>
<td>• Traditional Case Management</td>
<td>• Disease Mgmt</td>
<td>• Need based model</td>
<td>• Reward outcomes</td>
</tr>
<tr>
<td></td>
<td>• Limited to none</td>
<td>• Medical Necessity</td>
<td>• Ancillary Integration</td>
<td>• Autonomy and mobility</td>
</tr>
<tr>
<td></td>
<td>• Assessment &lt;$200</td>
<td>• Activity based</td>
<td>• Outcomes based</td>
<td></td>
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<tr>
<td></td>
<td>• Health site</td>
<td>• $300 - $1,000</td>
<td>• Consequential</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Limited Biometrics</td>
<td>• &gt;50% engagement</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rewards / Wellbeing Strategy</strong></td>
<td>• myuhc.com &lt;30%</td>
<td>• Consumerism 101</td>
<td>• Concierge models</td>
<td>• Personalization</td>
</tr>
<tr>
<td></td>
<td>• Enrollment support</td>
<td>• Limited member</td>
<td>• Framing decisions</td>
<td>• Ongoing reinforcement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• support &amp; tools</td>
<td>• Frequent media</td>
<td>• Culture of Health</td>
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<tr>
<td><strong>The Experience</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Communications, Devices, Resources</strong></td>
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</tbody>
</table>

11.6% lower net paid PMPM versus Norm

**Population Health**
- 7.3% lower claims risk

**Intensity of Services**
- 13.8% more ER visits
- 3.6% fewer PCP visits/year
- 8.7% fewer claimants/1000

**Influencers of Cost**
- Network Utilization is the same with both groups
Conditions Driving Healthcare Cost in the Restaurant Industry

Covered Expenses PMPM by Primary Condition

- Congestive Heart Failure:
  - Prior: $7.75
  - Current: $8.67
  - Norm: $21.37

- Diabetes:
  - Prior: $19.19
  - Current: $25.14
  - Norm: $25.11

- Orthopedics/Rheumatology:
  - Prior: $19.16
  - Current: $20.95
  - Norm: $24.07

- Asthma:
  - Prior: $17.82
  - Current: $20.35
  - Norm: $21.82

- Obesity:
  - Prior: $15.94
  - Current: $15.52
  - Norm: $19.49
Scott Morsch

Area Senior Vice President,
Gallagher Benefit Services of California Insurance Services
2015 Open Enrollment

Top 5 Human Resource Challenges*

1. Controlling benefit costs
2. Keeping up-to-date with ACA and other regulations
3. Increasing employee job satisfaction
4. Compensation expenses
5. Retaining employees

Do you have a strategic benefit plan to help meet your objectives? 90% said No.

*2014 Gallagher Employee Benefits Survey
2015 Open Enrollment

Top Benefit Strategy Findings*

1. Only 31% have quantified cost of ACA
2. Increasing employee contributions most common tool
3. Benefit access and utilization management tactics not used
4. 63% of employers stated benefits are 20% of compensation spend
5. Email is most popular benefits communication tool for employers with 100 or more FTEs.

*2014 Gallagher Employee Benefits Survey
2015 Employee Response to ACA

• Confusion – ACA model exchange notice not sufficient
• Common questions:
  – Do I have to enroll?
  – Is the employer plan cheaper than the exchange plan?
  – Do I qualify for a subsidy?
  – What plan should I sign up for?

• Typical 2015 Enrollment
  – 25-35% for retail / hospitality / restaurant industries
  – Participation expected to increase as employees see 2015 penalty
  – Some employers managed operations to reduce hours under 30
Preparing for 2016

- Employer Reporting
- Dependent Social Security numbers
- Analyze cost of ACA with increasing participation
- 2015 requires coverage offered to 70% eligible employees
- 2016 requirement returns to 95%
Coming in 2016: Employer Reporting

Minimum Essential Coverage §6055
- Self funded only
- All size employers

Applicable Large Employer §6056
- ≥ 50 FTEs
- Fully-insured and self funded
MEC Reporting (Section 6055)

To Enrolled Employees

Individualized Statement
Form 1095-B

January 31, 2016

To IRS

Transmittal Report
Form 1094-B

February 28, 2016
(March 31, 2016 if e-file)

Each Employee Statement
Forms 1095-B

February 28, 2016
(March 31, 2016 if e-file)

Each member of controlled group reports separately
Applicable Large Employer Reporting (Section 6056) – Affordability and Dependent Coverage

To Full-Time Employees

- Individualized Statement
  - Form 1095-C
  - January 31, 2016

To IRS

- Transmittal Report
  - Form 1094-C
  - February 28, 2016
  - (March 31, 2016 if e-file)

- Each Employee Statement
  - Forms 1095-C
  - February 28, 2016
  - (March 31, 2016 if e-file)

