



## **Responding to the Affordable Care Act (ACA) May 2014**

### **Discussion:**

Since passage of the Patient Protection Affordable Care Act, RESPECT of Florida has been asked on several occasions how we will assist Employment Centers with implementation of the Affordable Care Act. Florida ARF dba RESPECT of Florida continues to track and monitor this issue. Our conclusions and proposed strategies are as follows:

- The actual fiscal impact of the Affordable Care Act (ACA) on RESPECT Employment Centers remains unknown, and this is not unique to the RESPECT program. Several ACA requirements have been extended or repealed and many issues are still being reviewed by the federal government regarding insurance coverage requirements employers will have to adhere to within the next year. For example, as late as last month, deductible limits for health plans in small group markets were repealed. Today, it is impossible to provide clear guidance to Employment Centers regarding their individual insurance needs and how they should proceed. Employment Centers are being advised to work with their individual insurance carriers to evaluate their agency needs and determine how best to respond to the new insurance mandates.
- Employment Centers have inquired if RESPECT contracts will be renegotiated with State or Governmental entities to include pricing increases for health insurance coverage. The topic has been approached with the Department of Transportation because we have long-term contracts with this agency. The response has basically been to “wait and see what happens.” Our customers also realize it is too early to determine the fiscal impact of the ACA requirements, particularly since larger agencies that had to offer certain levels of coverage have been given a one-year reprieve.
- RESPECT long-term contracts are typically negotiated with a 2.5 – 3% inflationary factor. These inflationary increases will be passed along to Employment Centers to assist with wage and benefits increases on an annual basis and should assist with some of the cost.
- We continue to study factors that may mitigate the cost of the ACA insurance coverage requirements for agencies. It is possible that more individuals will receive health care coverage through the Medicaid program, particularly if the state pursues Medicaid expansion for disabled adults. Also, some Employment Centers may determine it is in the best interest of their employees and their agencies to purchase their insurance coverage through the Insurance Exchanges and for the Center to pay the \$2,000 fee per employee which could decrease their insurance costs. Another complicating factor is that some agencies already offer more than adequate insurance plans that meet the terms of the ACA while others offer very sparse coverage.
- Florida ARF dba REPECT of Florida will be arranging webinars and other free resources for Employment Centers to access regarding this topic.

**Conclusion:**

It is the position of the RESPECT program that Employment Centers should work with their insurance carriers to determine how the ACA insurance requirements will affect their agencies. Some Centers will likely encounter few changes while others may realize significant increases in insurance costs. For long-term DOT asset management contracts, annual inflationary increases will cover some of the increased costs; also, other factors may mitigate some of the anticipated price increases such as the prevalence of employees covered under the Medicaid program. This issue will be monitored carefully and may require further action in 2015 but as of May 2014 the actual impact on RESPECT Employment Centers remains unknown.