



a charitable life
HEALTH SOLUTIONS



IRS INCENTIVES DESIGNED TO SAVE

VIPCO ADVISORS/A Charitable Life Health Solutions

- A Charitable Life Health Solutions (ACLHS) prides itself in creating the most unique products to improve workforce health while assisting businesses with ACA compliance.
- The Proactive Health Management Plan (PHMP) is a voluntary limited medical plan designed to provide preventative, diagnostic, and maintenance services for all employees.
- By providing the PHMP to employees, businesses enjoy a healthier workforce, greater employee retention and less time away from work.
- The PHMP begins with the election of a section 125 (cafeteria plan) which reduces taxable income creating payroll tax savings for employers and employees.
- Utilization of the services provided through the PHMP qualifies participants with a fixed benefit payment.

ACA Compliance—Healthy Employees—Increased Productivity



The Challenge

The Affordable Care Act Mandates

- Beginning January 1, 2016, the tax penalty assessed to employers employing 50-99 employees which did not offer Minimum Essential Coverage (MEC) applied. Employers employing 100 or more employees were exposed to this tax penalty starting 1/1/2015. Today this tax penalty is \$2,160 per employee per year assessable on a monthly pro rated basis.
- Employees were subjected to an individual tax penalty for not purchasing the MEC starting 1/1/2014. Today this tax penalty is the greater of 2.5% of modified adjusted household income or \$695 per adult plus \$347.50 per child per year also assessable on a monthly pro rated basis.
- The employer tax penalty applies to employers with 50 or more full-time employees, and/or full-time equivalents (FTE). Employees who work 30 or more hours per week are considered full-time.

The federal government now knows which employers and employees are in compliance with the mandates.

- IRS Code 6056 requires all applicable large employers to file an annual report no later than 6/30/16 for tax year 2015 that ensures compliance with the employer mandate.
- The reporting includes information on all employees who were offered and accepted coverage, and the cost of that coverage on a month-by-month basis.
- IRS required form 1095C which sets out the months employees were actually covered by the MEC for tax year 2015. This was due to employees by the end of February 2016 so employees could include the form with their tax filings.
- Conclusion...the IRS has established the infrastructure to start assessing the penalties retroactively.



April 15, 2016

Non-Compliance Penalty Information

Failure to provide medical coverage for your employees could result in the following penalties:

Minimum Essential Coverage (MEC).....	\$2,100.00 per employee.
Minimum Value Plan (MVP).....	\$3,240.00 per employee.

Introduction- Important History



Read The
Law

Read The Law:

- The Affordable Care Act was passed by Congress and then signed into law by the President on March 23, 2010
- On June 28, 2012 the Supreme Court rendered a final decision to uphold the health care law
- There are 10 Titles of the Affordable Care Act, along with amendments to the law called for by the reconciliation process, all amounting to over 20,000 pages of regulations

The ACA

The following are the 10 Titles:

(Directly from the ACA law/HHS.gov website)

- Title I. Quality, Affordable Health Care for All Americans
- Title II. The Role of Public Programs
- Title III. Improving the Quality and Efficiency of Health Care
- Title IV. Prevention of Chronic Disease and Improving Public Health
- Title V. Health Care Workforce
- Title VI. Transparency and Program Integrity
- Title VII. Improving Access to Innovative Medical Therapies
- Title VIII. Community Living Assistance Services and Supports Act (CLASS Act)
- Title IX. Revenue Provisions
- Title X. Reauthorization of the Indian Health Care Improvement Act



Major Objectives of the ACA



ACA Has
2 Main Stated
Objectives

The ACA Law has 2 main stated objectives:

(Directly from the HHS.gov website)

1. Give more Americans access to affordable, quality health care
2. Reduce the growth in U.S. health care spending

- The Affordable Care Act expands the affordability, quality, and availability of private and public health insurance through consumer protections, regulations, subsidies, taxes, insurance exchanges, and other reforms
- One key strategic method to reduce the long-term health care costs as outlined in the ACA, is to “focus on wellness, early detection, and prevention, instead of treatment and cures”
- Early detection of illness and preventative care procedures through screening and diagnoses, can prevent large “future expenses” to a health care plan. **Studies have shown that “\$1 spent today can save \$9 to \$12 in the future”**



What Sections of the IRS Code Apply



Applicable
IRS Code
Sections

The PPCP has gone through a rigorous process in design and compliance. The following sections of the code were incorporated into the final plan designs.

