

President's Message



Wayne Cosby
VASBO President



VASBO
Spring Conference
May 20 - 22, 2015
Williamsburg Double Tree
by Hilton
Williamsburg, VA

As we approach the spring conference and the end of my term as president, I would like to thank the management team for making this an unbelievable year. The dedication that has been shown helped produce wonderful conferences. Our theme of "Celebrating – Past, Present and Future" ushered in many of our Past Presidents and bought back a tradition of having our students perform for the membership during lunch.

During the fall conference, history was made as our first cohort class completed all of the requirements to become VASBO/UVA first graduating class. This program was created two years ago as a joint partnership with the University of Virginia to establish a Virginia School Business Official Certification Program. We are hoping to start our third cohort during the spring conference.

At the winter conference, we had the opportunity to meet with members of the House and Senate. The DOE gave us updates on legislative issues concerning our schools. Holding our conference in the Downtown Richmond area while the General Assembly is in session is an annual tradition.

At the spring conference, Chris Sorensen with the Department of Education will be joining us to answer your questions relating to the Annual School Report. June Eanes will join him to address the transportation portion of those questions.

With this being the 50th anniversary, VASBO is very excited to be celebrating this very important year in Williamsburg, VA. A city that prides itself on history. Our partners and sponsors continue to show strong support for our organization. During this year, our relationships with DOE and Forecast5 have grown. Through their efforts, a tremendous analytical platform has been built. We will update you with future enhancements. Thanks to all who have played a role in that development. As I reflect, I am proud of VASBO's rich history as well as all of our current noteworthy accomplishments. As I look to our bright future, I am equally thrilled about the new strategic planning process that VASBO is about to embark upon. At the winter conference, as the 50th president I was pleased to empower members of the VASBO management team to assist with establishing a framework that will be utilized in developing VASBO's first strategic plan. I foresee VASBO having a written strategic plan document that will detail out our mission statement, our vision statement, a set of core values, goals, objectives and strategies. Our mission statement will clarify our priorities; our vision statement will articulate "what" we must become in the future to accomplish our mission, and core values will reflect how VASBO will work in order to achieve its mission and vision. VASBO's comprehensive strategic plan will be viewed as our compass and it will help guide our future course. This auspicious endeavor will be accomplished through collaboration and input from all stakeholders including you. So, I appreciate your assistance, ideas and feedback in advance as VASBO pursues a higher level of excellence.



Pictured left to right are Lisa Frye, Jonathan Miller, Brook Thomas, Bill Bowen, Wayne Cosby, Phillip Trayer, Shannon Irvin and LaShahn Gaines

| Introducing the VASBO 2014-15 Officers | | |
|--|-----------------|---------------------|
| President | Wayne Cosby | Hanover County |
| President-Elect | Bill Bowen | Poquoson City |
| Treasurer | Shannon Irvin | Nelson County |
| Secretary | Phillip Trayer | Louisa County |
| Director | LaShahn Gaines | Spotsylvania County |
| Director | Jonathan Miller | Chesterfield County |
| Director | Terry Stone | Henrico County |
| Director | Brook Thomas | Northampton County |
| Past President | Lisa Frye | Frederick County |
| SASBO Director | Misty Caish | Virginia Beach City |

| Introducing the VASBO 2014-15 Management Team | | |
|---|--------------------------------|-----------------------------------|
| ASBO Rep | Lisa Frye | Frederick County |
| Audit Committee | John Broderick | Sussex County |
| Cardinal Award Oversight | Deborah White | Goochland County |
| Constitution & Bylaws | Suzanna Scott | Hampton City |
| Continuing Education | Donna Eagle | Winchester City |
| Legislative | David Cline | Prince William County |
| Membership Co-Chair | Susan Peterson | Roanoke County |
| Membership Co-Chair | Katie Miano | Montgomery County |
| Nominations | Lisa Frye | Frederick County |
| Past President Liaison | Dennis Jarrett | York County |
| Resolutions | Marilyn Woodall | Chesapeake City |
| Scholarship Chair | Joanne Wright | Gloucester County |
| Vendor | Tracey Worley Amy Hardy | Pittsylvania County |
| Vendor Reps | Dixcy Kilduff Mallory Wiggs | American Fidelity TRA Software |
| Technology Advisor | Bill Flaherty | Retired |

