

As global benefits continue to play a more integrated role in the provision of meaningful group benefit solutions, the capacity to clearly understand foreign legislation and its day-to-day ground-level reality becomes more crucial. **Alliant Employee Benefits**, who is The Williamson Group's global partner in the United States, has been working through the "real-life" ramifications that have resulted from passage of the Affordable Care Act (also known as ACA or 'Obamacare') in 2010. On July 21 and 22, 2015, **Blake Chapman**, Vice President of Alliant's Employee Benefits Practice for the Northeastern US, joined The Williamson Group staff and clients to share insights into benefit changes that US employees have been facing since the ACA passed into law, and how these American trends in healthcare reform may impact North American and global benefits trends.



Beginning with a general overview, Blake provided the audience with a brief introduction to US healthcare reform with a timeline and overview of the legislation's ensuing changes. He explained that healthcare reform was not introduced as a means of cutting cost at all. Facilitating access to medical care, streamlining of Health and Dental benefit choices that are made available to employees and the monitoring of a baseline benefit (minimum essential coverage) were the key drivers of the legislation.

**To date, key milestones have included:**

- Passage of the act on March 23, 2010 and the immediate expansion in coverage that resulted, including direct access to OBGYNs and out-of-network emergency care, an increase in the dependent age limit, an age limit on pre-existing condition clauses and a lifting of the lifetime dollar limit on essential health benefits
- Payout of medical loss ratio levels exceeding 80-85%, beginning in 2011 (By carriers sponsoring Fully Insured Programs)
- Mandating a 'Summary of Benefit Coverage' (or SBC) provision in 2012
- Across-the-board annual insurance carrier fee increases and State Exchange enrollment in 2013
- Individual Mandate requirements to have health insurance in 2014
- Introduction of a 'Pay or Play' clause in 2015 that mandates employers of 100+ employees to offer all fulltime employees and their dependents affordable minimum value coverage to avoid potential penalties
- Compulsory reporting to the IRS on employee coverage

The tone of the discussion was set by the audience's existing familiarity with the act and a majority of the discussion time was spent in a Q&A format during which an extremely engaged audience asked a wide range of questions regarding the ACA.

**Key messages included:**

- Examples of the complexity of the legislation roll out and the ensuing confusion it has caused
- An explanation of numerous additional new taxes that have resulted from the implementation of the ACA
- A discussion about upcoming changes that clients with US representation need to be aware of when setting up their benefit plans, such as the Cadillac tax in 2018, which will put an additional tax on exceedingly rich plans
- An upcoming issue of which to be aware—employees were mandated to have minimum healthcare and will now be obligated to pay an additional tax if they haven't complied;
- Beginning April 2016 (for the 2015 taxation year), employees who have consciously waived a minimum or better program that is offered by their employer, and not obtained healthcare from another source will pay an additional tax
- A rush to obtain coverage is expected to ensue
- Identification of other pending issues, including Automatic enrollment, non-discrimination testing and the challenges posed by IRS reporting requirements
- Explanation of the State Exchange (or government offer coverage) where coverage may be purchased through the government on public exchange
- Tips on communication strategies

Blake concluded that employers who have employee representation in the US—and who are not managed by HR in the US—will have many questions regarding the ACA that may be difficult for Canadian HR representatives to understand. Because American definitions, regulations and procedures for all of the above differ from what we are accustomed to in Canada, if your organization has employees in the United States, you may wish to get advice from US based consultants, such as those at Alliant.



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