- **Section 125:** Under the US Tax code section 125, allows for employees under a qualified plan to contribute pre-tax to a cafeteria plan to obtain such benefits as health insurance, group-term life insurance, voluntary "supplemental" insurance (dental, vision, cancer, hospital confinement, accident, etc.) and flexible spending accounts
- **Section 106:** Under Section 106, amounts paid by an employer as premiums for supplementary medical insurance are excludable from the employees gross income
- **Section 105:** IRS Section 105 allows for tax-free reimbursements for expenses incurred for medical care as defined in Section 213(d)
- **Section 213(d):** IRS Section 213(d) defines what medical expenses are eligible for medical expense reimbursement. Specifically, "medical care" means amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body
- **The Affordable Care Act**





SECTION 125 “Cafeteria Plan”

An employee benefit in which an employee may contribute so much of his/her pretax income into a special account that may be used for a broad range of purposes.

One may use the funds in a cafeteria plan for matters such as medical expenses, life insurance premiums, or other things.

This allows the employee to structure his/her employee benefits in a way that best suits their needs for a given period of time.



Section 106 – Pre-Tax Deduction

*Section 106(a) of the Internal Revenue Code provides that gross income of an employee **does not** include employer-provided coverage under an accident or health plan.*

Here the employer sponsors a defined benefit plan funded by the employee.

Neither contribution is included in gross income.



Section 105 – Medical Reimbursement

Section 105 of the Internal Revenue Service (IRS) regulations allows for reimbursement of medical expenses under an employer-sponsored health plan. There are various types of Section 105 plans including: Health Reimbursement Arrangements, Medical Expense Reimbursement Plans, Accident and Health Plans, and more.

Amounts received under Accident and Health Plans, provides, in relevant part, that gross income shall not include amounts paid to the taxpayer for expenses incurred by him for medical care as defined in Section 213(d).



SECTION 213(d) - Definition

Section 213(d) provides, in relevant part, that the term “medical care” means amounts paid for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body.



Summary

In Summary, the Internal Revenue Code allows you to withhold from gross taxable income the cost of participation in a group health plan and individuals are eligible for reimbursement of all money spent on preventative care.

Participation generates post-tax savings that may be used at the discretion of the individual.

The Solution

Proactive Health Management Plan

PHMP is designed with the 4 following objectives

Companion

A companion to an employer's existing benefits package. It is not a replacement or substitution for any existing health insurance or any employer wellness plan.

Health Care Savings

Generate immediate current and long term sustainable savings.

Tax Advantage

IRS tax codes along with a limited medical plan create tax advantages.

Metrics

State of the art tracking, reporting and documentation to support the fundamental metrics of the plan. Turning data into actionable intelligence to favorably impact future healthcare costs.

**PHMP may Eliminate 2 Potential ACA excise tax penalties when implemented with
MEC Plan:**

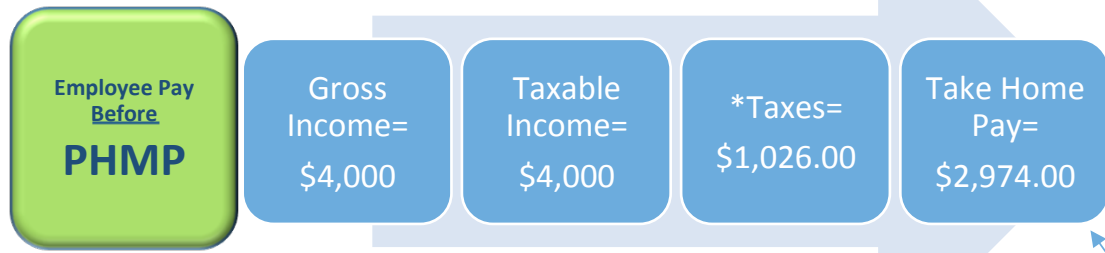
Employer Excise Tax Penalty - \$2,160 for not offering Minimal Essential Coverage
Employee Excise Tax Penalty - \$695 per Adult + \$347.50 per Child up to \$2,085 per Household or 2.5% of Yearly Household Income, whichever is greater if no Minimal Essential Coverage is maintained.

