

Mansfield Board of Education Meeting

February 25, 2014

Rescheduled February 13, 2014 Cancelled due to Weather

Council Chambers 7:30 p.m.

Board Members: Mark LaPlaca, Chair, Randy Walikonis, Vice-Chair; Martha Kelly, Secretary, Susannah Everett, John Fratiello, Sarah Lacombe, Katherine Paulhus, Jay Rueckl, Carrie Silver-Bernstein

Agenda

7:30 Call to Order

7:35 Special Presentation

7:50 Hearing for Visitors

8:00 Communications (P. 1)

8:05 Additions to the Present Agenda

Reports:

8:10 Committee Reports

8:15 Report of the Superintendent

- Safe Routes to School (P. 3)
- Mansfield Tomorrow
- 2013-2014 School Calendar
- Connecticut's Educator Evaluation and Support System 2013-2014 Flexibility Request Submission Form (M)
- Capital Improvement Funds Update (P. 15)
- Voting at Vinton School (P. 5)
- Quarterly Financials (M) (P.13)
- 2014-2015 Proposed Budget (M) – Board Detail Review and Adoption

APPROVAL OF MINUTES: (M)

February 6, 2014 Meeting (P. 17)

NEW BUSINESS:

9:50* Hearing for Visitors

9:55 Suggestions for Future Agenda

Adjournment

* Estimate

Mansfield Public Schools: Board of Education Goals – 2013-2014

- I) Help each student to be a confident and successful learner through differentiated instruction and support. Monitor student progress to ensure growth.
 - a. Engage and motivate each student.
 - b. Improve the mathematics, reading, science, and writing skills of each student to support college and career readiness.
 - c. Promote the cognitive, social, and emotional development of each student.
 - d. Support the full breadth of the district's programs, systematically review program offerings, and explore expanding programs.
 - e. Provide positive school climate through positive behavior support systems and encouraging character development to ensure student safety, health, physical, and emotional well-being.
 - f. Increase engagement and participation of parents/guardians in the education of their children.
 - g. Encourage the civic engagement of students.
 - h. Align our current Language Arts/ Reading, Science and Mathematics curriculum with the Common Core State Standards (CCSS).
 - i. Integrate current technology into the instructional program to extend student learning of subject matter and appropriate use of technology.
 - j. Explore additional support services for students in need of community and/or health services.
 - k. Ensure all student transitions within and between environments are supported and successful.
 - l. Incorporate curricula that investigate energy use and environmental issues.
- II) Attract, support, and retain qualified, motivated, and diverse professional staff.
 - a. Facilitate and encourage a positive, professional learning community.
 - b. Recognize teacher and staff effort and success regularly.
 - c. Foster a climate of mutual respect at all levels.
 - d. Maintain quality educational programs at multiple sites while adjusting staff levels and resources despite any changes in overall enrollment.
 - e. Support current and future school/district leadership to maintain and surpass current levels of student achievement.
 - f. Implement, with input and collaboration from certified staff, an effective professional development and evaluation program that supports the development of confident student learners and encourages the continued growth of all staff.
 - g. Provide regular opportunities for all staff to share feedback about the effectiveness of the district's programming.
- III) Monitor the District's quality and efficiency of facilities, sufficiency of space, level of security, adequacy of maintenance, and efficiency of student transportation.
 - a. Communicate quarterly with Town Council about ongoing needs for infrastructure, security, and technology.
 - b. In collaboration with the Town Council, develop and implement a long-term plan, supported by voters, to address prek-8 building needs.
 - c. Implement the improved school security and technology recommendations as approved by the Board.
- IV) Increase the effectiveness of the Board of Education.
 - a. Invest time and effort in Board members' learning and development.
 - b. Celebrate and acknowledge student achievements at Board meetings and other venues.
 - c. Foster and encourage communication between the Board and the communities it serves.
 - d. Collaborate with community members and organizations that support the District's students; including Mansfield Youth Services Bureau and Mansfield Advocates for Children.
 - e. Examine evidence regarding school readiness and review prekindergarten educational opportunities for Mansfield children.
 - f. Meet regularly with our state legislators.
- V) Plan for long-term fiscal sustainability.
 - a. Advocate for continued Education Cost Sharing which supports current programming and develop a plan to address any change to current funding level.
 - b. Continue to explore partnerships with other groups to maximize program effectiveness while containing costs.
 - c. Investigate alternative revenue, including public and private funding sources and grant opportunities.
 - d. Continue to educate ourselves and the public at large on long-term financial ramifications of balancing board goals and priorities.

