



OUR APPROACH TO THE AFFORDABLE CARE ACT

Looking Forward...



ACA Overview

What is the Affordable Care Act?

- The **Affordable Care Act, (“ACA”)** is a United States federal statute signed into law by President Barack Obama on March 23, 2010.
- It represents the most significant government expansion and regulatory overhaul of the U.S. healthcare system since the passage of Medicare and Medicaid in 1965.
- The ACA is aimed at increasing the rate of health insurance coverage for Americans and reducing the overall costs of health care.
 - It provides a number of mechanisms—including mandates, subsidies, and tax credits—to employers and individuals to increase the coverage rate.
 - Additional reforms aim to improve healthcare outcomes and streamline the delivery of health care.
 - The ACA requires insurance companies to cover all applicants regardless of pre-existing conditions, and it limits the amount that rates can be higher for age or sex.



ACA Overview

“Pay or Play” - Large employers (with 50 or more full time employees) are subject to a **non-deductible** excise tax (penalty) in either of two cases:

- **“Pay,” the “no coverage” option.**

If the employer doesn't offer at least 95% of its **full-time employees** the chance to enroll in a group health plan, and **any full-time employee** qualifies for a coverage subsidy from a state exchange, the employer pays penalty “A”, \$2,000 per year (equal to about \$3,000 pre-tax) for each of its full-time employees in excess of 30 (even for the ones with insurance).

- **“Play,” the “coverage” option.**

If the employer offers to at least 95% of its **full-time employees** the opportunity to enroll in group health plan coverage, but that coverage is either “unaffordable”* or fails to provide “minimum value,”** then for **each full-time employee** who obtains a coverage subsidy from a state exchange, the employer pays penalty “B”, \$3,000 per year (equal to about \$4,500 pre-tax).

- (For 2015 only, transitional rules require employer to offer to at least 70% of its full-time employees, and employers from 50 to 99 full-time employees are exempt.)

*Exceeds 9.5% of the employee's income

**The plan's share of the cost of benefits must be at least 60%

Historical Pattern of Health Insurance For Temporary Employees

Since the 1940s, virtually all clerical and industrial staffing firms have not offered *comprehensive* health insurance to assigned associates. Basic principles of insurance prevented the sound operation of group health insurance in associate populations:

- Participation by associates is much lower than the insurance industry's customary 75% minimum requirement. The sickest people would all take coverage, but too few healthy people would enroll to pay for their claims.
- Temporary jobs are easier to get than "permanent" jobs, so more job applicants were likely to be seeking principally the insurance coverage, causing adverse selection and high claims.
- Turnover is higher, which is bad for risk and administrative costs.
- There is no claims history for setting prudent insurance rates for associates.



The New Insurance Market

Insurance companies and brokers have worked diligently to develop ACA compliant health plans for the staffing industry.

- Since all insurance plans must now cover all applicants and since everyone can get insurance from government exchanges, adverse selection against employer plans is expected to be less of a problem.
- The ACA contains a relatively low threshold for the “minimum essential coverage,” which must be offered for a large employer to avoid the “A” penalty.
- The requirements for the more comprehensive and expensive “minimum value” standard of coverage are easier for self-insured plans to satisfy than for insured plans.



Staffing Industry's Coverage Options

In the new insurance market, staffing firms have three basic coverage strategies from which to choose:

1. Offer no coverage to associates and become subject to the “A” penalty, but limit the hours of associates to prevent them from generating a large “A” penalty. This would require forced associate turnover at client worksites.
2. Offer a minimum essential coverage (MEC) plan, thus avoiding the “A” penalty but remaining subject to individual “B” penalties generated by any employee who receives a government subsidy. These plans are self-insured but do not include the catastrophic coverage that create high risk and high insurance cost.
3. Offer a self-insured “minimum value” plan, which is like traditional and expensive comprehensive insurance, except that it omits hospitalization coverage, thus somewhat containing the cost. No “A” penalties will apply, and no “B” penalties will apply, either, if the associates are charged less than 9.5% of income for this coverage, making it “affordable.”

The MEC and Minimum Value Plans impose more administrative and legal burdens on the staffing firm than the “no plan” approach

Millenium's Approach to ACA

*“In order for Millenium to be **ACA compliant**, minimize the benefit aspect of co-employment, preserve our ability to offer employment opportunities, and effectively recruit talent, we will offer a **“Minimum Value” (MV)** plan with a limited hospitalization supplement and a **“Minimum Essential Coverage”** plan to our eligible associates. In order to control our costs, ensure affordability and enrollment in the “MV” plan, we will be paying **51%** of the associates’ premium.”*

-Jennifer DeHaven, President & CEO
Millenium Staffing Solutions
November 25, 2014



