Confused by some health care reform terms and requirements?

Minimum Essential Coverage vs. Minimum Value Coverage

The reality:
Employers are facing the onset of the Employer Mandate, which is a two-prong requirement. First, in 2015, employers with 50 or more employees will be required to offer Minimum Essential Coverage (MEC) to 70% of full-time employees and their children. In 2016, employers will need to offer coverage to 95% of their full-time employees. Second, the MEC must be Affordable and greater than 60% Minimum Value. If employers choose not to meet those requirements, they may face one of two potential penalties. As a result of this approaching mandate, employers are assessing their coverage strategies and options, weighing the pros and cons of extending coverage to more employees or paying the penalty.

The guidance:
Anthem Blue Cross and Blue Shield (Anthem) offers many low-cost and lean plans that can accommodate various employer needs depending on business objectives and goals. We recommend starting with our more robust standard low-cost Minimum Value plans and then working with your Sales and account management teams to come up with the right mix of services for your organization that align with our coverage philosophy.

What all large employers need to do in response to health care reform

Beginning in 2014, all employers regardless of size and funding type, must apply all member cost share (including pharmacy), for in-network services and out-of-network emergency services, to the in-network out-of-pocket maximum. This cannot exceed the limits allowed by the Affordable Care Act (ACA).

For plans other than Health Savings Accounts, the 2015 amounts are $6,600 self only/$13,200 other than self only.

The maximum out-of-pockets for HSA plans in 2015 are $6,450 self only/$12,900 other than self only.

Large employers can offer a variety of plans; traditional, those that meet minimum value and those that do not meet minimum value. The plans cannot have an out-of-pocket maximum higher than the limits allowed under the ACA.

Minimum Essential Coverage

Minimum Essential Coverage (MEC) has been loosely defined as any employer-sponsored coverage that provides benefits on an expense-incurred basis and is not dental or vision only, accident only, auto med pay or long-term care only.

A plan provides Minimum Value (MV) if it pays at least 60% of the cost of covered services (considering deductibles, copays and coinsurance). The federal government has released an MV calculator that employers can use to determine if their plans provide Minimum Value. The calculator introduced required essential health benefits (EHB) categories (Hospitalization, Emergency Services, Generic Rx, and Preventive) to be included in the total services amount used to determine percent of cost coverage.

Large groups are not required to include EHBs, and the calculator allows us to exclude any of them. Our belief is that hospitalization, Emergency Services, Generic Rx and Preventive should be included in all our products, and therefore, consider these in the calculation.
Penalties that may apply if the following criteria is not met:

1. Beginning in 2015, employers with 100 or more employees must offer Minimum Essential Coverage to 70% of their employees and their employees’ children.

2. Coverage must be affordable and of minimum value.

3. Employers with 51-99 full-time employees have transition relief until 2016, if they meet certain conditions.

4. In 2016, employers with 51+ full-time employees must offer coverage to 95% of their full-time employees and their employees’ children. It must be affordable and of minimum value.

Our plans meet health care reform requirements and may help avoid certain employer penalties

It’s important for you to understand the requirements of health care reform and the employer mandate concerning coverage. This way you can choose the options that work best for you and your employees. Anthem can help guide you with your choices.