Robert's Rules of Order General Guidelines

As outlined in the MBOE By-Laws, Robert's Rules of Order shall govern the proceedings of the Board unless otherwise provided by the by-laws. Following are some general guidelines from Robert's Rules and the By-Laws that should be followed to ensure efficient meetings and the rights of all members, aid decision-making and allow all to be heard.

1. During any discussion, a member must be recognized by the Chair before speaking.
2. A member will not be allowed to speak a second time until all other members wishing to speak have been allowed to do so.
3. Members should refrain from speaking a second time unless they have a new point to make or need to respond to new information.
4. As a general rule during discussion, comments should be directed through the Chair to the whole Board, rather than to other or individual members. All discussion is with the Board as a whole. Questions of the Superintendent or other non-BOE members making presentations should be directed to that individual.
5. Private conversations can be distracting to those speaking and should be limited.
6. During discussion, the Chair should try to provide equal time to those in favor or against a given topic or motion.
7. A majority is more than half of the votes cast, not a majority of the Board. For example: if only 7 members choose to vote, and the result is 4-3 in favor, the motion is adopted. Members who abstain are "refraining from voting".
8. If discussion on a *motion* is lasting a long time, any member can "move the previous question" or "call the question". They must be recognized by the Chair in order to do so. This is not debatable, and a two-thirds vote is required to pass. If two-thirds vote in favor of ending debate, the Board ends all discussion on a motion and then moves to an immediate vote on that motion.
9. Committee reports that recommend action should be submitted in writing. This allows for clear understanding of recommendations.

Supplement to Board Packet

2-25-14

Mansfield Public Schools

2013-2014

August 13 (3)						
Su	M	Tu	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	PD	PD	28	29	30	31

September 13 (20)						
Su	M	Tu	W	Th	F	Sa
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22	23	24	25	26	27	28
29	30					

October 13 (21)						
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20	21	22	23	24	25	26
27	28	29	30	31		

November 13 (17)						
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17	18	19	20	21	22	23
24	25	26	27	H	V	30

December 13 (15)						
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22	V	V	H	V	V	28
29	V	V				

January 14 (21)						
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26	27	28	29	30	31	

February 14 (18)						
Su	M	Tu	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	H	V	19	20	21	22
23	24	25	26	27	28	

March 14 (20)						
Su	M	Tu	W	Th	F	Sa
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9	10	11	12	13	14	15
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23	24	25	26	27	28	29
30	PD					

April 14 (17)						
Su	M	Tu	W	Th	F	Sa
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13	V	V	V	V	H	19
20	21	22	23	24	25	26
27	28	29	30			

May 14 (21)						
Su	M	Tu	W	Th	F	Sa
				1	2	3
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11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	H	27	28	29	30	31

June 14 (15)						
Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	PD	24	25	26	27	28
29	30					

 Early Closing
 Holiday

 Professional Development Day for Teachers
 Vacation

*Last day for students includes 5 built-in weather related closings. If these days are not needed, the last school day will be adjusted accordingly. If the district uses all 5 built-in weather days and requires additional days, consideration will be given to Professional Development Days in March, November, and October. Total Instructional Days will not exceed 183. Adopted by the Mansfield Board of Education on February 21, 2013. Also available on line @ <http://www.mansfieldct.gov/MBOE>

Notes

August:
26-27: Certified/Non-Certified Staff Prof. Day
28: First Day - Students
September:
2: Labor Day Holiday
October:
14: Columbus Day: No School
15: Certified/Non-Certified Staff Prof. Day
November:
11: Veterans' Day: No School
12: Certified Staff Professional Day
25-27: Early Closing
28-29: Thanksgiving Holiday
December:
23-31: Winter Vacation
January:
1: New Year's Holiday
20: Martin Luther King, Jr. Holiday
February:
17: Presidents' Day
18: Vacation Day
March:
31: Certified Staff Professional Day
April:
14-17: Spring Vacation
18: Good Friday Holiday
May:
26: Memorial Day Holiday
June:
20: Last Day for Students (Early Closing)*
23: Certified Staff Professional Day

**Connecticut's Educator Evaluation and Support System
2013-14 Flexibility Request Submission Form**



Due Date for this Academic Year (2013-14): March 30, 2014
(New Deadlines Will be Provided for the 2014-15 Academic Year)

District:

Superintendent Name:

Email:

We request flexibility in our 2013-14* district educator evaluation and support plan for the components indicated below.

