



Concurrent Session 1 - Access & Coverage Track

10:10 a.m. to 11:40 a.m. – Employer Coverage

Professor Abraham's presentation will provide background information on key attributes of employer-based health insurance in the United States, including offer rates, eligibility, and premiums. She will identify and discuss the economic incentives and disincentives created by the Affordable Care Act as it pertains to employer based coverage. Moreover, she will outline how the ACA is expected to affect employees' demand for coverage as well as employers' decisions to offer insurance, and their determination of eligibility and coverage generosity.

Director Julie Brunner's presentation will cover the ACA's impact on Minnesota's health insurance marketplace, including data on the continued decline in enrollment in fully insured group coverage. She will share components of the ACA that had the broadest impact on employers and individuals as well as requirements where Minnesota was ahead of the rest of the nation. Ms. Brunner will shed some light on the challenges with implementation over the past four years and thoughts on what we can expect the future to hold.

Ms. Amadou-Blegen will discuss the challenges in obtaining health insurance from the perspective of a small Minnesota employer. She is tasked with obtaining insurance for the growing number of employees at Surly Brewing Company.

Jean Abraham, PhD

Jean Marie Abraham is the Weckwerth Professor of Healthcare Administration Leadership and Associate Professor in the Division of Health Policy and Management, University of Minnesota. She holds a Bachelor's degree in Economics and Political Science from the University of Arizona and a Ph.D. in Public Policy and Management from Carnegie Mellon University. Dr. Abraham is a health economist with 13 years of experience focusing on questions related to health insurance provision, information use, and competition in insurance and hospital markets. Her primary teaching responsibilities are with the Master of Healthcare Administration program, in which she instructs courses in statistics for health management decision-making and health economics. Dr. Abraham is well-versed in U.S. health policy including provisions within the Patient Protection and Affordable Care Act. During academic year 2008-2009, she served as the senior economist on health issues for the President's Council of Economic Advisers in Washington, D.C., under both the Bush and Obama administrations.

Julie Brunner, JD

Julie Brunner is the Executive Director of the Minnesota Council of Health Plans, an association of Minnesota's nonprofit health plan companies. The Council's members provide health coverage for more than 4 million individuals. The Council is active in the areas of community health and prevention, health care quality improvement and health care public policy. Before becoming the

Council's executive director in January 2003, Julie served as the Deputy Commissioner of the Minnesota Department of Health where she managed the development of budget initiatives, legislative proposals and general operations. Prior positions include County Administrator for St. Louis County and Director of Child Support Enforcement for the Ramsey County Attorney's Office. Her experience also includes serving as Assistant Commissioner for the Minnesota Department of Human Services and lawyer with the Office of Senate Counsel.

Autumn Amadou-Blegen, SPHR, MAHRM

Ms. Amadou-Blegen has been an HR Director and main decision maker on employee health benefits at several small, rapid growth Minnesota owned companies, two in the rapidly expanding craft beer market. Currently, she is the Human Resources Director for Surly Brewing Company. She obtained her Master of Arts in Human Resources Management with a focus on Work/Life Balance from Concordia University in 2012, and obtained her SPHR in early 2014. Please feel free to contact Autumn directly with any questions you may have (Phone: 651-352-2278 or Email: autumn@surlybrewing.com).

Employers, Health Insurance, and Changing Economic Incentives Under the Affordable Care Act

Jean M. Abraham, Ph.D.