President’s Message Continued

In closing, this year I took pride in serving as the 50th VASBO President knowing that this organization is built on a solid foundation. A foundation of teamwork, professionalism, integrity and excellence. Special thanks to all of the Past Presidents who paved the way for me. To my colleagues, know that individually and collectively we are destined for greatness and we have the strength, the intelligence and the courage to overcome every budget challenge, meet federal, state and local mandates, and serve our school communities with enthusiasm and hope.

Special thanks to each of you for making VASBO’s 50th anniversary a success. Please join me and the management team at the spring conference as we continue to celebrate VASBO’S Past, Present and Future.

Wayne Cosby
VASBO President

VASBO ANNUAL CARDINAL AWARD

Each year at the Annual Spring Conference, the Virginia Association of School Business Officials (VASBO) will recognize an outstanding VASBO member who has been selected to represent VASBO as the Outstanding School Business Official for that year. The person chosen will exemplify professionalism, leadership and innovation in the field of school business management. Once selected by VASBO, the winner will also be recognized at the Annual Conference of the Southeastern Association of School Business Officials (SASBO).

Submitted by Deborah White, Cardinal Award Oversight Committee Chair



Past Cardinal Award Winners: Bill Flaherty, Dennis Jarrett, Edie Williams, Penny Hodge, Dave Cline and Dr. Jim Meyer

Legislative Program

Each year, VASBO develops and the membership approves a number of legislative positions representing our concerns to the General Assembly. The current legislative program for FY 2015 can be found on the VASBO web site or by [clicking here](#). The Legislative proposal was voted on at the Fall Conference business meeting and approved by the membership.

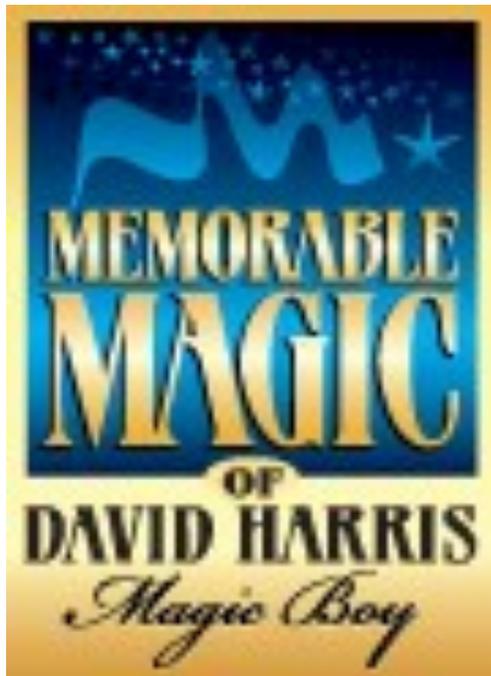
Submitted by Dave Cline, Legislative Committee Chair



Past Presidents Conferring over the slate of Officers for VASBO in 2015-2016



Did you know that this year (2014-15) is VASBO's 50th Anniversary! Come and celebrate with us!



David Harris will entertain VASBO members after dinner on Thursday May 21, 2015. If you haven't seen David at recent ASBO conferences you are in for a treat. Please register now and attend the VASBO Spring Conference. Remember it is VASBO's 50th Anniversary!

COMING SOON! Spring 2015 Conference - DoubleTree in Williamsburg, VA

VASBO is planning its Spring Conference (May 20-22) in Williamsburg, VA at the DoubleTree by Hilton. VASBO directors and management team are already focused on the conference activities. Mark your calendars now! Here's a list of presentations and presenters for the conference.