Student Growth Goals/Objectives

- Each teacher, through mutual agreement with his/her evaluator, will select 1 goal/objective for student growth. For each goal/objective, each teacher, through mutual agreement with his/her evaluator, will select multiple Indicators of Academic Growth and Development (IAGD). See 2.9(a) for complete language.

OR

- Please state the variation on the above number of goals/objectives that your district and Professional Development and Evaluation Committee have selected (feel free to include an attachment if more space is required):

Observations

- Teachers who receive and maintain an annual summative performance evaluation designation of proficient or exemplary (or the equivalent annual summative rating in a pre-existing district evaluation plan) during the 2012-13 or any subsequent school year and who are not first or second year teachers shall be evaluated with a minimum of one formal in-class observation no less frequently than once every three years, and three informal in-class observations conducted in accordance with Section 2.3(2)(b)(1) and 2.3(2)(b)(2) in all other years, and shall complete one review of practice every year. See 2.9(c) for complete language.

OR

- Please state the variation on the above approach to observation (cycle, frequency, informal/formal, eligibility) that your district and Professional Development and Evaluation Committee have selected (feel free to include an attachment if more space is required):

Observations (continued)

If your district is pursuing flexibility regarding teacher observations and you wish to utilize summative ratings from the previous year (2012-13) for this purpose, please explain how the previous ratings will be translated into the new rating system. In other words, please explain what ratings from 2012-13 will be considered to be the equivalent of what current ratings (exemplary, proficient, developing, below standard) (feel free to include an attachment if more space is required):

Use of State Test Data

Please note: Districts have already made their decisions regarding the decoupling of state test data for their 2013-14 educator evaluation and support plan. No further action is required for this academic year.

Professional Development and Evaluation Committee

Pursuant to 10-151b(b) and 10-220a(b), the district Professional Development and Evaluation Committee must convene to consider a district's flexibility options. Please indicate whether the local or regional board of education and the Professional Development and Evaluation Committee reached mutual agreement on the flexibility components you have requested above.

Mutual agreement reached

Mutual agreement not reached; local or regional BOE Decision

Signatures- *indicating approval of the requested flexibility:*

_____ **Date** _____
(Superintendent)

_____ **Date** _____
(Board of Education Chair)

Request for flexibility has been reviewed and approved by the CSDE

Signature: _____ **Date** _____

(Shannon Marimón, Division Director, Bureau of Educator Effectiveness and Professional Learning, CSDE Talent Office)

Submit this completed form to SDE.SEED@ct.gov no later than **March 30, 2014**.

Please reference "{DistrictName}: Flexibility Amendments for 2013-14" in the subject line.

Questions? Call the CSDE Educator Evaluation and Support Hotline: 860-713-6868

***Please Note: This is not a substitute for submission of a 2014-15 district plan.**

**Connecticut's Educator Evaluation and Support System
2013-14 Flexibility Request Submission Form**

A motion is in order if the Board approves the requested flexibility.

Motion to approve the Mansfield Public Schools 2013-2014 Flexibility Request Submission Form.



Town of Mansfield

Department of Finance

Voting at Vinton School:

1. Conn. General Statutes Sec. 9-168 through 9-169 and 10-239
2. Divided into voting districts, therefore the registrars designate the voting place
3. If there is no suitable location within a district, a voting place may be established in an adjacent district. Must be as near as possible to the boundary of the voting district, handicapped accessible, etc.
4. Section 10-239 states "Any local or regional board of education.....shall grant such use for any purpose of voting under the provisions of title 9 whether or not school is in session....".
5. The Board cannot refuse to allow the school as a voting place, but they could decide not to hold classes at that time, restrict access to where the students are, etc.
6. Registrars have looked for other suitable sites, but at the time, were not able to find one. The Vinton site is not ideal for them either.
7. Suggestion – Board direct Supt. Baruzzi to request that the registrars look again for another suitable voting place. If they cannot find another location, the Board could consider having an Officer on site during voting hours.

