



## FY 2016 Recommended Budget Budget Question

**Board Question #: 3**

**BUDGET QUESTIONS:**

Provide general information on the Affordable Care Act (ACA) Cadillac Plan Excise tax, including what types of coverage is included and the thresholds for the various coverage types.

**RESPONSE:**

Below is information regarding the Cadillac Plan Excise Tax and potential impacts to the County:

*Health & Human Services Justification: Cadillac Plans provide employees the most generous level of health benefits which typically have low, or no, co-pays, deductibles or caps that encourage the overuse of medical care, such as unnecessary tests and hospital visits that drive up the cost for the uninsured or those on other plans and raise overall US health costs.*

**Summary: The Affordable Care Act (ACA) included provisions for an Excise Tax on qualified health plans that exceed a certain dollar threshold. These plans are called Cadillac Plans. The purpose was to penalize health plans that offered very rich benefits and thus encouraged the overuse of medical care.**

Beginning in 2018, the total value is calculated by including both the Employer and Employee Health Insurance premiums (to include EAP/Wellness Programs) and any funds put into a Flexible Benefit Accounts (FSA), and any Hospital Indemnity, Cancer and Accident Insurance Plans that are paid by the Employee on a pre-taxed basis. For self-insured, the cost of the plan is determined by their COBRA rate (less 2% administrative fee). Final regulations and guidance have not been released.

- o Data reporting requirements will be reported monthly and the excise tax will be applied (by employee, showing level of coverage, plus any FSA and any pre-taxed Hospital Indemnity, Cancer Insurance or Accident Insurance even if Employee pays premium at 100%).
- o W2 will need to show the total benefit cost (COBRA rate less 2%) and any FSA funds and pre-taxed Hospital Indemnity, Cancer Insurance and Accident Insurance.
- o **Stand-alone dental and vision plans** do not need to be included in the COBRA amount.
- o Same criteria will apply to pre-Medicare retirees (increased \$1650 for individual to \$11,850 and \$3450 for family plan to \$30,950).

Key Care 20 Coverage Level	COBRA Amount (less 2% admin fee) incl's dental & vision	COBRA Annually	FSA Amount (maximum)	Total Value	ACA Annual Limits	Amount Remains
Individual	\$649	\$7,788	\$2,500	\$10,288	\$10,200	(88.00)
Individual + 1 Child	\$935	\$11,220	\$2,500	\$13,720		
Individual + Spouse	\$1,409	\$16,908	\$2,500	\$19,408		
Individual + Family	\$1,714	\$20,568	\$2,500	\$23,068	\$27,500	\$4,432
Key Care 30 Coverage Level	COBRA Amount (less 2% admin fee) incl's dental and vision	COBRA Annually	FSA Amount (maximum)	Total Value	ACA Annual Limits	Amount Remains
Individual	\$605	\$7,260	\$2,500	\$9,760	\$10,200	\$440.00
Individual + 1 Child	\$875	\$10,500	\$2,500	\$13,000		
Individual + Spouse	\$1,319	\$15,828	\$2,500	\$18,328		
Individual + Family	\$1,604	\$19,248	\$2,500	\$21,748	\$27,500	\$5,752