

Affordable Care Act (ACA)

FAQ's #2

May 2015

1. Q. Do we have to offer benefits to age 65 and over retirees who worked on average 30 hours or more during the measurement period?

A. No. This answer applies to persons age 65 or over classified as part-time who worked on average 30 hours or more during the measurement period too. This scenario occurs most of the time when a full-time employee goes part-time during the measurement period.

A person who is eligible for Medicare has minimum essential coverage is thus not eligible for premium tax credits. 26 U.S.C 1.36B-2. IRS issued Notice 2013-41 which discussed this issue.

<http://www.irs.gov/uac/Newsroom/Questions-and-Answers-on-Employer-Shared-Responsibility-Provisions-Under-the-Affordable-Care-Act>

2. Q. If Graduate Assistants who worked on average 30 or more hours/week during the measurement period are provided free health insurance specific to this population, is the employer still required to offer our health insurance?

A. No, as long as the graduate assistant insurance meets the minimum essential coverage requirement. It already meets the affordability test.

3. Q. Must employers use the Standard Plan EE only premium on the Marketplace letter? If an employee request a marketplace letter and they are currently enrolled in the partnership, can the agency use the partnership premium amount?

A. No. #15 of the Marketplace letter indicates that ..."If the employer has wellness programs, provide the premium that the employee would pay if he/she received the maximum discount for any tobacco cessation programs, and didn't receive any other discounts based on wellness programs". Our members do receive a discount when enrolled in the Partnership Plan so we need to use the Standard plan EE only premium.

4. Q. Can an employer use more than one method of determining the affordability aspect of the ACA?

A. Yes. Use of any of the safe harbors is optional for an applicable large employer member, and an applicable large employer member may choose to apply the safe harbors for any reasonable category of employees, provided it does so on a uniform and consistent basis for all employees in a category. Reasonable categories generally include specified job categories, nature of compensation (hourly or

salary), geographic location, and similar bona fide business criteria. An enumeration of employees by name or other specific criteria having substantially the same effect as an enumeration by name is not considered a reasonable category.

<http://www.ecfr.gov/cgi-bin/text-idx?SID=17a831cf0f6a1d598f755f3318cb6317&node=26:17.0.1.1.5.0.1.45&rgn=div8>

5. Q. Do we have to offer state voluntary benefits to age 65 and over retirees who worked on average 30 hours or more during the measurement period?

A. No. Retirees age 65 and over who are classified as 120 day retirees are not eligible for state active insurance products, this includes all voluntary benefits. If a pre-65 120 day employee is eligible for active coverage because of meeting PPACA requirements during the measurement period, we will offer state optional products during the stability period.

#### Questions related to Basic Term Life:

Scenario 1 - Full-time active employee retires/terminates employment, takes a conversion policy, and returns to work full-time, automatically re-enrolled in basic term.

6. Q. May the employee keep the conversion policy and the basic term life certificate with MN Life paying benefits on both if the employee dies?

A. If the employee returns to work they can maintain the converted policy if they choose to do so. This is allowed for conversion only because the new contract is an Individual Whole Life product versus a Group Term product. If the member chooses to cancel it, they can contact Minnesota Life's Individual Department directly for service on the contract.

Scenario 2 – Full-time active employee retires/terminates employment, takes a conversion policy, returns to work full-time, automatically re-enrolled in basic term, and terminates employment again.

7. Q. May the employee keep the first conversion policy and now elect a second conversion policy?

A. Yes, anytime they convert to an Individual Whole Life product, the member can maintain multiple policies.

#### Optional Term Life:

Scenario 3 - Full-time active employee retires/terminates employment, takes the portability option for direct bill, returns to work full-time.

8. Q. Will the employee just simply be moved from the “portability/direct billed” group back to active status with payroll deduction?

A. For the supplemental coverage, Minnesota Life would receive the new active status passed on the file from State of Tennessee. In a scenario where the employee returns to work within 90 days of their first termination date, Minnesota Life will move the ported coverage amount back to active status. (If the member chooses to reduce coverage when porting, we cannot increase back to the prior active coverage amount when they return to active status.) Should that member want their old amount of

coverage reinstated, they would need to apply for the increase during the next Annual Enrollment Period.

If the date the member returns to work is beyond 90 days from their prior reported termination date, the member would be treated as a new hire and would need to elect new coverage. (The member cannot have both ported and active Group Term Life coverage, it is considered dual coverage so the ported contract will be cancelled when the active status is passed and new elections are processed.) For basic coverage, State of Tennessee would put the member back on the group billing when they become eligible.

Scenario 4 - Full-time active employee retires/terminates employment, takes the conversion option for an individual policy, returns to work full-time.

9. Q. Will the employee be considered a new hire with guaranteed issue and be allowed to keep the conversion policy and MN Life pay death benefits on both?

A. No. If the employee retires/terminates then returns to active duty within 90 days, Benefits Administration can reinstate prior coverage as active and put them back on Group bill or the member can continue the converted policy if they choose.

If the member returns to active status more than 90 days after termination, they would be treated as a new hire and would be required to re-enroll for the supplemental coverage. If the member wants to cancel /reduce the conversion contract they can contact Minnesota Life's Individual Department for service on those contracts.

Scenario 5 - Employee works FT for 12 months, on full state benefits, also on TBR VSP vision insurance. The employee changes position to adjunct and his/her hours are reduced. The employee is still eligible for medical insurance and other state benefits, due to measurement/stability period requirements.

10. Q. Can the employee sign up for EyeMed vision insurance, as a qualifying event, as he/she is no longer eligible for the VSP? (The VSP requires employment of 30 hours or more.)

A. Yes, that would be considered a qualifying event for EyeMed.