State Revenue Projections:

1. Refer to State Grant Analysis – current revenue estimates from the State are from the Governor's proposed budget. Estimates are similar to the biennium budget projections.
2. While we were seeing a reduction in PILOT, we had not seen the breakdown of the Municipal Adjustment Aid grant. This also shows a reduction. The overall amount of the MAA grant is roughly half of what it was for the current fiscal year.
3. Reasons for the reduction in PILOT include:
 - a. Certain tribal properties have been added to the State Owned Property List for purposes of calculating the PILOT grant, thereby increasing the PILOT grant for Ledyard and Montville and reducing the grant for all other communities.
 - b. Farmington is also showing an increase and since the overall grant is not increasing, other communities will show a decrease.
 - c. Bergin is no longer reimbursable at 100% as a prison

- d. Timing of our revaluation compared to other communities may also have an impact. Our next revaluation is for the October 1, 2014 grand list.
4. Overall reduction as of current projections is nearly \$747,000.
5. Matt Hart has been in touch with our legislators to seek their assistance.
6. Matt and the Mayor testified to the Appropriations Committee on February 11th regarding our concerns, particularly with the planned expansions at UConn.
7. We will follow this carefully, but we may not have final grant information by the time the Manager's proposed budget is presented to the Council.

Implications of the Affordable Care Act:

1. Steve May from Milliman presented at the February 10th Town Council meeting. Distribute Steve's Powerpoint presentation and penalty flowchart.
2. Milliman – Fee Estimator for Employers. Steve has done this for the Town and will prepare for both the Mansfield Board and Region Board.
3. Must pay attention to these changes as they are implemented to limit and control our costs where possible. The decisions we make will have an impact on our costs.
4. ACA requires that the employer offer affordable insurance to employees who work an average of 30 hours per week, or we pay a penalty. This is an issue for the Board for Substitutes, many who may fall into this category. We are working on a plan for this now.

**Mansfield
Federal Healthcare Reform
PPACA and Employee Benefit Plans**

**Presented by:
Steve May, CIC
Senior Health Benefits Consultant**

February 10, 2014



Agenda

- Already Implemented
- Affordable Care Act Taxation
- Affordable Care Act Basics
- Employer Shared Responsibility
- Automatic Enrollment
- Cadillac Tax

Already Implemented

- ACA Plan design changes
 - Adult Children to Age 26
 - Eliminate Lifetime maximums and annual maximums
 - No copay for wellness visits
 - Women's preventive care initiatives
- Summary of Benefits and Coverage (SBC)
 - ACA Requirement for standard documentation of plan designs
 - Implemented November, 2012
- Patient Centered Outcomes Research Institute (PCORI) Fee
 - Slated to end 2019
 - Current charge is \$2.00 per member per year, ~~\$30,000~~ ^{\$3,000} for Mansfield Insurance Pool
 - Implemented July, 2013
- Reinsurance Subsidy
 - Slated to be in place through 2016
 - Self-insured entities must pay this tax
 - The tax is \$5.25 per member per month, \$80,000 for Mansfield Insurance Pool