Weckwerth Professor of Healthcare Administration Leadership

Division of Health Policy and Management

University of Minnesota

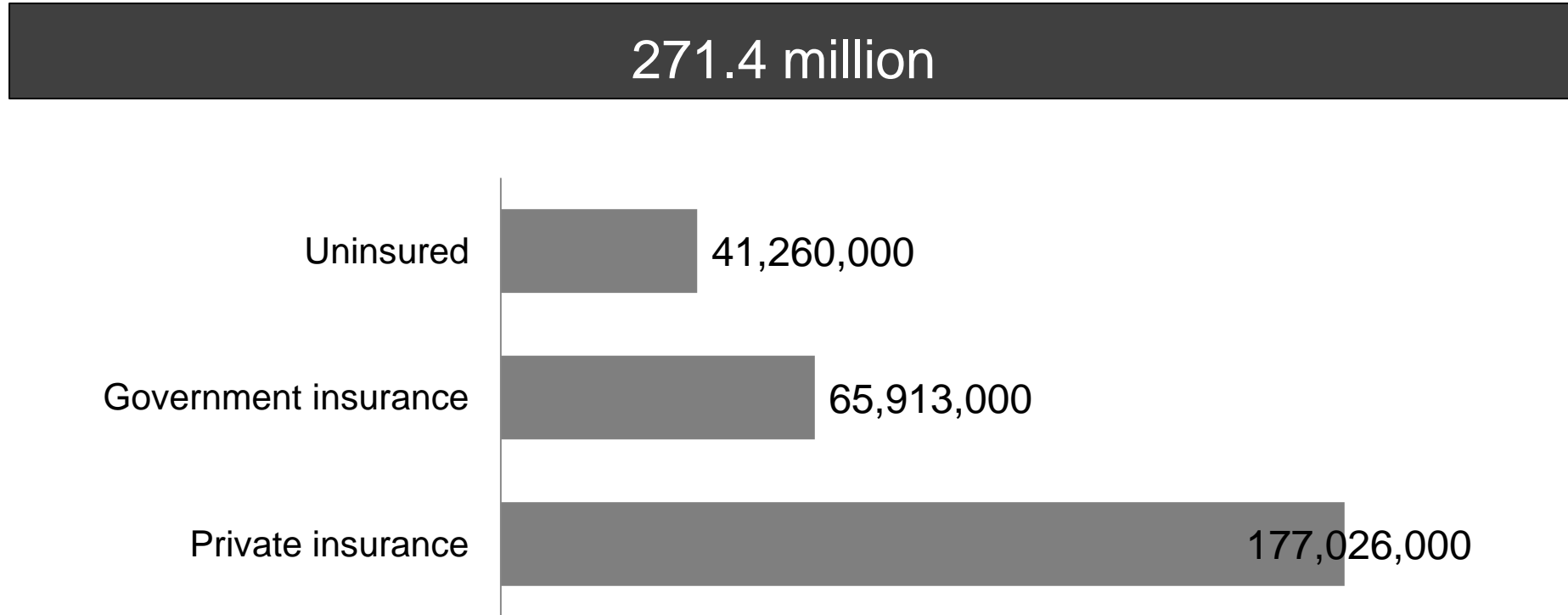
October 25, 2014



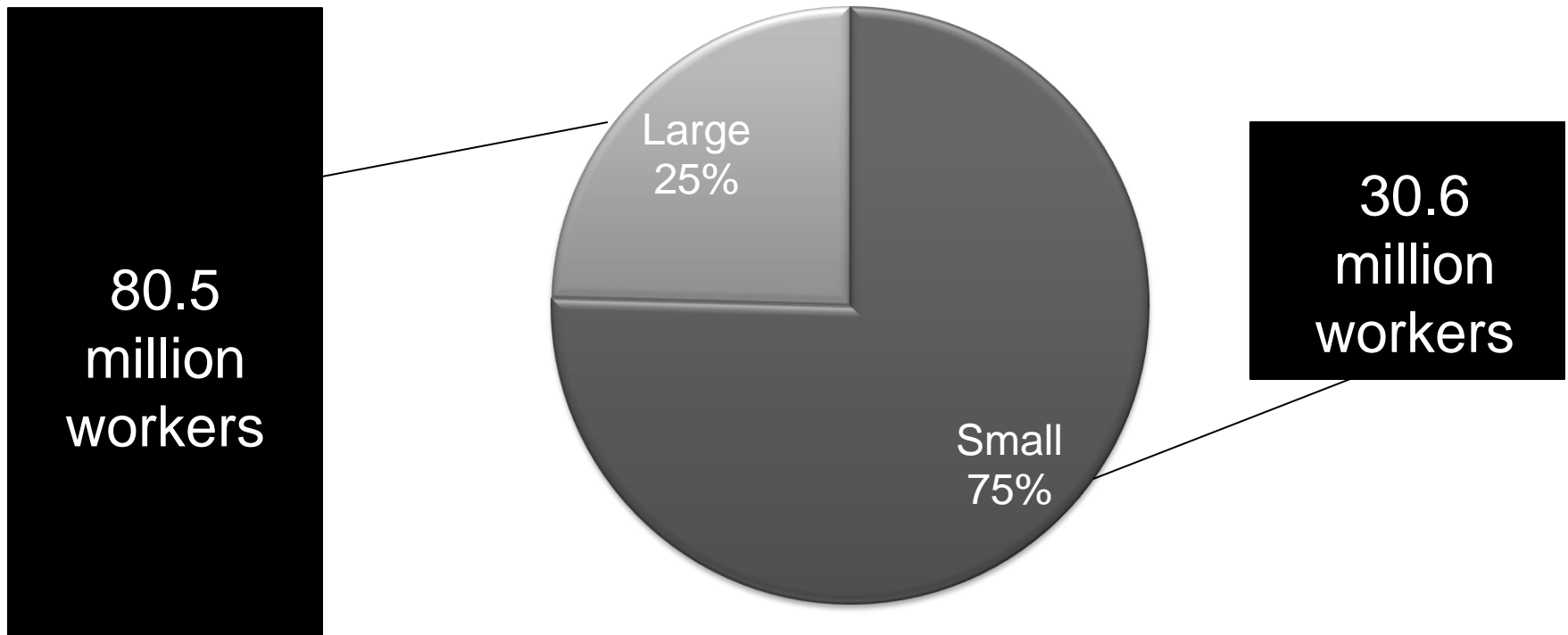
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U.S. Non-Elderly Population Insurance Coverage Distribution



