

MINIMUM ESSENTIAL COVERAGE UNDER THE AFFORDABLE CARE ACT



For employers seeking to comply with the Affordable Care Act (ACA), the nuances of minimal essential coverage requirements are both complex and potentially risky.

At MMA, our national team of Health Care Reform experts is dedicated to monitoring ACA, including the evolving rules and requirements associated with minimum essential coverage, to help you make the right choice for your business.

WHAT IS MINIMUM ESSENTIAL COVERAGE?

Minimum essential coverage is coverage individuals must have in order to satisfy the individual mandate under ACA. The mandate states that all employers with 50 or more full-time *equivalent* employees must offer coverage to at least 95% of full-time employees to avoid a penalty of \$2,000 per employee (excluding the first 30 full-time employees).

Minimum essential coverage under ACA is defined very broadly as:

- “Eligible employer-sponsored plan” (i.e., virtually any employer-sponsored group plan excluding HIPAA-excepted benefits)
- Government-sponsored programs, including Medicare Part A, Medicaid, CHIP, TRICARE
- Individual coverage
- Other health benefits coverage as recognized by the Department of Health and Human Services



MINIMUM VALUE PLAN

A health care plan meets the minimum value requirements if the plan’s share of total allowed costs of benefits provided is 60% or more of those costs.

A plan can still meet the minimum essential coverage requirements but not meet the minimum value requirements.

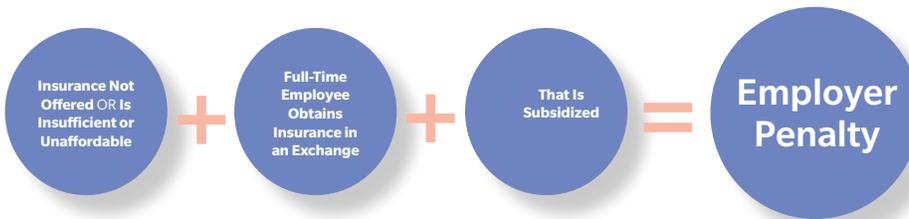
THE 60% RULE AND MINIMUM ESSENTIAL COVERAGE

Under ACA, it is important to understand that minimum essential coverage is *not* the same as a minimum value plan – a 60% plan with affordable contributions. An employer does not have to meet the requirements of a minimum value plan to still be compliant with many of the ACA regulations. However, the penalties will be steeper for employers not complying with minimum value.

If a minimum essential plan:

- Is the only plan offered and;
- Does not meet the minimum value criteria with affordable contributions and;
- An employee qualifies for, and enrolls in, subsidized coverage on the public exchange

The employer will be subject to a \$3,000 per employee penalty.



LEVERAGING MINIMUM ESSENTIAL COVERAGE

The experts at MMA can work with you to develop strategies to help you leverage minimum essential coverage based on the structure and requirements of your business.

Options to consider regarding coverage requirements include:

- Minimum essential coverage is the only plan offered
- Minimum essential coverage is offered alongside an affordable option that meets the 60% minimum value requirements

Depending on the option selected, there could be different consequences to consider. If only offering minimum essential coverage, employees could

qualify/get subsidized coverage, which can trigger the \$3,000 penalty. If offering minimum essential coverage, alongside a minimum value plan, the employee contributions still have to be affordable to ensure protection from penalties.

SAMPLE: Minimum Essential Plan (Less than 60% value)	
Deductible	\$3,000/\$6,000 (<i>or higher</i>)
HSA Account	Optional: funds can be earned for compliance with one or more health management programs
Coinsurance	50%
Out of Pocket Maximum	\$6,350 / \$12,700 (<i>max allowed</i>) (incl. deductible)
Preventive Care	Covered at 100%
Pharmacy	Subject to deductible & coinsurance

For more information, visit MMAAffordableCareAct.com or contact your local representative.

This publication is for information only and does not constitute legal advice. Consult with legal and tax advisors before applying this information to your situation.

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WHY MMA?

The definition of minimum essential coverage is still evolving. As insurers strive to provide cost-competitive solutions to meet the requirements, the risks for potential litigation are high. Before making any decisions regarding your benefit plans, make certain you have the right team of advisors. Your local MMA representative, backed by a dedicated Health Care Reform team and experts at MMC, can help you determine the best strategy for your business and help you navigate the challenges of health care reform now and in the future.