		Reinsurance Subsidy	Health Insurer Tax (HIT: Sec. 9010)	Exchange Administrative	Comparative Effectiveness Research	Cadillac/Excise
Rationale/Description		All markets help subsidize poor morbidity in individual market	Fixed fee collected by government based on allocation of premium relative to total	Cost of administering the Exchange	Fee funds research to compare health outcomes and clinical effectiveness	Method to put individual and group insurance on taxation level playing field
How long?		2014 - 2016	Indefinitely	Indefinitely	2012 - 2019	2018+
How much?	Dollars	\$12/\$8/\$5B total for 14/15/16; \$10/\$6/\$4B for Ind. Exch QHPs; \$2/\$2/\$1 billion to Treasury + Admin to run state pools	2014: \$8B 2015/6: \$11.3B 2017/8: \$13.9-14.3B Index: Premium Trend	Estimated at \$20-\$60 million varying by state	PY ending on or after: 10/1/12:\$1 PMPY 10/1/13:\$2 PMPY Indexed to NHE	40% of fully insured equivalent costs over \$10,200/\$27,500 trended at CPI-U+
	Est. PMPM	\$5.25 PMPM \$20-50 PMPM Indiv. Offset	\$5 - \$X PMPM (?)	\$6-\$22 PMPM		Varies based on many factors, incl: FSA/HRA/HAS
	Est. % Prem	Payment Subsidy: 1-2% Pool admin: ?	1-4% based on premium volume and tax status	1-6%	<0.2%	
Who Pays?	Individual					NA
	Small FI		Applicable Carrier			Employer will ultimately pay the bill
	Large FI					
	Self-Insured	Plan Sponsor (TPA liable?)	Stop-loss Only or NA	NA	Plan Sponsor	bill
	Exemptions	Medicare, Medicaid	0%: <\$25M Prem, NPs w/80% Gov't, Ltd ben, Sl'd 50%: \$25-50M, 501© NPs	Non-exchange business (varies by state)	Medicare, Medicaid, Stop-loss carriers, FSAs, etc.	Higher thresholds for high risk groups, Applies to GFd plans
Other Thoughts		Excludes Medicare/Medicaid	Not deductible for FIT NA:DI, LTC, Sup, Sl'd Incls: MA/Caid MCOs	State has flexibility who they can charge		Rationale: (1) Reduce utilization and (2) Fund Ul'd

The Affordable Care Act

➤ Basics

➤ Mandates

- Required insurance; employer shared responsibility

➤ Insurance reforms

- Underwriting restrictions, broader access

➤ Exchanges/Marketplace

- Venue to purchase insurance with more transparency

The Affordable Care Act

➤ Mandates

- Individual mandate requires all citizens to have Minimum Essential Coverage or pay penalty
- Minimum Essential Coverage (at least 60% actuarial value) with exceptions for those under age 30 (can have catastrophic)
- Flat dollar per individual (\$95 in 2014, \$325 in 2015, \$695 in 2016) **or**
- Percent of income in excess of tax filing threshold (1% in 2014, 2% in 2015) **Whichever is greater**

Employer Shared Responsibility

- Employers Must Offer the Following
 - Access to healthcare
 - Benefits offered must be affordable
 - Minimum essential benefits
- Effective date delayed until 2015
- Employers with 50 FTEs will be subject to penalties
 - Part-timers working less than 30 hours count towards the 50 FTE threshold but do not need to be offered coverage
 - Once it is determined that an employer has 50 FTEs then the employer is subject to both standards to determine if a penalty will apply

Access to Healthcare

- First Standard-Is Coverage Offered?
 - To satisfy this standard the employer must offer coverage to at least 95% of full-time (30 hours or more) employees and their child dependents (coverage of spouse is not required)
 - Coverage of part-time employees (under 30 hours) is not required
- Penalty Applies
 - If an employer does not offer coverage to at least 95% of full-time employee **-and-**
 - At least one employee receives subsidized coverage through the Exchange
 - The employer is subject to a \$2,000 penalty for every full-time employee less the first 30 full-time employees
 - Penalty applies to all full-time employees (less the first 30) even if only 1 employee receives subsidized coverage through the Exchange
 - For this standard the employer DOES NOT need to offer “affordable” coverage that meets “minimum value” coverage, just that they offer coverage.
 - “One-year-good-faith” period for employers currently not offering coverage to children

Affordable Benefits

- Second Standard-Affordability & Minimum Coverage
 - To satisfy this standard the employer must offer affordable coverage that meets a “minimum value” of coverage
 - Employer has a Choice
 - DO NOT Offer coverage and pay \$2,000 per FTE OR
 - Offer coverage that is not Affordable, Minimum Essential Coverage and pay \$3,000 per FTE that goes to Marketplace and gets coverage
 - Affordable < 9.5% pay for single coverage
 - Minimum essential = 60% actuarial value
- Affordability Standard
 - The employee’s portion of employee only coverage can not be more the 9.5% of employee’s household wages (basis for employee only coverage and employee’s wages is from IRS safe harbor)
 - Affordability can be tested against the employee only premium for the lowest cost plan – does not have be tested against the plan the employee is enrolled in

