

NIXON BENEFITS

Industry Notes, April 2015

■ **Health Law Brings No Drop in Insurance Enrollment at Work**

A new study found that enrollment in company plans was essentially unchanged between 2014 and 2015 at 74% of all workers. The reason? Most employers were already in compliance.

Kaiser Health News 3/20/15

■ **Affordable Care Act: Are you an applicable large employer (ALE)?**

Under the ACA, your organization is an applicable large employer for a year if you had an average of at least 50 full time employees during the **prior year**. Here's how to determine whether you are an applicable large employer:

- Determine how many full-time employees you had each month (30+ hours)
- Determine how many full-time **equivalent** employees you had each month: Combine the hours of service of all non-full-time employees for the month (no more than 120 hours per employee) and divide the total hours of service by 120.
- For each calendar month, add those numbers together to get a monthly total
- Add up the monthly totals
- Divide the sum of the monthly totals by 12

IRS March 10, 2015

<http://www.irs.gov/pub/irs-pdf/p5208.pdf>

■ **US Prescription-drug spending rose more than 12% in 2014, the biggest annual increase in a decade.** Growth in drug spending had been relatively modest in recent years because of the introduction of generic versions of mass-market drugs like Pfizer Inc.'s cholesterol-lowering drug Lipitor, which lost patent protection in 2011.

From 2009 through 2013, annual drug spending by commercial health plans rose by an average of only 4.2%. However, new specialty medications for diseases like hepatitis C and multiple sclerosis contributed to a sharp increase in spending last year. The drugs treat relatively small numbers of patients,

but can cost between \$50,000 and \$100,000 annually per patient.

WSJ 3/10/2015

■ **Obesity Associated with almost Half of a Million New Cancer Cases each Year**

2012 data from 184 countries showed that excess weight was associated with 345,000 new cancers in women and 136,000 new cancers in men.

Among women, postmenopausal breast, endometrial and colon cancers accounted for 3/4 of obesity related cancers. Among men, colon and kidney cancers accounted for 2/3 of obesity related cancers. The highest number of obesity related cancers was in North America while the lowest number was in subSaharan Africa, with 1.5 % of the global total.

CBS News HealthDay 11/26/14

■ **Employee or Contractor? PPACA Raises Stakes**

If a company has 49 full-time employees, the employer mandate doesn't apply. If a company has 50+ full-time employees, it applies to everyone. The prospect of providing health coverage and other expensive benefits means that companies often prefer to classify workers as contractors rather than employees. If the I.R.S. finds that workers are employees, not contractors, stiff penalties will apply, and they are based on the entire employee population, not just the number of misclassified employees.

To be considered a contractor by the I.R.S. a contract calling someone a contractor probably won't help much. But a clause entitling contractors to work for other businesses would be useful. A true independent contractor has numerous clients and takes risks.

NY Times 2/14/15

■ **Depression, Related Ailments Take Their Toll On The Workplace, Study Finds**

The average worker who had major depression disorder lost productivity of about 32 workdays a year due to what's known as "presenteeism." That is a term for when an employee is at work but not completing daily tasks and responsibilities.

Kaiser Health News 3/23/2015



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