



Benefits Delivery Option

Employers have several options to provide major medical insurance coverage for their employees in the new health care reform environment. Deciding which option meets both business and workforce needs is important to navigating the new health care landscape, as well as gaining a competitive edge in the battle for top talent.

Private exchange

In the post-reform environment, private marketplaces (also known as exchanges) will become a viable option with the guaranteed issue of coverage and an employer's ability to provide a defined benefit or defined contribution toward employee coverage. Employers of all sizes can choose the private marketplace option to provide employee benefits packages.

Overview	<ul style="list-style-type: none"> • Employees will be able to obtain coverage regardless of health status beginning 2014. • The employer can choose which coverage model they want to offer their workforce: defined contribution (a specific dollar amount employees can choose towards a plan) or defined benefits (specific plan(s) employees can choose from). • Plans will vary based on model choice, and specific details provided by the marketplace.
Tax credits	<ul style="list-style-type: none"> • Employers will not be eligible to receive tax credits.
Penalties	<ul style="list-style-type: none"> • Starting in 2015, businesses with 100 or more full-time equivalent employees need to provide affordable, minimum value health care coverage to 70 percent of all full-time employees and their dependents or face a penalty. If your company didn't offer dependent coverage in 2013 or 2014, your company won't be penalized for not providing coverage to dependents in 2015, as long as your are taking steps to provide the coverage in 2016. • In 2016, the requirement is extended to employers with 50 or more full-time equivalent employees. Additionally, coverage must be offered to 95 percent of full-time employees and their dependents.
Administration	<ul style="list-style-type: none"> • Employers will need to submit employee information to the private marketplace. • Depending on the marketplace, it may issue employers a single invoice and collect payments. • Employers will need to perform employee payroll deductions to pay premiums. • Employers will work with the marketplace to reconcile enrollment information, billing and termination functions. • Private marketplaces may assist in meeting the compliance reporting requirements that are in place for employers starting in 2016.
Employee tools and resources	<ul style="list-style-type: none"> • Employees use the private marketplace during open enrollment. • Employees will submit an application for enrollment and select the plan. • Employees may be required to use the private marketplace for all updates, special enrollments, terminations and other applicable functions.

Supplemental insurance protection

- Private marketplaces may have a full benefits package including voluntary coverage, but it will vary depending on the marketplace.
- These policies can be bought separately to help employees with out-of-pocket costs associated with illness or injury.
- To learn more about available options visit: aflac.com/business/policies.

Key considerations

Private marketplaces will offer employers of all sizes employee benefits options. With choices for defined benefits or defined contribution models, employers can choose a plan that fits their business goals and workforce needs. Defined contribution options can help employers to keep costs predictable, while also offering employees the option to “buy-up” to more robust insurance coverage. Since these programs require employees to make more informed decisions about health care, it is increasingly important they understand how an employer contribution works, and how to choose supplemental options to augment out-of-pocket costs.

For more information

You can find more information about multiple benefits delivery options, including: *insurer based, self-funded coverage, maintaining grandfathered status, Small Business Health Option Program (SHOP) Marketplace, and private marketplace* at aflac.com/healthcare_reform. A comprehensive summary is available in [The Employer's Guide to Health Care Reform](#).

As you continue to navigate health care reform, you can rely on Aflac to provide updates and helpful information at: aflac.com/insights. To learn more about coverage available in your state, visit: healthcare.gov, cciio.cms.gov and irs.gov.

This material is intended to provide general information about an evolving topic and does not constitute legal, tax or accounting advice regarding any specific situation. Aflac cannot anticipate all the facts that a particular employer or individual will have to consider in their benefits decision-making process. We strongly encourage readers to discuss their HCR situations with their advisors to determine the actions they need to take or to visit healthcare.gov (which may also be contacted at 1-800-318-2596) for additional information.

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