Affordable Care Act

The Affordable Care Act (ACA), commonly referred to as Health Care reform and/or “ObamaCare”, is a United States federal statute signed into law by President Barack Obama on March 23, 2010. The ACA was enacted with the goals of decreasing the number of uninsured Americans and reducing the overall cost of healthcare. Additional reforms have been aimed at improving healthcare outcomes and streamlining the delivery of healthcare.

Below is a summary of the key provisions under the law and their impact on Villanova University.

**Dependent Coverage Extended To Age 26**

The ACA stipulated that employers must extend medical coverage to dependents through the end of the month in which they turn age 26. Previously, dependents were covered until the end of the month in which they turned age 19 unless they were a full-time student and then their coverage was until the end of the month in which they turned age 23. Villanova not only extended this coverage to medical as required by law, but also to prescription drug and dental benefits under the Plan.

**Lifetime Dollar Limits**

The ACA removed lifetime dollar limits on most benefits in any health plan or insurance policy. Previously, many plans set a lifetime limit which was a dollar limit on what they would spend for your covered benefits during the entire time you were enrolled in that plan. You were required to pay the cost of all care exceeding those limits. All lifetime dollar limits were removed from the Villanova medical plans.

**Pre-existing Condition Limitation**

Under the ACA, health insurance companies can’t refuse to cover you or charge you more just because you have a “pre-existing condition” — that is, a health problem you had before the date that new health coverage starts. They also can’t charge women more than men.

**W2 Reporting**

Villanova is now required to report the annual cost of medical, prescription drug and employee assistance program (EAP) on employee W2s. This information can be found in box DD.

**Summary of Benefit Coverage (SBC) Notice**

Villanova provides faculty/staff with a uniform summary of benefits coverage. This information can be found under the Federal Notices section of the State and Federal Notices/Employment Posters page of the Human Resources website.

**Patient Centered Outcomes Research Institute Fee (PCORI)**

A temporary PCORI fee has been imposed to fund the institute that disseminates information about clinical effectiveness and focuses on improving healthcare outcomes over time. This fee took effect on June 1, 2013 for Villanova and according to the law, is currently scheduled to sunset in 2019. The current fee is $2.00 (indexed to increase each year) per covered life on medical benefits which will bring the cost for Villanova in 2014 (paid in 2015) to approximately $7,800. Villanova paid $3,699 in 2014 for the cost incurred in 2013.
Health Care Flexible Spending Accounts (FSA)
Under ACA, a $2,500 (as adjusted for cost-of-living increases) limit was placed on salary reductions for contributions into health care FSAs. This was implemented on June 1, 2012 for Villanova.

Preventative Health Coverage
Villanova has implemented preventive coverage at 100%. Please be advised that preventative coverage is subjected to age appropriate screenings according to the law. For example, a colonoscopy, although preventative in nature, may have a deductible and/or co-pay if the service is conducted on an individual younger than age 50.

Additional Medicare Tax on High Income Individuals
An additional tax equal to 0.9% of wages applies to individuals earning more than:
- $250,000 if married and filing jointly
- $125,000 if married and filing separately
- $200,000 if other status

Villanova is required to withhold this additional tax on wages above $200,000.

Temporary Reinsurance Program
Legislation requires the establishment of a “transitional” reinsurance program that is meant to mitigate the effects of adverse selection that could result in a Federal or State’s fully-insured, individual health insurance exchange. According to the law, we are required to provide funding for this program. The fee for 2014 was $63 per member per year. The cost to Villanova in 2014 was $231,147.

Individual Mandate
All individuals are required by law to obtain minimum essential coverage or pay a penalty. Below is a summary of what that penalty currently looks like:
- 2014: Greater of $95 or 1% of household income
- 2015: Greater of $325 or 2% of household income
- 2016 (and after): Greater of $695 (as indexed) or 2.5% of household income

Shared Responsibility Mandate
Under ACA, employers have a shared responsibility to offer benefit coverage to individuals that meet the ACA definition of full-time employees. This means that substantially all individuals that work 30 or more hours per week on average or 130 hours per calendar month must be offered health insurance or the employer will be subject to penalties. The IRS allows an employer to establish a “look-back” measurement period and a “stability” period. Villanova will be using 12 months for both of these periods when determining if new and ongoing part-time individuals are eligible for medical coverage. This coverage will be offered for the first time as of June 1, 2015. In addition, the coverage employers’ offer must be affordable to employees. Should coverage not be offered or not be affordable, the employer could face financial penalties.
Excise (Cadillac) Tax
As the law is written today, beginning in 2018, employers will face excise taxes on their medical plans should the value of the coverage exceed the single/family tax indexes established by the government:

- Single/Family Tax Index in 2018: $10,200/$27,500

This means that employers like Villanova will face additional taxes under the law for offering coverage that exceeds these limits. It is for this reason that it is in the best interest of both the University and faculty/staff members to curb the growth of our healthcare spend.

Because the excise tax is based on the gross premium of the plan, faculty/staff contributions will not reduce the liability. However if the plan’s overall value is reduced it will lower the gross premium and lessen the tax liability. Some of the ways that Villanova has been working to manage this tax liability over the past several years is by:

- Making modest plan design changes over time
- Creating NOVAfit! and expanding on our wellness offerings
- Implementing a Consumer Driven Health Plan (CDHP) with a Health Savings Account (HSA) in 2015