U.S. Private-Sector Establishments

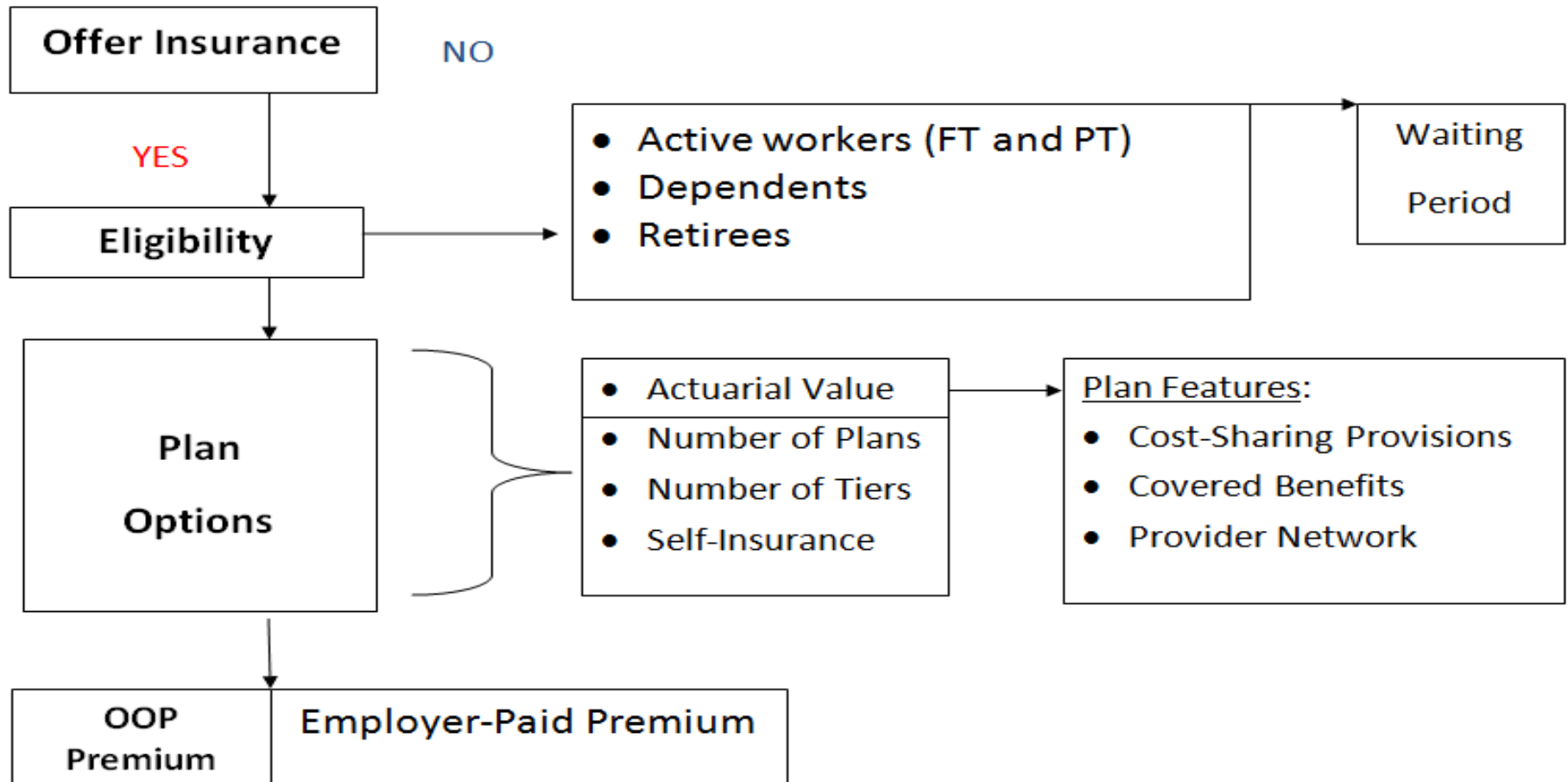


Source: 2012 MEPS-IC Summary Tables

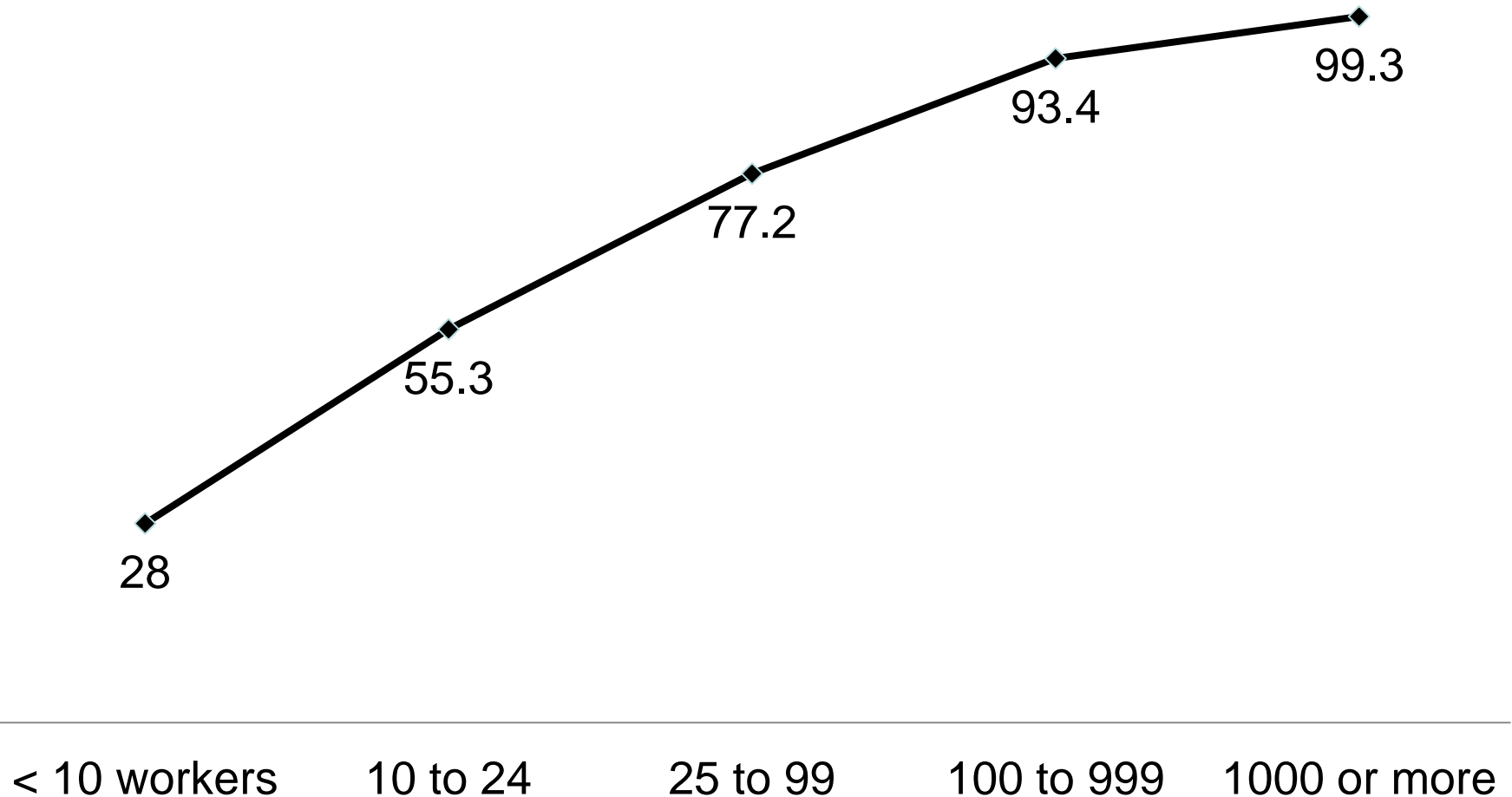


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Employer Sponsored Insurance



Percent of Private-Sector Establishments Offering Insurance, by Firm Size



Rationale for Employer Role in Health Insurance Provision

- **Preferential tax treatment of ESI premiums**
 - \$260 billion tax subsidy in 2009 (Gruber, 2011)
- **Economies of scale in provision through workplace**
 - Historically, loading fees range from 4% for large firms to 42% for smallest firms (Karaca-Mandic, Abraham, and Phelps, 2011)

“If you like your health care plan, you can keep your health care plan.”