Dr. William Glenn, Virginia Tech
Chris Sorensen and June Eanes, Department of Education
Susan Landis, State Employment Commission
Dixcy Kilduff, American Fidelity
Stephanie Heintzleman, VACORP
Brooke Spurlock, Standard Insurance Company
Mike English and Steve Miller, Forecast5 Analytics
John Musso, Executive Director ASBO International
Dennis Jarrett and a panel of Past Presidents talk about the Past

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VASBO Past Presidents

Past Presidents are still an integral part of the VASBO organization by being members of the Nominations Committee. Nominations for next year directors and officers are discussed and approved at the Winter Conference to be voted on at the Spring Conference. Each year at the Spring Conference VASBO honors the Past Presidents at a reception. All VASBO Past Presidents are invited to attend all conferences during 2014-15 as integral partners in all VASBO Conferences.



Past Presidents honored at Spring Conference in Roanoke

Past Presidents

| | | | | | |
|------------------------|--------------|---------|-----------|--------------|---------|
| Organizational Meeting | | 1965 | Edith | Williams | 1989-90 |
| W.C. | Campbell | 1965-66 | Stephen | Partin | 1990-91 |
| Clement | Jacobs | 1966-67 | Glenn | Burdick | 1991-92 |
| Bayes | Wilson | 1967-68 | T. J. | Bise | 1992-93 |
| Earle | Buffington | 1968-69 | Bobby | Hall | 1993-94 |
| Leon | Cashwell | 1969-70 | Dave | Papenfuse | 1994-95 |
| Marvin | Sutphin | 1970-71 | Alexander | Bostrom | 1995-96 |
| Richard | Wingfield | 1971-72 | Norma | Frye | 1996-97 |
| Rolland | Bowers | 1972-73 | James | Beckner, Jr. | 1997-98 |
| John | Schneider | 1973-74 | Janet | Brown | 1998-99 |
| Joseph | Ringers, Jr. | 1974-75 | Raymond | Leonard | 1999-00 |
| Jerome | Stern | 1975-76 | Robert | Aylor | 2000-01 |
| Paul | Quintrell | 1976-77 | Robin | Corson | 2001-02 |
| Virginia | Thomas | 1977-78 | Steven | Bateson | 2002-03 |
| David | Alexander | 1978-79 | James | Thorsen, Jr. | 2003-04 |
| Nathan | Young | 1979-80 | Fred | Cabler | 2004-05 |
| John | Shughrue | 1980-81 | James | Meyer | 2005-06 |
| George | Atwell | 1981-82 | Leslie | Peterson | 2006-07 |
| Joseph | Black | 1982-83 | David | Cline | 2007-08 |
| Colleen | Dryden | 1983-84 | Dennis | Jarrett | 2008-09 |
| F. Carroll | Alexander | 1984-85 | Christie | Fleming | 2009-10 |
| John | Ryder | 1985-86 | William | Flaherty | 2010-11 |
| Wayne | Mehanes | 1986-87 | Joanne | Wright | 2011-12 |
| Jim | Ward | 1987-88 | Penny | Hodge | 2012-13 |
| Bob | May | 1988-89 | Lisa | Frye | 2013-14 |



Virginia Association of School Business Officials

VASBO Continuing Education Workshop

Wednesday, May 20th 12:30-4:30 pm

Separate But Not Yet Equal: School Finance Equity and Adequacy

Dr. William Glenn

Many states have been subject to lawsuits seeking to reform their education funding systems. These cases are litigated on the basis of state constitutional language and generally seek either greater equity in funding among school districts and/or a guaranteed level of adequate funding for education. No doubt this is an important topic as we aim to provide the best possible education for each and every child.

Join us and learn about equity and adequacy of educational funding. Learn the history of litigation related to these topics. Explore the research around equity and adequacy and the relationship to student success. Through an equity framework, we will conduct an equity analysis to determine the disparities of educational funding in Virginia school divisions. In addition, you will learn the components of an equity audit to be applied within your division. Finally, you will learn the four approaches to determining adequacy in examining the cost of meeting the high outcome standards the Commonwealth has embraced.



