Benefits
BUZZ

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DID YOU KNOW?

Telemedicine programs are gaining popularity in the health care industry—however, the financial advantages are still unknown and the surrounding regulations have not been clarified.

Telemedicine is a form of technology-based communication that allows doctors and patients to communicate without being in the same physical space. Many health care providers are implementing telemedicine programs in an effort to save time and resources, as well as to make obtaining health care more convenient for patients who face barriers such as not having access to transportation.

ACA Small Group Market Rule Repealed

On Oct. 7, 2015, President Obama signed into law legislation that repealed the Affordable Care Act (ACA) requirement that every state's small group market be expanded to include businesses with 51-100 employees. Previously, most states defined "small employers" as those with 50 or fewer employees.

The President signed the Protecting Affordable Coverage for Employees (PACE) Act following its passage in the House and the Senate, where it earned bipartisan support. The PACE Act eliminates the ACA requirement that state small group markets be expanded to include businesses with 51-100 employees. However, the act also gives states the option to include businesses with up to 100 employees in their small group markets.

The small group market requirement would have significantly impacted mid-sized businesses by requiring them to purchase employee health coverage in the small group market rather than the less-regulated large group market. It was expected that the additional regulations would reduce health plan flexibility and increase costs for both employers and employees.

While many mid-sized businesses have taken advantage of transition relief delaying the change from the large group market to the small group market, the PACE Act provides permanent relief from the requirement. The Department of Health and Human Services (HHS) had previously stated that small group market regulations for mid-sized businesses would not be enforced if mid-sized businesses renewed their policies by Oct. 1, 2016.

States that have already adopted the expanded small group market definition into their state laws may choose to undo those changes.

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Employers Prepare For Cadillac Tax

Sixty percent of employers say that their current health plans will trigger the Cadillac Tax when the tax goes into effect in 2018, according to a survey by The International Foundation of Employee Benefit Plans.

The Cadillac Tax is a 40 percent excise tax on employers who offer high-cost health insurance plans to employees. Employers are taking steps to calculate whether their health plans will trigger the tax and making changes to their health insurance plans in order to avoid it, such as shifting costs to employees or implementing high-deductible health plans.

Most presidential candidates are pushing for a repeal of the tax due to the fact that it will force employers to reduce benefits for employees. However, many economists believe it is an essential component of the ACA, as it will effectively slow rising health care costs.

For help determining the financial impact of the Cadillac Tax on your organization, contact Rose Street Advisors today.