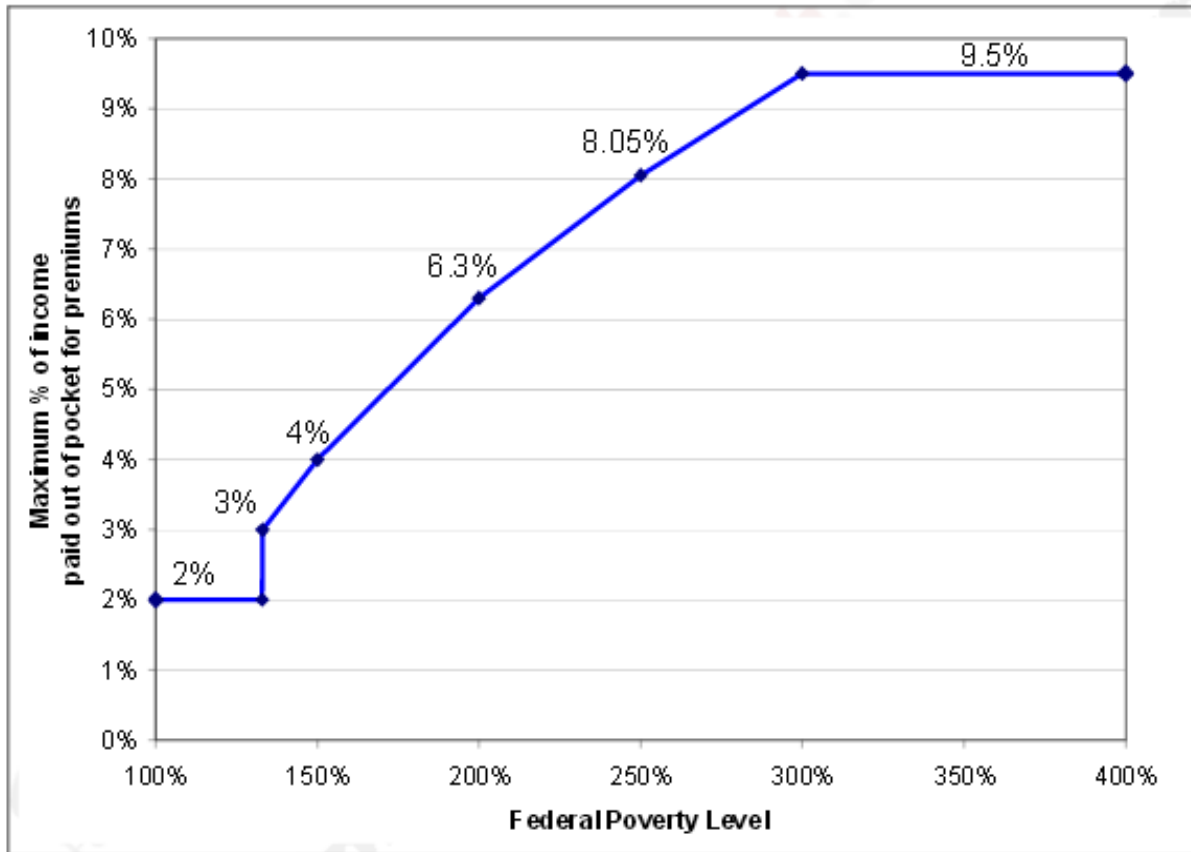
President Barack Obama
August 11, 2009



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Subsidized Exchange Based Private Insurance

Figure 2. Maximum Out-of-Pocket Premiums for Eligible Individuals, by Federal Poverty Level (FPL)



Source: CRS analysis.

Note: Starting in 2014, under PPACA, citizens and qualifying legal residents at or below 133% FPL will be eligible for Medicaid rather than premium credits.

Sliding-scale premium tax credits:

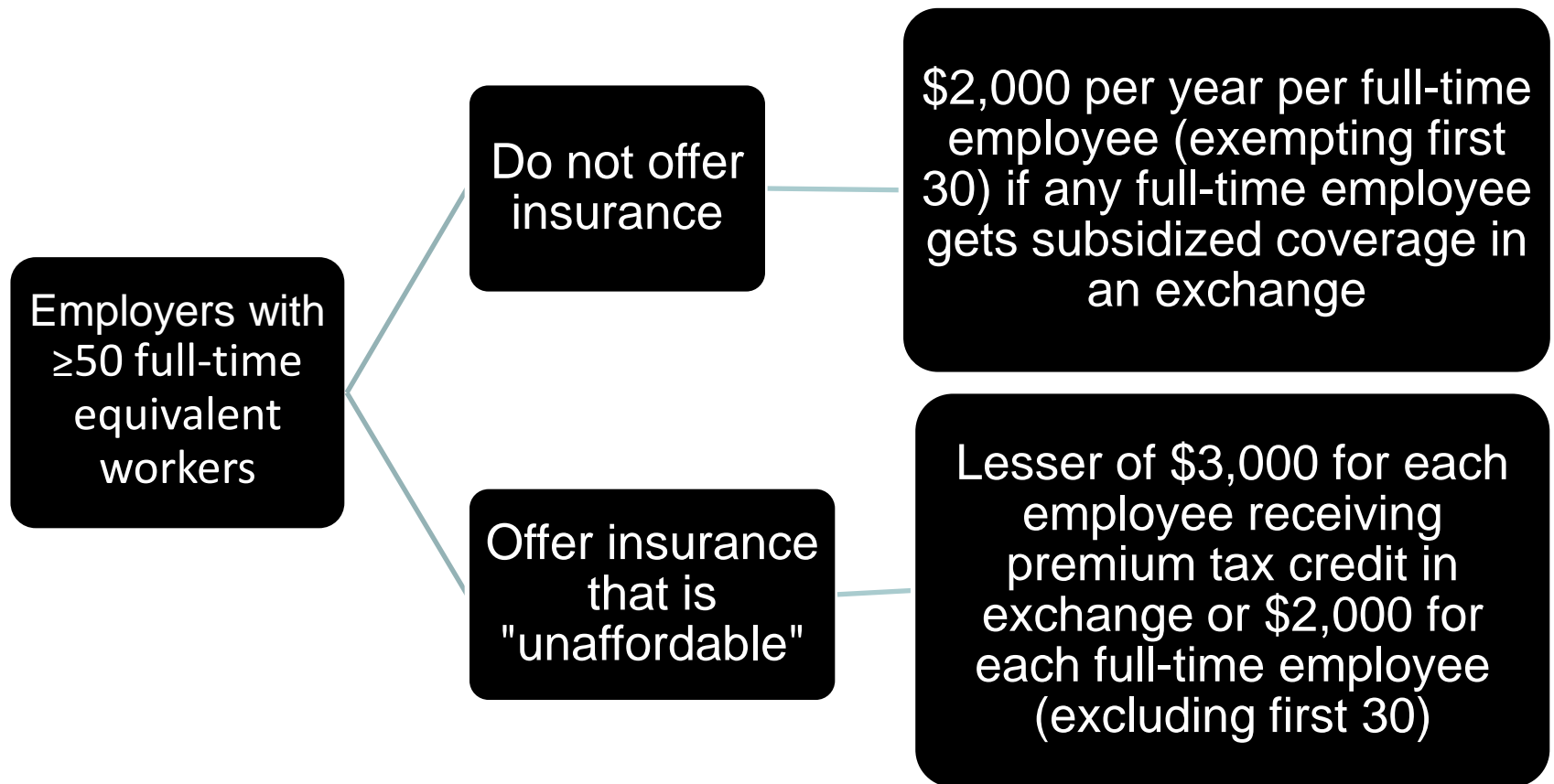
2%-9.5% of income is maximum dollar amount families would pay for coverage