Millenium's Associate Healthcare Options

OPTION 1 Fixed Indemnity Benefit

- pay benefits on a daily basis
 - good supplement to exchange coverage
 - does not satisfy employee individual mandate
- Provides a low cost solution for basic medical needs
\$19.98/week

OPTION 2: Minimum Essential Coverage (MEC) Wellness & Preventative

- covers 63 mandated wellness and preventative benefits
 - encourage the indemnity plan in addition to MEC
- Satisfies ACA employee mandate; does not satisfy employer mandate
\$60.61/month

OPTION 3: Minimum Value Plan (MVP)

- covers 63 mandated wellness and preventative benefits
 - Sickness, doctor office visits, RX
 - Accident, X-ray
 - Hospitalization Benefits
- 9.5% employee affordability test set
Satisfies both the employee and employer ACA mandates
\$190.63/month; Millenium pays for 51% of premium

Marketing Collateral & Message

 **Essential StaffCARE** Enroll or Make Changes to your Health Benefits

OPEN ENROLLMENT DATES: December 1 - December 30

ESC Fixed Indemnity Plan (weekly payroll deduction)

- ESC Supplemental Health Care Plans starting at **\$19.98**
- No Pre-existing Condition Limitations
- No Waiting Period on Medical
- No Deductibles on Medical
- Doctor Office Visit Benefit
- Prescription Drug Benefit
- Dental, Vision, Life, and Disability benefits also available

ACA Compliant Plans (monthly direct payment)

- Eliminate employee Individual Mandate tax for those enrolled
- Cover the 63 mandated benefits to qualify as Minimum Essential Coverage
- Options for Family Coverage
- Minimum Essential Coverage (MEC) Plan starting at **\$60.61** per month
- Medical Value Plan (MVP) starting at **\$190.63** per month

For New Enrollment contact your Branch Manager
For Changes to your current plan call **1-866-798-0803**

See enrollment form for plan specifications.

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Postcard Sample to our Temporary Employees

GREAT NEWS!

We are now offering THREE great plans!



Open Enrollment: December 1 - December 30

Fixed Indemnity Plan

- ESC Fixed Indemnity Plans starting at **\$19.98 per weekly payroll deduction**
- Medical, Rx, Dental and Vision Benefits
- Doctor Office Visit Benefit of **\$100 per Day**
- Wellness Benefit of **\$100**
- No Pre-existing Condition Limitations
- No Waiting Period or deductibles on Medical
- First Health Network

ACA Compliant Plans

- Cover the 63 mandated benefits to qualify as Minimum Essential Coverage
- Eliminate employee Individual Mandate tax for those enrolled
- Options for Family Coverage

MEC Wellness/Preventive Plan

- Starting at **\$60.61 per month**
- First Health Network
- **Monthly Direct Payment**

Medical Value Plan *

- Starting at **\$190.63 per month**
- MultiPlan Network
- **Monthly Direct Payment**

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*MVP plan offered to eligible full-time employees

For additional information, or to enroll, please visit your branch office for an application.

MILLENNIUM'S APPROACH TO ACA

Millenium's Approach - Client Cost-Sharing

- Millenium will be contributing to the associates' health care plan premium and supporting administration of the plan which will add both cost and value to its staffing services. As a result, Millenium will be adding a 2% ACA surcharge to Millenium Staffing Solutions' invoices, starting with work performed on and after January 1, 2015.
- The ACA surcharge will apply only to charges for the work time of associates, not for bonus payments, drug and background checking costs, expense reimbursements, hiring or conversion fees, or taxes in the nature of sales tax.
- Millenium intends to monitor the actual costs of its ACA strategy on an annual basis and will propose adjustments to the surcharge as required going forward.



PLAN BENEFITS

Benefits To Clients

- ACA compliant staffing partner
- Helps in recruitment of higher-quality associates
- Reduces turnover of associates
- Reinforces the staffing firm's employment relationship with the associates
- Fosters a healthier customer workplace, since Millenium's health program contains wellness and preventive care benefits

Benefits To Associates

- Affordable health care plan options due to employer contribution
- Provides associates with competitive health care plan options
- Plans offer health coverage as well as wellness and preventive care benefits
- Satisfies the individual mandate component of the ACA



American Staffing Association Statement of Principles

While implementing ACA presents challenges due to the unique characteristics of our workforce, Millenium Staffing Solutions is committed to compliance with the law and commits to the following American Staffing Association statement of principles:

- We will comply with the law, both in letter and in spirit, and are committed to the legal and ethical management of our workforces pursuant to its provisions.
- We will use our expertise and experience to help clients address the new demands of the law and understand the nature and extent of the additional staffing costs they will incur.
- We will work diligently to help our clients implement legitimate workforce strategies and will not participate in practices that violate the law's intent.
- We will communicate to our employees both their new opportunities and their new obligations under the employer and individual mandates.
- We will continue to work with the government and other stakeholders as a proactive, constructive partner as the regulatory process moves forward.

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