Minimum Essential Benefits

- Minimum Value of Coverage
 - The plan offered by the employer must meet a minimum value of coverage
 - Based upon actuarial determination that the plan pays at least 60% of the overall cost of benefits provided under the plan
- Essential Benefits
 - ambulatory patient services;
 - emergency services;
 - hospitalization;
 - maternity and newborn care;
 - mental health and substance use disorder services, including behavioral health treatment;
 - prescription drugs;
 - rehabilitative and habilitative services and devices;
 - laboratory services;
 - preventive and wellness services and chronic disease management; and
 - pediatric services, including oral and vision care.
- Penalty Applies
 - If an employer fails to offer an "Affordable" plan that covers the "Minimum Value" of benefits under the plan
 - The employer is subject to a \$3,000 penalty for each full-time employee that receives subsidized coverage through the Exchange

Automatic Enrollment

- Employers with 200+ employees must automatically enroll employees
 - Silence/no choice equals enrollment
 - If multiple plan options – which plan?
 - If employee has a family – which coverage level?
 - How does this affect the collective bargaining process?
- Additional administrative process
 - Communications with new employees
 - Make aware of decisions made for them if silent
 - Make aware that contributions will be taken from their pay if silent

Excise Tax aka Cadillac Tax

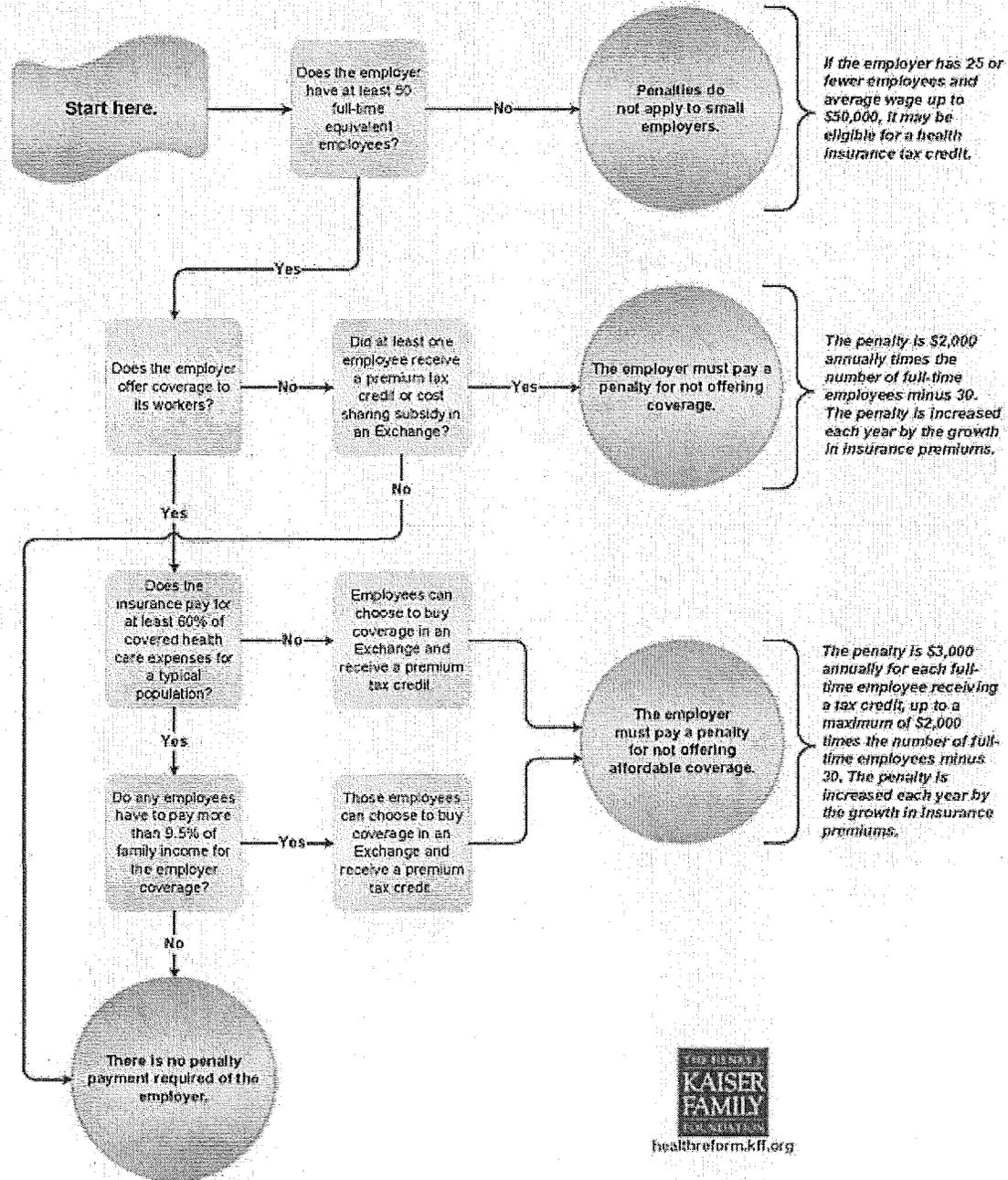
- “Cadillac Tax” (2018)
 - 40% excise tax imposed on “High-Cost” insurance Plans
 - High-Cost defined as premiums exceeding:
 - \$10,200 for single coverage
 - \$27,500 for other than single coverage
 - Higher threshold for “High Risk” professions, including:
 - Public Safety (Police, Fire EMTs)
 - Longshore work, construction, mining, agriculture, forestry & fishing
 - Telecommunication line work
 - Higher threshold for non-Medicare eligibles age 55 or older in retiree plans
 - Higher threshold for non Medicare eligible retiree plans:
 - \$11,850 for single coverage
 - \$30,950 for other than single coverage