Dr. William Glenn began his professional career as an attorney in the Los Angeles area. He then transitioned into the field of education and taught for five years at Benjamin Franklin Elementary School (an urban elementary school) in Pasadena, CA. In 2002 he left teaching to pursue a PhD from the University of Southern California focusing his research on the relationship between school finance litigation and student achievement. Now employed as an associate professor for Virginia Tech, he teaches school finance, quantitative methods, and school law. His research focuses on quantitative analyses of how economic, legal, political, and school level variables influence student outcomes, with an emphasis on achievement gaps.

Wednesday, May 20, 2015 12:30-4:30

VASBO Spring Conference-May 20-22, 2015

Double Tree by Hilton Hotel Williamsburg

50 Kingsmill Rd.

Williamsburg, VA 23185

\$80.00 for Members and Non-Members

For more information and to register, visit: www.vasbo.org or call

Steve Bateson, Executive Director, VASBO at (804) 512-5443



Cohort III Announcement

Dear Colleagues,

Over the past two years, the Virginia Association of School Business Officials (VASBO) and the University of Virginia have collaborated to expand and strengthen the pool of highly competent and skillful school business officials for school divisions across the Commonwealth. Cohort III is set to begin May 20 just prior to the Spring VASBO Conference in Williamsburg. The program is held in conjunction with the fall, winter, and spring meetings of VASBO. Each of the six day long sessions are offered the day before the VASBO meeting over a two year period. Participants of this program must be members of VASBO and attend all VASBO conferences during the program.

Sessions are taught by highly successful current or retired local school superintendents, school business officials, and professionals with expertise and practical experience in the topics being discussed. Topics include:

- Financial Planning and Budgeting
- School Law
- Accounting Principles and Procedures
- Financial Reporting and Auditing
- Purchasing and Management Information Systems
- Other relevant school finance topics.

Applicants must be recommended by their superintendent to participate in this program. If you are interested, please contact Teresa Marshall at tcs8b@eservices.virginia.edu for an application packet. If you have questions, contact Cindy Orshek, program director, at cgo3w@virginia.edu or 434-982-5366. Deadline for applying is April 15, 2015.

[Schedule of Classes for Cohort III](#)

[Registration Form for Cohort III](#)



SFO[®] Certification Program



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What is the Certified Administrator of School Finance and Operations[®] (SFO[®])?

Developed by school business management professionals and supported by ASBO International, the Certified Administrator of School Finance and Operations[®] (SFO[®]) defines the essential skills and knowledge that every effective school business professional should possess and demonstrates to employers that you have real-world, practical expertise that can be readily applied to the current work environment.

The SFO is an international certification, recognized in the United States and Canada.



- [Application Process Power Point](#)
- [SFO Certification Brochure](#)
- [FAQ on the SFO Certification](#)



Steve Bateson
Executive Director

Executive Director's Report

A big thank you to the VASBO Directors and especially Brooke Thomas for coordinating an outstanding Winter Conference. The Winter Conference was well attended and even included seven new VASBO members. I have heard nothing but positive comments from our members. I want to thank American Fidelity for providing the speaker for one of the most attended Continuing Education classes in recent history.

Registration is now open for the Spring Conference in Williamsburg. We expect demand will be high for this conference so register early to secure your discounted room. Donna Eagle has come up with another great speaker for our Continuing Education class that will focus on School Finance and Adequacy. The VASBO Directors have put together another outstanding list of speakers for the general sessions. Headlining the first day will be back-to-back sessions from Chris Sorenson and June Eanes from the Department of Transportation. Chris and June will be answering questions from our online survey on the Annual School and Transportation reports.

Those are just a few of the highlights of our business schedule. For the entertainment, David Harris will be joining us after dinner on Thursday night. David is a gifted magician and entertainer who originally hails from Mechanicsville, Virginia. David combines a unique brand of comedy and illusion that will surely entertain us all. And this is in addition to the great door prizes given away by VASBO and our Vendors.