**Employee has an Opportunity to Participate in a Unique Proactive
Health Management Plan (PHMP):**

- In most cases there is no immediate reduction in an employee's take home pay and may produce an increase.
- Access to necessary healthcare screenings and other services at "NO" cost to employees. (no-co-pays or deductibles)

Unique PHMP Employee Cash Flow

Employee's *Monthly* Pay Before PHMP:



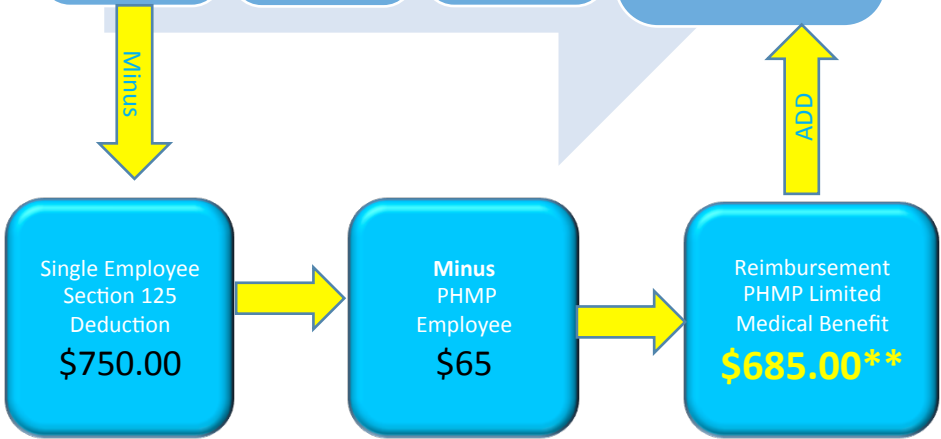
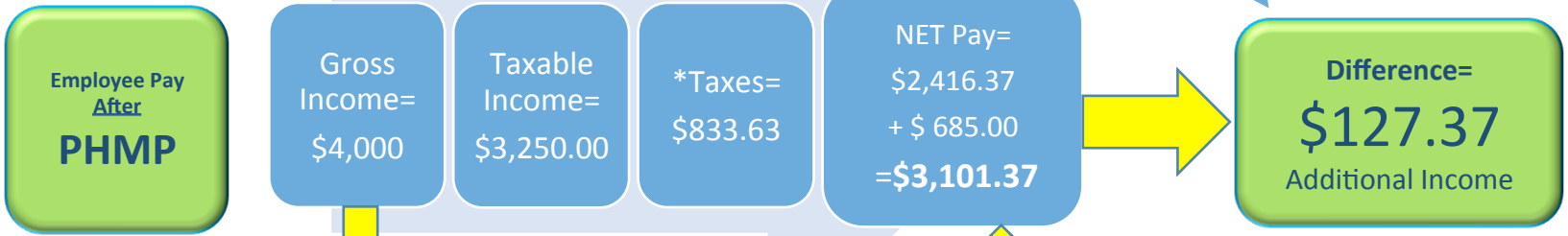
EMPLOYEE BENEFIT

\$127.37 Additional Income

*Filing as Single

- Federal Income Tax @ 18%
- Social Security @ 6.2%
- Medicare @ 1.45%

Employee's *Monthly* Pay After PHMP:



**Reimbursement may be taxable as 1099 miscellaneous income to the employee

MEC

ACA Required Preventive Benefits	100% Coverage for 71 Preventive & Wellness benefits	
Compliant with "A" Penalty	Yes	
Compliant with Individual Mandate	Yes	
Disqualifies Employees from Tax Credit	No	

Benefits of the PHMP Include, but are not limited to:

Biometric Screening Tests

Bone Marrow Testing

Breast Ultrasound

CA15-3 (Breast Cancer)

CEA (Blood Test for Colon Cancer)

Chest X-Ray

Counseling Consultation or Assessment

Health Risk Assessment Administered by Health Professional

Health Risk Assessment Completion

Interaction with a Wellness Coach

PSA

Serum Protein Electrophoresis

Stress Test on Bicycle or Treadmill

Thermography – Infrared Photography

Telemedicine (Office Visits & GEO Fencing)

Utilization of Online Wellness Program

Minimum Essential Coverage (MEC)

MEC Covered Preventive Services

Covered Preventive Services for Adults (ages 18 and older)