Questions and General Discussion



Penalties for Employers Not Offering Affordable Coverage Under the Affordable Care Act





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Affordable Care Act Penalty & Fee Estimator for Employers

The Affordable Healthcare Act (ACA) has introduced several reforms that result in a series of monetary fees and penalties if regulations are not met. This illustrative tool aids in determining if specific regulations have been met, and provides estimates of applicable penalties. This tool does not estimate the fees associated with all reforms set forth by the ACA; this tool is only intended to estimate the fees specifically listed within.

Please note that within this tool, the phrase "full-time" always refers to the ACA's definition of full-time (employees that work 30+ hours per week), and the phrase "part-time" always refers to the ACA's definition of part-time (employees that work less than 30 hours per week). These definitions may not be consistent with your institution's specific definitions.

Items shaded blue with blue colored font are user inputs. Items in black font are the result of formulaic calculations, or are general notes or instructions.

By opening this tool and modifying the user inputs, the tool is no longer a Milliman product. Under no circumstances shall Milliman be liable to you or any third party for any damage or loss relating to the results and use of this illustrative tool. Because the user of the tool is entering the inputs, Milliman cannot guarantee the accuracy of the results. Milliman does not provide legal advice, and recommends that you consult with your legal advisors regarding legal matters.

If you would like Milliman to provide you with an estimate of the ACA fees, please contact Steve May at steve.may@milliman.com or 860-667-0119.

Potential Tax Penalties Exist for Large Employers

The Employer Shared Responsibility mandate within the ACA requires employers to offer affordable, minimum essential coverage to substantially all of their full-time employees. Penalties only apply to "large" employers, defined as those having at least 50 full-time or full-time equivalent (FTE) employees. The formula for determining the number of full-time or FTE employees includes both part-time workers (less than 30 hours per week) and full-time workers (30 or more hours per week), and generally excludes seasonal employees working less than 120 days per year. There are regulations surrounding how to count hours, for which time period, and specifically what type of employees are excluded from the calculation. The calculation below refers to one particular calendar month, though the actual full-time or FTE calculation may be calculated as the average over a specific number of months. Although the Employer Shared Responsibility mandate was initially scheduled to go in to effect on January 1, 2014, subsequent legislation has delayed the effective date to January 1, 2015.

As shown in the following calculations, part-time workers are included in the formula for determining whether or not an employer is considered large, but part-time workers are NOT included in the actual penalty calculations.