Subsidy tied to the second lowest cost "Silver plan" premium



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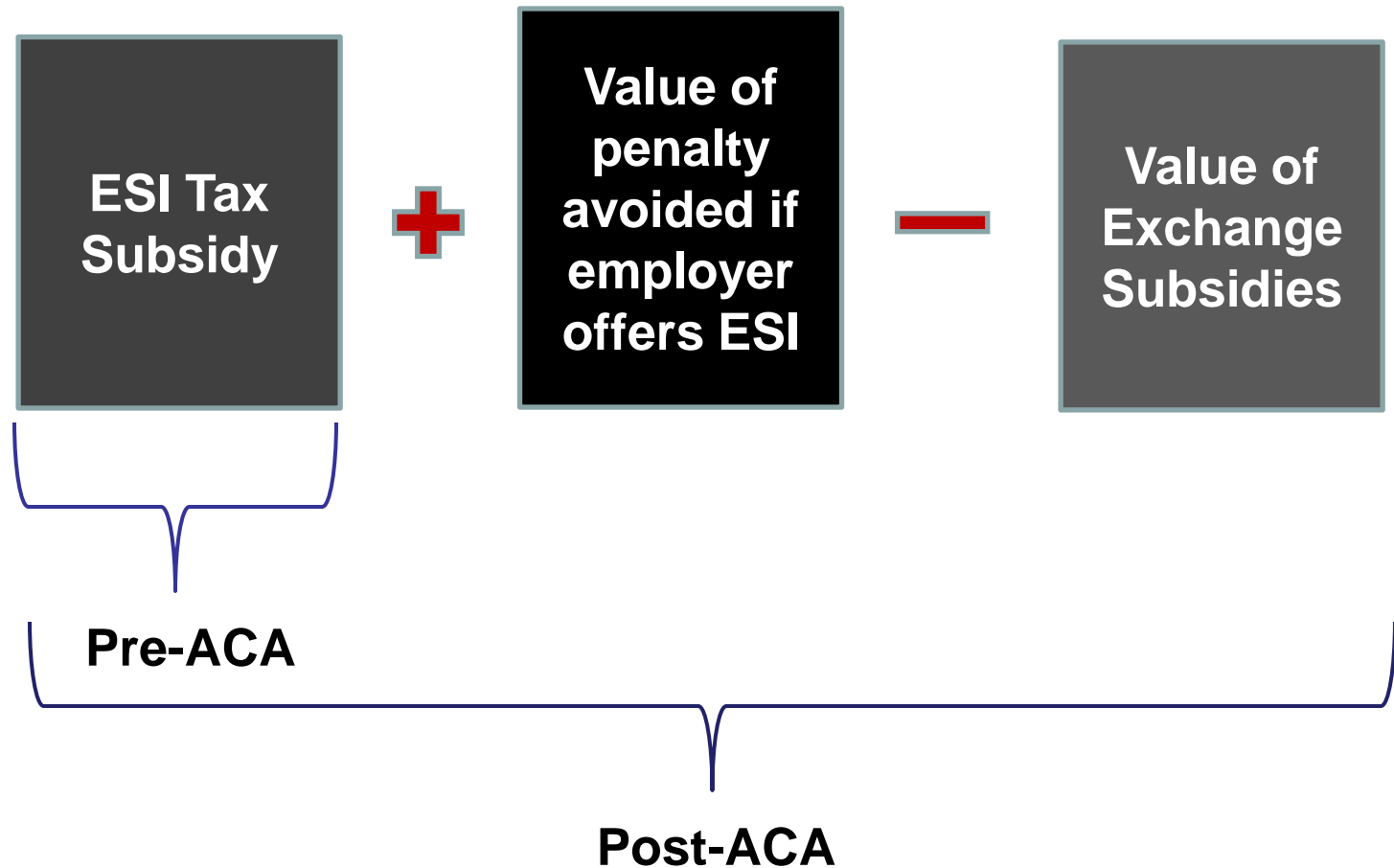
Employer Shared Responsibility Requirement