1. Abdominal Aortic Aneurysm one time screening for age 65-75
2. Alcohol Misuse screening and counseling
3. Aspirin use for men ages 45-79 and women ages 55-79 to prevent CVD when prescribed by a physician
4. Blood Pressure screening
5. Cholesterol screening for adults
6. Colorectal Cancer screening for adults starting at age 50 limited to one every 5 years
7. Depression screening
8. Type 2 Diabetes screening
9. Diet Counseling
10. HIV Screening
11. Immunizations vaccines (Hepatitis A & B, Herpes Zoster, Human Papillomavirus, Influenza (flu shot), Measles, Mumps, Rubella, Meningococcal, Pneumococcal, Tetanus, Diphtheria, Pertussis, Varicella)
12. Obesity screening and counseling
13. Sexually Transmitted Infection (STI) prevention counseling
14. Tobacco Use screening and cessation interventions
15. Syphilis screening
16. Hepatitis B screening for non-pregnant adolescents and adults
17. Lung Cancer screening- 55-80 years old who smoke 30 packs a year.
18. Fall Prevention – Physical therapy and vitamin D for 65 and older at risk for falling
19. Hepatitis C screening for high risk individuals and a onetime screening for HCV infection if born between 1945-1965.

Covered Preventive Services for Women, including Pregnant Women

1. Anemia screening on a routine basis for pregnant women
 2. Bacteriuria urinary tract or other infection screening for pregnant women
 3. BRCA counseling and genetic testing for women at higher risk
 4. Breast Cancer Mammography screenings every year for women age 40 and over
 5. Breast Cancer Chemo Prevention counseling
 6. Breastfeeding comprehensive support and counseling from trained providers, as well as access to breastfeeding supplies, for pregnant and nursing women.
 7. Cervical Cancer screening
 8. Chlamydia Infection screening
 9. Contraception: Food and Drug Administration-approved contraceptive methods, sterilization procedures, and patient education and counseling, not including abortifacient drugs
 10. Domestic and interpersonal violence screening and counseling for all women
 11. Folic Acid supplements for women who may become pregnant when prescribed by a physician
 12. Gestational diabetes screening
 13. Gonorrhea screening
 14. Hepatitis B screening for pregnant women
 15. Human Immunodeficiency Virus (HIV) screening and counseling
 16. Human Papillomavirus (HPV) DNA Test: HPV DNA testing every three years for women with normal cytology results who are 30 or older
 17. Osteoporosis screening over age 60
 18. Rh Incompatibility screening for all pregnant women and follow-up testing
 19. Tobacco Use screening and interventions and expanded counseling for pregnant tobacco users
 20. Sexually Transmitted Infections (STI) counseling
 21. Syphilis screening
 22. Well-woman visits to obtain recommended preventive services
 23. Aspirin for Preeclampsia prevention
- * Includes routine prenatal visits for pregnant women

Covered Preventive Services for Children

1. Alcohol and Drug Use assessments
2. Autism screening for children limited to two screenings up to 24 months
3. Behavioral assessments for children limited to 5 assessments up to age 17
4. Blood Pressure screening
5. Cervical Dysplasia screening
6. Congenital Hypothyroidism screening for newborns
7. Depression screening for adolescents age 12 and older
8. Developmental screening for children under age 3, and surveillance throughout childhood
9. Dyslipidemia screening for children
10. Fluoride Chemo Prevention supplements for children without fluoride in their water source when prescribed by a physician
11. Gonorrhea preventive medication for the eyes of all newborns
12. Hearing screening for all newborns
13. Height, Weight and Body Mass Index measurements for children
14. Hematocrit or Hemoglobin screening for children
15. Hemoglobinopathies or sickle cell screening for newborns
16. HIV screening for adolescents
17. Immunization vaccines for children from birth to age 18; doses, recommended ages, and recommended populations vary: Diphtheria, Tetanus, Pertussis, Hepatitis A & B, Human Papillomavirus, Inactivated Poliovirus, Influenza (Flu Shot), Measles, Mumps, Rubella, Meningococcal, Pneumococcal, Rotavirus, Varicella, Haemophilus influenzae type b
18. Iron supplements for children up to 12 months when prescribed by a physician
19. Lead screening for children
20. Medical History for all children throughout development ages: 0 to 11 months, 1 to 4 years, 5 to 10 years, 11 to 14 years, 15 to 17 years
21. Obesity screening and counseling
22. Oral Health risk assessment for young children up to age 10
23. Phenylketonuria (PKU) screening in newborns
24. Sexually Transmitted Infection (STI) prevention counseling and screening for adolescents
25. Tuberculin testing for children
26. Vision screening for all children under the age of 5
27. Skin Cancer Behavioral Counseling – age 10-24 for exposure to sun
28. Tobacco intervention and counseling for children
29. Fluoride varnish for primary teeth through age 5.

QUESTIONS AND ANSWERS

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