

# *The Employer Mandate Is Coming!*

## *What Will You Do?*



**Andre Hamil,**  
**Health Net**  
*We help make  
whole health possible.*



**Health Net®**

Beginning January 1, 2015,  
*the Affordable Care Act (ACA)*  
*will impose a Mandate for Large Employers*  
*that may dramatically affect your business.*

*Health Net can help!*

Under the Affordable Care Act (ACA) employer mandate, employer groups with 100 or more full-time or full-time equivalent employees<sup>1</sup> (FTEs) may be subject to a tax penalty if they do not offer affordable medical coverage to their employees in 2015.

Employer groups with 50 to 99 full-time employees<sup>1</sup> must report on their workers and coverage for 2015, but will not be subject to any employer shared responsibility penalty until 2016.

Deciding whether or not to provide health benefit coverage isn't an easy choice, as you must meet requirements that include:

- Offering coverage to at least 70% of full-time employees. (In 2016 and later years, you must offer coverage to at least 95% of full-time employees as defined under ACA.)
- Affordability – Under safe harbor rules, the employee's share of the premium for self-only coverage must not exceed 9.5 percent of the employee's income.
- Minimum value requirement – The health plan offered must pay a *minimum of 60 percent* of the plan's total allowed benefit costs anticipated for a standard population.

- Offering health insurance coverage to dependent children up to the age of 26. (Transition relief allows employers to take steps during the 2014 plan year to offer coverage to dependents in 2015.)
- Offering plans that include minimum essential coverage.



ACA does not specifically mandate that all employer group with 50 or more full-time employees offer medical coverage. However, under the reform law, there are potential tax penalties that can cost you tens of thousands of dollars.

**You may be subject to a tax penalty in 2015 if:**

- You employ 100 or more FTEs, as defined under ACA.
- You **do not** offer any health coverage to your FTEs and dependents, or
- You offer coverage to **less than 70%** of your FTEs and their eligible dependents, or
- You offer coverage to 70% of FTEs and eligible dependents, **but coverage is not affordable or does not meet minimum value requirements.**
- **And, at least FTE receives a premium tax credit or cost-sharing for Exchange coverage.**

Your decision whether or not to offer health care coverage will involve more than just weighing the penalties against the costs of providing coverage – and can affect your business for years to come.



Continuing to offer health care coverage can prove to be very advantageous for you and your employees:

- If you choose to pay the penalty and discontinue health benefit coverage, the penalty is *not* a deductible expense.
- Expenses paid for health benefit coverage *are* deductible.
- If your competition offers coverage, will not offering coverage put you at a disadvantage for recruiting qualified workers?
- Employee health and well-being – With no coverage, overall employee health and, consequently, work performance can diminish.

### *We can help!*

There is good news! Under the mandate, the affordability requirements apply only to the lowest cost option that is available to the employee – provided that plan meets the 60 percent minimum value and minimum essential coverage.<sup>2</sup> You may continue to offer several plan options to your employees – which is how we can help. Health Net has multiple ACA-compliant cost-effective plan options you can choose from to not only meet the mandate requirements, but to also provide quality, affordable benefits to all your full-time employees.

**Tailored networks** – Health Net’s superior performance in developing localized networks of quality doctors and hospitals unquestionably leads the way to seek greater value for your health care dollars. As a result, we’ve been able to hit the right price point for your business needs while delivering greater access and value in meeting your employees’ and their families’ wellness, preventive and urgent care needs.

**PPO plans** – Our proven, steadfast PPO insurance plans are ideal if you’re looking for a choice of PPOs at varying price points – including our most economical high-deductible, non-HSA plans. These plans offer employees flexible choices in providers, out-of-pocket expenses and benefits.



Health Net’s tailored networks go beyond providing affordable coverage solutions. Our tailored networks track your employee usage and claims data – which we can use to help craft customized benefit additions or wellness programs for your business and employees.<sup>3</sup>

Our innovative tailored network highlights include:

**Arizona**

**Health Net ExcelCare Network** – We combined Health Net of Arizona and nationally recognized Banner Health, to provide comparable benefits with sustainable cost-savings over our full HMO network.

**California**

**SmartCare** – Offers your employees the advantages of a tailored network, expanded benefits and health incentives in one simple package. It features a constant influx of prominent participating provider groups and other resources to match the evolving needs of your business and your employees.

**ExcelCare** – A select subset of the quality providers in our full HMO network, offering a wide range of health care services without sacrificing value and affordability.

**Salud HMO y Más** – A Latino-focused health solution specifically developed for members of the Hispanic community looking for budget-friendly, community-based, culturally competent health care.

**Oregon**

**CommunityCare** – Our localized, quality-driven network was built on a strategic partnership with some of Portland’s most notable provider groups. It uniquely blends benefits, quality, cost savings, and whole-health support plus freedom from referral restrictions.

**Sharyl Barney,  
Health Net**

*We create solutions that  
work for your employees  
and your business.*





Nicole daLomba,  
Health Net  
*We put community  
into health care  
coverage.*

### *Value-added services at their best*

Health Net benefits go far beyond simply affordable coverage solutions. When you choose Health Net, you know your employees will be getting a superior suite of value-added programs and services that include:

- **Decision Power®** – Decision Power is an integrated program created to engage our members in their health. With personalized tools and achievable goals, employees can feel confident in their ability to make positive and lasting behavioral changes.
- **ProviderSearch** – When you or your employees need to locate a doctor or hospital, our ProviderSearch tool provides a quick and easy search of qualified in-network providers. Search by specialties, office hours and locations for the right doctor or hospital close to home or work.

- **Health Risk Questionnaire** – Once an enrolled employee completes our online Health Risk Questionnaire (HRQ), his or her Personal Health Record is updated with health status and wellness recommendations based on the results of the questionnaire. These recommendations can help lower your costs by providing a path to better health for your employees.

At Health Net, our power to lead consistently produces comprehensive benefits for you to make the *best decision possible* when selecting health care services. We encourage you and your employees to visit [www.healthnet.com](http://www.healthnet.com) to learn more about how we can be your partner in health.

Remember, we're here to help. If you have any questions, or need additional information, please contact your broker or Health Net sales consultant.

Information described in this document is based on proposed federal regulations. Final federal regulations have not been issued at the time of this document's publication. Health Net is not providing legal or tax advice. Tax information is for general purposes only. For more detailed information about tax or legal implications, please contact your professional tax advisor or lawyer.

<sup>1</sup> To be subject to the mandate, an employer group must have at least 50 full-time employees or a combination of full-time and part-time employees that is equivalent to at least 50 full-time employees (for example, 100 half-time employees equals 50 full-time employees). As defined by the statute, a full-time employee is an individual employed on average at least 30 hours per week.

<sup>2</sup> Employees must reside in the plan's service area.

<sup>3</sup> Customized benefit additions or wellness programs vary based on group size and group membership by product.

Members have access to Decision Power through current enrollment with any of the following companies: Health Net of California, Inc.; Health Net Health Plan of Oregon, Inc.; Health Net Life Insurance Company.

Decision Power is not part of Health Net's commercial medical benefits plans. Also, it is not affiliated with Health Net's provider network, and it may be revised or withdrawn without notice. Decision Power services, including clinicians, are additional resources that Health Net makes available to enrollees of the above listed Health Net companies.

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