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January 2013 Benefits Spotlight

The holidays are over. Now we have to deal with the realities of managing our benefits programs in a fast-changing environment.

HEALTHCARE

Topping the list of issues is the barrage of regulations and guidance on the Affordable Care Act. While there is plenty to consider, we'll focus on three:

1. The fees employers must pay to support ACA's Patient Centered Outcomes Research Institute (PCORI)
2. The charges plan sponsors will be assessed for the Transitional Reinsurance Program and
3. The recently issued guidelines on ACA's Shared Responsibility Provisions

[This report by Aon Hewitt](#) discusses the final IRS regulations requiring fully insured and self-insured plans to fund PCORI based on the average number of covered lives. The regulations apply to plan or policy years ending on and after October 1, 2012, and before October 1, 2019. Initially, the fees will be assessed at \$1 per covered life in 2012, rising to \$2 in 2013. Fees for 2012 are due July 31, 2013.

The Department of Health and Human Services published a proposed rule in the Federal Register that states the Department will collect fees from group insurers and plan sponsors to fund a three-year transitional reinsurance program to stabilize premiums in the individual health insurance market. HHS proposes a fee of \$63 per covered individual beginning in 2014. This December 20, 2012, issue of [Segal's Capital Checkup](#) discusses the impact the proposed fee will have on employers. Answers to [frequently asked questions](#) are available on the IRS website.

This [Client Action Bulletin](#) by Milliman sums up the guidelines regarding the PCORI and transitional reinsurance program very nicely in plain language. It also briefly summarizes ACA's provisions for increasing wellness incentives and the new Medicare Part A payroll tax on high income earners.

All [37 pages of the proposed Shared Responsibility Provisions](#) are published in the Federal Register, but a more digestible read is provided on the IRS website in the form of [Q&A](#).

Two other sources help to clarify how the rules will work:

- The Groom Law Group highlights new rules and clarifications on its website, where you will also find a link to a [lengthier, detailed analysis](#).
- This [simple flow chart](#) from Henry J. Kaiser Foundation illustrates how ACA's "play or pay" provisions work.

Our upcoming San Francisco and Atlanta ***Mid-Sized Retirement & Healthcare Plan Management Conferences*** provide extensive coverage of ACA in workshops by representatives from EBSA, the IRS and benefits attorneys.

RETIREMENT

Plan fees and retirement readiness will continue to be the issues that garner the most interest in 2013. Although last summer's new fee disclosures elicited barely a peep from employees, most experts caution against complacency when it comes to understanding the cost of your organization's retirement plans, especially in light of the Department of Labor's stepped-up investigations of plan fees. Plan sponsors at the larger end of the market seem to be taking this to heart. A [recent article in P&I](#) notes that a number of DC plan sponsors are using the disclosure information to benchmark their fees and negotiate lower recordkeeping fees.

The lack of preparedness for retirement among American workers is well documented and has been the subject of countless articles and essays by experts. This [Transamerica survey of 3069 workers in January 2012](#) underscores the need for workers, employers, the retirement industry and policymakers to take steps that will improve the nation's retirement outlook. According to the survey, 69% of workers agreed they could not save enough to retire by age 65. A proposal by the DOL to provide lifetime income illustrations to plan participants, due out in the early months of 2013, should also help to focus attention on retirement savings.

To help get your participants off on the right foot, we're providing this link to the [IRS' 2013 Retirement Plan Contribution Limits](#). It may just be the nudge some need to increase their savings amount!

Have a great 2013!