Ed Murphy: Hello. My name is Ed Murphy. I'm a partner with Plante Moran Group Benefit Advisors. I'm here today with a colleague, Jonathan Trionfi, and this is Take Five, Plante Moran's podcast series designed to provide valuable information in five minutes or less.

Today's podcast will discuss benefit matters linked to the Affordable Care Act. In today's marketplace it doesn't take long before I hear questions such as what's going to happen with employer sponsored benefits in the future? Will changes take place because of the ACA? Will ACA be repealed based on the new congress wishes?

Unfortunately I don't have the answers to all of these things, but we will talk about a few things of which you should be aware. Tax season 2015 marks the first calendar year for individuals may have a tax penalty if they did not purchase health insurance that met the minimal coverage standards established by the ACA.

In 2014 the requirements end up imposing a penalty that could be as great as $95 per participant or $385 per family. In 2015 that penalty rises significantly and the deadlines for the 2015 compliance are fast approaching.

Jonathan, if you'd like to identify a couple other things that individuals should be aware of.

Jonathan Trionfi: Thanks Ed. The first thing that we should probably identify is the ongoing taxes and fees associated with ACA. Many employers have already paid these fees either through the necessary filing or though their health insurance premium. The first is the PCORI fee, the second being the transitional reassurance fee. Please understand that neither of these taxes or fees have some set for plan year 2015.

The last tax is the health insurance tax, and this is only applicable to fully insured plans. For 2014 the tax was about one and a half to two percent of medical premium, but with more and more employers choosing to self-insure their plans we feel that the tax is likely to increase. In fact, for 2015 the tax is roughly two and a half to three percent of premiums. Again, we expect that that tax will increase over time, that health insurance tax only applies to fully insured plans. As that tax continues to increase it may be worthwhile to check on the financing arrangement or funding arrangement of your medical plan.

The next thing is the pending changes to the group insurance market for employers with 50 to 100 employees. In 2014 the ACA changed how medical insurance plans would be offered and rated for employers with fewer than 50 employees. Those rules established rating criteria as well as structured plan design value that could only be offered to those small employers.

Beginning in 2016 employers with 50 to 100 employees, or 51 to 100 employees, are subject to those same rules. The big impact here is, one, the rating structure will become age rated. Most employers are used to composite insurance premium rates either on a three tier or four tier basis. Starting in 2016 employers in this size will see that their rates are actually specific to each person. This creates some administrative headaches, but it also can dramatically increase costs for employers where these rules were effective. In 2014 we saw sometimes insurance rates increase between 30 and 50 percent.

The good news was with every problem there's usually a solution. Again, like with the health insurance tax, these changes to the 51 to 100 employee life space does lend itself well to considering self-insurance. There are many new and creative financing arrangements that these employers can consider to avoid the problems associated with these new rules.

Ed, do you want to wrap things up, talk a little bit more about reporting?

Ed Murphy: I sure will. Last item, real quickly, is with the Affordable Care Act many individuals will be eligible for certain state and/or federal subsidies. The key to this is the government really needs to know who might be eligible for those subsidies, and most of the information is going to come from employers themselves. Due to the Affordable Care Act there's a new provision in the Internal Revenue code under sections 6055 and 6056 that introduced the reporting requirements that will be required beginning in January of 2016 for the 2015 calendar year on what employers need to do to tell both individuals and the federal government the types of benefits in therefore subsidies for which they might be available.

That pretty much wraps up things for today. This has been Take Five. Thanks much for joining us and thanks for listening.