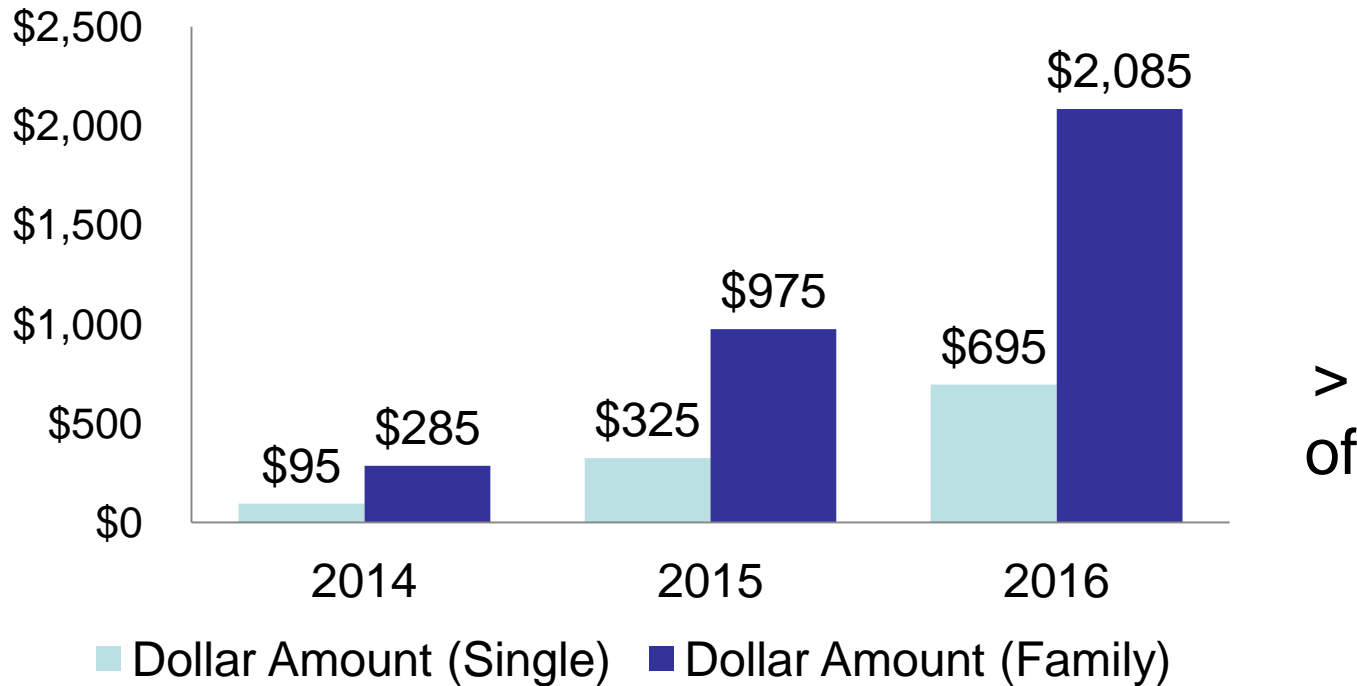
Employers with fewer than 50 FTEs are exempt from this requirement.



Net Advantage of Offering ESI



Individual Mandate



Household
Income:

2014: 1%

2015: 2%

2016: 2.5%

Exemptions for financial hardship, religious objections, American Indians, short coverage gaps (< 3months), undocumented immigrants, incarcerated, unaffordable (>8% income), below tax filing threshold



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The Cadillac Tax in 2018

- In 2018, the ACA will levy a 40% excise tax on premiums above \$10,200 for a single-coverage policy and \$27,500 for a family-coverage policy.
 - Broad (premiums, employer contributions to HSAs/HRAs/MSAs and Flexible Spending Arrangements)
 - Thresholds increase at rate of Consumer Price Index.
- CBO/JCT assumed employers will continue to offer coverage but will cut back to the caps
 - Raise revenue by making more of workers' compensation taxable assuming wage pass-back
 - \$80 billion over 10 years



What's an Employer to Do?

