



Benefits Delivery Options

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.

Self fund

Self-funded health care insurance plans offer an alternative to traditional health care models. In a self-funding model, the company is responsible for covering all claims in the health care plan, and controls any premium reserves. Because these plans are excluded from some requirements of the Affordable Care Act (ACA), employers can save costs related to premium taxes and state insurance regulations.

Overview	<ul style="list-style-type: none"> • The employer provides minimum value coverage that meets affordability requirements, but self-insured plans are not required to include some of the ACA benefit reforms. • With no annual or life-time dollar limits on essential health benefits offered by the plan, employers need to consider an appropriate level of stop-loss coverage. • The employer will not need to comply with some of the ACA provisions, such as essential health benefits, insurer tax, medical loss ratios (MLR) and deductible limits. • Employers should be aware of all the ACA compliance requirements, specifically the benefit mandates, and grandfathering if applicable, that directly affect them.
Tax credits	<ul style="list-style-type: none"> • The employer will not be eligible to receive tax credits. • Employees may be eligible to receive subsidies through the Health Insurance Marketplace if their employer's coverage does not provide minimum essential coverage and/or the employee's contribution is more than 9.5% of the employee's income.
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 you 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"> • The employer will continue to use their current practices to work with issuers to obtain and maintain coverage. • Starting in 2016, the employer will submit required reporting to the Internal Revenue Service.
Employee tools and resources	<ul style="list-style-type: none"> • Employees will use current practices for open enrollment and select from the available health plan choices that are made by the employer. • Employees may use a single seamless process to obtain a full benefits package including voluntary benefits.

Supplemental insurance protection

- The employer can provide voluntary benefits to workers along with the self-funded plan for comprehensive coverage.
- 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

Self-funded health plans may help businesses save money. It is important to note that these plans tend to shift additional costs to employees, especially when an employer has a workforce with significant health care needs, making supplemental insurance options important to help off-set employees' out-of-pocket costs. These plans are becoming increasingly popular with small businesses and can help to reduce and manage employee health care costs, while still delivering valuable health care coverage.

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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