

The Impact of Health Care Reform on The Staffing Industry



Key Components of The Affordable Care Act

- ▶ Some market reform components are already in place. Other provisions such as the mandate, penalties/excise tax and state exchanges will play out in 2012 and depend on elections and the Supreme Court ruling expected in June – this means hold your position for now – Most provisions kick in 2014
- ▶ Employers with 50 or more FTE (full time equivalent employees) must offer health coverage or pay \$2,000 excise tax (penalty)
- ▶ Employers who offer coverage that is not “affordable” must pay a \$3,000 per employee excise tax (based on number of employees applying for a tax credits through exchanges)
- ▶ So called “mini-med” plans will be required to become major medical plans
- ▶ Other significant provisions include maximum waiting period for coverage will be 90 days of employment, discrimination testing (with its own penalties), benefit structure requirements, and the creation of state insurance exchanges

How Staffing Firms May Be Affected



- ▶ Your competitive position in the market could shift - based on strategy chosen
 - Offer coverage? If so, what level of coverage?
 - Don't offer coverage and pay penalties? Will penalty remain \$2,000/employee?
 - Number of hours employees work and number of employees are a key variable
 - Health benefits vary greatly based on industry (i.e. professional vs. skilled labor)

- ▶ FT staffing employees will be counted as and treated same as internal staff

- ▶ The Impact on Staffing Companies' Approach to Health Coverage
 - Few industries will be impacted as greatly as the staffing industry
 - Staffing companies presently offering coverage must evaluate what changes their current plans will have to make to conform
 - Staffing companies not presently offering coverage must evaluate feasibility of whether to "pay or play" – Most expect the \$2,000 per employee tax must increase – how much?
 - Only full-time employees must be offered coverage (30 hours/week)
 - A financial analysis of the options is virtually impossible to do now but staffing firms presently offering coverage should engage their broker to review options including whether to maintain "Grandfathered" status, the role offering a health plan pays in your niche industries, and what benefit structure makes sense

Approaches To Consider and Next Steps



- Drop/don't offer coverage and pay penalties – do financial analysis on impact
- Could you still attract candidates?
- Consider lower-cost health coverage – i.e. high deductible health plans
- Create separate companies – each with a health plan for that industry focus
 - Example: Assurance Agency's Work Force Staffing Plan – fits some industries
- Offer a health program that is not subject to health care reform
 - "HIPAA Excepted Benefits"
 - Example: Assurance Agency's Key Health Program for Staffing Companies
- Restructure workforce – capping number of hours worked below full-time status
- Wait (but don't JUST wait) to see what happens in 2012 before committing to a definite strategy
 - Supreme Court – Congress - White House
- Engage your broker to begin review between now and early 2013

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