- Offer
 - Get out of the game altogether
 - Stay in the game and comply
 - Self-insurance to avoid some provisions
- Eligibility
 - Full-time workers
 - Part-time workers, Early retirees, Spouses
- Plan Design
 - Reduce generosity to avoid Cadillac Tax
- Configuration of business
 - Firms of 50 FTEs



Questions and Comments

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Minnesota Employers & the ACA

Julie Brunner

Executive Director

October 24, 2014

2014 Health Law Institute and Hamline Law Review Symposium

Mission Advanced But Not Accomplished

Overview

- ◆ Minnesota Council of Health Plans (MCHP)
- ◆ Minnesota leading the way
- ◆ Changes with the broadest impact
- ◆ Industry experience
- ◆ Challenges
- ◆ Future

MCHP

Trade association for 7 nonprofit health plans

- ◆ BCBS, HealthPartners, Medica, PreferredOne, Metropolitan, Sanford, UCare
- ◆ Policy, public health, medical issues, government Programs, behavioral health

Leading the Way

| ACA Requirement | Minnesota Prior to ACA |
|--|---|
| Coverage to age 26 | Age 25 |
| Medical loss ratio of 80 percent small group, 85 percent large group | 71 to 82 percent |
| Review and approval of rates | Minnesota is a model for nation |
| Coverage for preventive care | Often covered with no copay or deductible |
| Guaranteed coverage | Was Minnesota law in group coverage |
| Gender eliminated as a rating factor | Minnesota standard practice |

Broadest Impact

| ACA Requirement | Minnesota Impact |
|---|---|
| Eliminate rating based on health status | Varies by employer |
| Cap on deductibles | Varies by employer |
| County-specific rating areas | Varies by county |
| Taxes on fully insured products | 3.5 percent to help pay for MNsure 0.77 percent for federal reinsurance pool 1.5 to 2.9 percent federal insurance tax |
| Rating on tobacco use | Can be up to 50 percent increase in premium for tobacco users |

Industry Experience

- ◆ -0.3 percent decrease in group coverage
- ◆ 0.3 percent increase in individual coverage
- ◆ 2.8 percent increase in public programs applications
- ◆ 3.3 percent decrease in uninsured rate
 - 4.9 percent of Minnesotans remained uninsured.

Challenges

- ◆ Timely federal & state regulations, action, laws, information
- ◆ Largest IT build in history approached as a policy initiative

Challenges

MNsure: Who is it for? Not everyone

 Elizabeth Stawicki · ST. PAUL, Minn. · Oct 1, 2014

Report: Complex MNsure website causes confusion

MinnesotaCare users given wrong information about renewal

By Christopher Snowbeck
csnowbeck@pioneerpress.com

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POSTED: 07/28/2014 12:01:00 AM CDT | UPDATED: 14 DAYS AGO

Daily Digest
The Daily Digest: More MNsure problems

June 19, 2014, 6:44 AM



MNsure says its work is 'paying off' for consumers

 Bill Catlin · St. Paul, Minn. · Feb 25, 2014

Another logjam: MNsure slow to process insurance coverage changes

Article by: JACKIE CROSBY, Star Tribune | Updated: June 18, 2014 - 5:35 AM

Errant e-mail creates security breach at MNsure

Article by: JACKIE CROSBY, Star Tribune | Updated: September 13, 2013 - 11:15 AM

A staffer accidentally sent confidential information to a broker, including Social Security numbers of 2,400 insurance applicants

Republican candidates for governor want to change MNsure

 Tom S. Stepien · St. Paul, Minn. · Jul 17, 2014

MNsure report finds mixed results: 399 defects but system secure

By Christopher Snowbeck
csnowbeck@pioneerpress.com

POSTED: 07/16/2014 12:01:00 AM CDT
UPDATED: 07/17/2014 08:31:47 AM CDT

MNsure to pay Deloitte \$3M more for health exchange repairs

By Christopher Snowbeck
csnowbeck@pioneerpress.com

POSTED: 07/30/2014 12:01:00 AM CDT
UPDATED: 08/01/2014 04:56:31 PM CDT

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MNsure says its work is 'paying off' for consumers



Bill Catlin · St. Paul, Minn. · Feb 25, 2014

State lapse leaves 16,000 low-income MNsure applicants awaiting coverage

By Christopher Snowbeck
csnowbeck@pioneerpress.com

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POSTED: 07/02/2014 12:01:00 AM CDT | UPDATED: ABOUT A MONTH AGO

Future

Influencing 2015 premiums:

- Premiums reflect the cost of care where you live
- Age
- Tobacco status
- New or increased taxes
- ◆ Additional employer-sponsored influence
 - ACA-compliant in 2014 or not?
- ◆ Additional individual-market influence
 - High risk pool closure

Contact

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