I want to thank all the members that responded to the continuing education survey right before the Winter Conference. The information provided will greatly assist the Directors in developing programs for future conferences. And congratulations to Patty Camery of Frederick County! Patty won the tablet for taking part in our survey.

Mark Your Calendars for upcoming VASBO Conferences.

Spring 2015 Conference—May 20-22, 2015
Williamsburg Doubletree (Formally Marriott Kingsmill)

PICTURES:

VASBO 2015 Winter Conference pictures can be seen by clicking [here](#)!

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SASBO NEWS

SASBO's Expert Exchange online professional development series is a convenient and inexpensive way to earn up to eighteen hours of valuable CPE credits. You can attend these sessions from the convenience of your own PC...no travel time or expense. Members may purchase the entire series for \$200, one for \$49 or select three for \$99.

For more details [click here](#)

Live presentations are scheduled for 2:00 p.m. EST/1:00 p.m. Central. These sessions will also be recorded for future viewing at your leisure.

April 23, 2015

“Performance Measurement and Management in School Transportation”

May 21, 2015

“Policy and School District Finance”

June 18, 2015

“Technology Trends...What Is Out There to Help You (And Your Students) Work Smarter?”

The Southeast Association of School Business Officials (SASBO) is already planning for their 2015 Conference to be held in Myrtle Beach, SC. It will take place at the Hilton Hotel & Resorts from April 13-16, 2015. This is a Joint Conference and Discovery Forum between SASBO and SCASBO (South Carolina Association of School Business Officials). There will be Educational Sessions beginning at 10 a.m. on Tuesday, April 14 and will wrap things up with a special event and dinner on Thursday, April 16, 2015. NOW is a good time to start planning. If you are thinking about attending, you might want to go ahead and reserve your room!



The Hilton Room Block is now Open for the 2015 SASBO and SCASBO Joint Conference & Discovery Forum to take place April 13-16, 2015

Myrtle Beach Hilton

Rate is \$125 plus tax

If you select the following link you can book now or call at 800-876-0010 with group code SBO

http://www.hilton.com/en/hi/groups/personalized/M/MYRBHHH-SBO-20150411/index.jhtml?WT.mc_id=POG

As an added benefit to your VASBO membership, all VASBO members automatically become SASBO Members. Take the time to log on to the www.sasbo.org website and see some of the great benefits. There is the Expert Exchange that is just beginning. Do you need CPE credits? For only \$200 for the year, you have access to 9 webinars where you can gain 18 CPE credits by participating right from your desk or from any location where you have a laptop/phone available. You can also take a look at the Electronic Resource Center where you can find a wide variety of workshop notes, RFP's, and sample manuals that may help you and your needs. These documents come from 11 states, so there is a wide variety of topics!

Submitted by Misty Caish, SASBO Director



Some of VASBO's great Directors; Johnathan Miller, LaShahn Gaines and Brook Thomas

VASBO wishes to thank our Vendor Members and especially our Sustaining Sponsors that contribute not only funds but their time and expertise to make VASBO a better organization. VASBO is actively updating vendor memberships starting 7/1/2014. Each time a member has interaction with a vendor member please say a hearty Thank You!