Number of full-time employees (30 or more hours per week, or equivalently, 130 or more hours per month, including vacation and paid leaves of absence)	158
Total hours worked by all part-time employees in a calendar month (those working less than 30 hours per week)	
Number of FTE employees (based on 120 hours per month)	0
Number of full-time or FTE employees	158
Is the employer considered a "large" employer?	Yes

Potential Tax Penalty for Large Employers Not Offering Coverage

A large employer will face penalties if coverage is not offered to "substantially all" full-time employees. "Substantially all" is defined as 95% of full-time employees, or the number of full-time employees minus five if that amount is less than the former. If coverage is not offered to substantially all, and at least one full-time employee receives a premium tax credit or cost sharing subsidy in an exchange, a penalty is faced and is calculated as \$2,000 annually multiplied by the total number of full-time employees, less the first 30 employees. Individuals receive credits and subsidies on the exchange if their income falls below certain thresholds.

Estimated annual penalty for NOT offering substantially all full-time employees benefits, assuming at least one full-time employee receives a credit or subsidy on an exchange (\$0 penalty if no full-time employees receive a credit or subsidy on an exchange) \$256,000

Potential Tax Penalty for Large Employers Offering Coverage

Large employers that offer health care benefits to substantially all full-time employees will face a penalty if at least one full-time employee receives a premium tax credit or cost sharing subsidy in a public insurance exchange, and there are more than 30 full-time employees. In order for an employee to potentially receive a premium tax credit or cost sharing subsidy on the exchange, the employee was either not offered employer-sponsored coverage and has an income below a certain threshold, or the employee was offered employer-sponsored coverage, but it was deemed inadequate, unaffordable, or both.

The penalty is calculated as \$3,000 annually for each full-time employee receiving a premium tax credit or cost sharing subsidy on the exchange, up to a maximum of \$2,000 times the total number of full-time employees, less the first 30 employees. This cap ensures that the penalty for offering inadequate or unaffordable coverage is no more than the penalty for not offering coverage to substantially all full-time employees.

Employer-sponsored coverage is deemed inadequate (or does not meet minimum value) if the plan pays less than 60% of covered health care expenses, or in other words, if the plan's actuarial value is less than 60%. An actuarial value calculator is available to employers from the Department of Health and Human Services.

Employer-sponsored coverage is deemed unaffordable if employees have to pay more than 9.5% of household income in employee premium costs. However, because family income information may not be readily available, the ACA has provided three safe harbor alternatives. The employer may select one safe harbor to apply. If multiple coverage offerings are available to the employee, the affordability test applies to the lowest cost option that meets the minimum value test.

Under each of the three safe harbors, the premium contribution for employee only coverage under the lowest cost plan option cannot exceed 9.5% of the employee's form W-2 wages, the hourly rate of pay times 130 hours per month or a salaried employee's monthly salary, or 100% of the Federal Poverty Level for an individual, respectively.

Estimated number of full-time employees receiving a premium tax credit on the exchange because they were NOT offered adequate and affordable coverage	2
Estimated annual penalty for NOT providing adequate and affordable coverage to FTE employees	\$6,000

Potential Tax Penalty Based on the Value of Benefits

The Cadillac Tax mandates a 40% penalty on the value of benefits exceeding certain thresholds: \$10,200 for employee only coverage and \$27,500 for family coverage. These thresholds may be adjusted for high-risk professions, and the tax is not imposed until 2018. The calculations below are intended to project the value of the Cadillac Tax using best estimate premium and enrollment figures. The entire premium, consisting of both employer and employee contributions, is included in the calculation of the Cadillac Tax penalty. Standalone vision and dental premiums are excluded from the tax. These calculations do not add contributions to an HRA, FSA or HSA to the tax calculation, though these do appear to be included under current guidance. We anticipate further guidance will be released leading up to 2018.

Assumed annual premium trend (model default of 8%)	8%
For premiums used in projection below, enter first day in force	11/1/2014
Years of trend between input premium and 2018 (first year tax imposed)	4
Monthly premiums in force as of 11/1/2014, per employee (total premium; employee and employer share)	
Employee only	\$591
Employee + 1	\$1,228
Family	\$1,546