Each member of controlled group reports separately
Separate Return and Statement Deadlines

<table>
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<tr>
<th>Report/Disclosure</th>
<th>Due date</th>
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<tbody>
<tr>
<td>Section 6055 statement to employees</td>
<td>1/31 of each year</td>
</tr>
<tr>
<td>Section 6055 report to IRS</td>
<td>2/28 (or 3/31 if filed electronically*)</td>
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* Must file electronically if provide 250 or more “returns”
Penalties

• Failure to timely file complete and accurate returns to the IRS, or failure to timely furnish a correct statement to responsible individuals:
  – $100 per return with a maximum of $1,500,000 for a calendar year.
  – Penalties may be reduced if corrective action is taken within 30 days and may even be waived if the failure to file timely or accurately is due to reasonable cause and not due to willful neglect.

• Penalty relief for reports filed in 2016 as long as “good faith” efforts to comply are made
Action Steps

• Collect data during 2015 regarding:
  – Who is covered by MEC
  – Who are full-time employees
  – Who was offered coverage
  – Was coverage affordable

• Consider vendor options for data aggregation and reporting

• Request Social Security numbers for covered dependents
Resources: ajghealthcarereform.com
Greg Bever

Vice President of Compensation and Benefits, Dine Equity, Inc.
NRA Healthcare Panel
February 5, 2015
About DineEquity

• DineEquity: franchisor of more than 3,600 Applebee’s and IHOP restaurants
  – Own 33 restaurants used for testing
• Each brand #1 position in respective dining category¹
• 99% franchised owned and operated
• 2013 system-wide sales of $7.6 billion
• Restaurant locations in all 50 states and 14+ countries

¹ Source: Nations Restaurant News, “Top 100”, June 30, 2014 (Applebee’s rank based on US system-wide sales in the “casual dining category; IHOP rank based on US system-wide sales in the “family” dining category.)
About DineEquity

- Approximately 2,300 team members
  - More than 900 benefits-eligible including restaurant hourly
- Fully insured benefits except for Dental
- Medical rates vary based on wellness participation
  - Bio screening, HRA, online course and smoking cessation
- Live with Mercer Marketplace private exchange November 2013
DineEquity: Goals for Private Exchange

- Cost savings through consistent plan design and purchasing power of the exchange; Encourage team-member consumerism
- More choice in benefit plan offering
- Improved team member experience, service and tools
- Focus resources on education and engagement vs. design and administration
- Affordable Care Act compliance
- Support for non-benefit eligible (part-time hourly)
Private Exchange Services Utilized by DineEquity

- Core Benefits: Three Medical Plans, HSA/FSA, Two Dental Plans, Vision, Life, Disability and AD&D
  - Medical plans similar to Gold, Silver and Bronze levels in a public exchange

- Voluntary Benefits: Term and permanent life, AD&D, Critical Illness, Home & Auto Insurance, Hospital Indemnity, Accident, Pet Insurance, Group Legal and Identity Theft
Private Exchange Services Utilized by DineEquity

- Non-benefit eligible (part-time hourly) benefit services
- Wellness program administration\(^1\)
- ACA Compliance – eligibility tracking, workforce management and annual filings
  - IRC 6055 minimum essential coverage and 6056 employer mandate reporting\(^1\)

\(^1\) DineEquity is not using the MMX default provider for these services
Private Exchange Services Not Utilized by DineEquity

- Online shopping discounts
- Payroll purchasing program
- Parking and Transit Benefits
- Disease Management
- Limited Benefit Medical Plan
  - Limited Medical Plan – does not satisfy individual mandate
  - Minimum Essential Coverage – satisfies individual mandate
- Personal Health Advocate Services
Experience and Lessons Learned

• First-year savings of approximately 11%
• Very positive team member experience
• A few challenges with carrier interfaces
• Reporting still a work in progress
• Utilized non-exchange partners when a better fit
• Created custom communications vs. default communications
• Did not implement DC model due to plan offering and affordability complexities
Decision Points for Private Exchanges

• Fit for your organization culture and size
• Self-funded or fully insured
• Insurance carrier participation and model
• Plan design alternatives and flexibility
• Breadth of exchange offerings
• Exchange partners
• Allow for up to 12 months to review and implement an exchange
About Mercer Marketplace

• As of 2014, 170 clients in 20+ industries
  – 770,000 actives (~1.7M members), 60,000 retirees plus individuals

• Three tiered offering based on eligible employees
  – Under 500, 501-5,000 and 5,000+

• Offering for employees, COBRA eligible, pre-65 retirees and non-benefit eligible part-timers

• Choice of up to 5 medical plan designs across 50+ carriers

• May be fully insured or self funded

• Defined benefit or defined contribution

• Technology, HSA/FSA, Wellness, Part-time offering, ACA compliance