

Affordable Care Act

The Affordable Care Act (ACA) is a US federal statute that represents the most significant regulatory overhaul of US healthcare since Medicare/Medicaid in 1965. The ACA was designed to increase the quality and affordability of health insurance in the US, to lower the rate of uninsured by expanding insurance coverage (private and public) and to reduce the costs of health care for both individuals and the government. AESA does not take a position on the overall bill, though we do follow three specific provisions, all of which are provisions of the employer shared responsibility portion of the bill, with direct impact on the nation's public schools:

30 vs 40 Hour: The ACA defines full-time employment as anyone who works 30 hours week. This becomes the threshold that triggers an employee's eligibility for employer sponsored health benefits. More succinctly, school districts are now required to provide benefits for employees working 30 hours or more per week, regardless of the district's definition or the collective bargaining agreement. This new definition of eligibility now includes substitute teachers and people working multiple part time positions (ie, coach, substitute and bus driver). The current 30-hour limit poses a burden and obstacle to school administrators who must balance their district staffing needs within their operating budget. School administrators have long negotiated salary and benefits at the local level, and the ACA regulation represents a seemingly arbitrary minimum with very real consequences. AESA endorses the 40 Hours is Full Time Act (S 30).

Excise Tax: Also known as the 'Cadillac Tax', this provision was designed to slow growing costs and finance expanded coverage. The tax applies to high-cost health plans and takes effect in 2018. Though marketed as a tax on overgenerous health benefits, it is far more likely to be a tax based on factors other than benefit richness, including the regional cost of providing healthcare, high claims experience, a sick population and the overall plan demographics. The tax will require employers (including LEAs) to pay a penalty of 40 percent on the amount by which the plan exceeds a specific threshold. Under current practices, LEAs regularly provide more robust health care benefits over salary increases, and this proposal would undermine that flexibility. The costs associated with the tax will likely put additional pressure on school budgets reducing programming, or be affect Teacher negotiations through reduced benefits, increased premium contributions. AESA opposes the excise tax and has endorsed legislation to repeal the excise tax, the Middle Class Health Benefits Tax Repeal Act (HR 2050).

9.5% Employee Contribution Threshold: As part of its affordability provisions, the ACA requires that the benefits made available to employees are also affordable. The regulations define affordable as less than 9.5% of the employee's household income. Safe harbor allows for employers to compare the employee's salary to the lowest cost option single only premium contribution. If the employee contribution requirement is greater than 9.5% of their annual salary the district may incur an affordability penalty.

AESA talking points:

- Ask your Senators to support/endorse the 40 Hours is Full Time Act (S 30).
- Ask your Representative to support the Middle Class Health Benefits Tax Repeal Act (HR 2050).