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Vendor Members 2014-15



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| <u>Organization</u> | <u>Sponsor</u> | <u>Contact Name</u> |
|--|----------------|-----------------------|
| American Fidelity Assurance | Diamond | Dixcy Kilduff |
| Horace Mann Insurance | Platinum | Steve Harder |
| VACORP | Platinum | Stephanie Heinztleman |
| Virginia Retirement Specialists | Platinum | Robert Cox |
| Frontline Placement Technologies | Gold | Anil Khan |
| RDA Systems | Gold | Mike Witherspoon |
| Siemens | Gold | Matthew Gilley |
| Source4Teachers/MissionOne | Gold | Joseph Walter |
| TRA Software Solutions | Gold | Mallory Wiggs |
| Ameresco | Silver | Richard Ritter |
| Data Business Systems | Silver | Larry Harmon |
| GCA Educational Services | Silver | Russell Leboff |
| Kelly Educational Services | Silver | Josh Ellis |
| Keystone Information Systems | Silver | Judd Van Dervort Jr. |
| Online School Management Systems | Silver | Tony Watkins |
| RevTrak | Silver | Che Zachery |
| Schneider Electric | Silver | Janet Tribble |
| SSC Service Solutions | Silver | Matt Cooter |
| Sungard K12 | Silver | R. Erick Reinhard |
| TCPN | Silver | Louanne Shaffer |
| The Omni Group | Silver | Mark Buckley |
| Forecast5 Analytics | Partner | Mike English |
| US Communities | Partner | Tyler McCall |
| Wells Fargo Insurance Services | Patron | Greg Snow |
| AXA Advisors | | Christopher Fines |
| Johnson Controls | | Whit Blake |
| New Hope Technology Foundation | | John Hughes |
| Minor and Associates | | Sheila Minor |
| Old Dominion Insurance and Investments | | S. Bryce Allen |
| PBMares, LLC | | Betsy Hedrick |
| Pierce Group Benefits | | Quincy Casper |
| Weidenhammer | | Kevin Brobst |



ASBO REPORT

ASBO Conference:

The 2015 ASBO Annual Conference will take place in Grapevine, TX, October 23-26, 2015. The annual conference brings together more than 1000 school business leaders for four days of learning and networking. It is an exceptional opportunity to advance professional and leadership skills, as well as to engage face-to-face with peers from around the world. This year's conference had more than 110 hours of hands-on professional development sessions, as well as guest speakers, discussion panels, and networking opportunities. The session tracks are categorized by the following management or leadership areas: finance, human resources, facility services, information, ancillary, and global issues.

Eagle Award:

This award is presented to one individual who best exemplifies visionary leadership in school business management. It includes a \$5,000 scholarship to present to a high school senior of your choice and an all-expenses paid invitation to attend the prestigious Eagle Institute leadership conference. The deadline for applications is usually in June of each year. The 2015 Eagle Institute will be in July and will be held in Alexandria, Virginia.

Pinnacle Award:

This award recognizes school business officials for outstanding practices and new ideas-from every field of school business management-that have enhanced schools and the lives of students. The top Pinnacle Award earns your district up to \$5,000 of school furniture and increased recognition and credibility, up to \$5,000 for the winner, recognition in ASBO publications, and an all-expense-paid trip for you and a guest to ASBO International's Annual Meeting & Expo. The deadline for applications is on May of each year.

Certificate of Excellence in Financial Reporting:

ASBO awards qualifying applicants the ASBO International's Certificate of Excellence in Financial Reporting (COE), which recognizes transparency and fiscal accountability.

Meritorious Budget Award:

This award is designed to recognize excellence in school budget presentation, while enhancing your skills in developing, analyzing, and presenting a clear and effective budget. The deadline for applications is within 90 days of the legal approval of your school budget. There is a Pathways to MBA program specifically designed for first year applicants.

Certified Administrator of School Finance and Operations (SFO):

The SFO designation defines the essential skills and knowledge that every effective school business professional should possess and lets employers know that you have real-world, practical expertise that can be readily applied to the current work environment. It is important to demonstrate to the community that the school's finances are managed by a knowledgeable and ethical administrator.

All of these programs are further detailed at the ASBO web site at the following address:

<http://www.asbointl.org/about/overview>

A new data analytics program for Virginia schools was launched last Fall through a partnership between VASBO and Forecast5 Analytics, Inc. The program has several components and technologies that Virginia schools can utilize. During the initial roll-out, two platforms were highlighted at the Fall Conference. **5Sight** is a comparative analytics tool that allows school administrators to quickly gain business insights from pre-built, interactive graphics and datasets. The system allows school divisions to benchmark performance against relevant peer groups in a number of areas including enrollment, financial performance, compensation, staffing, and student achievement.

Since October, fourteen school divisions have started to use the platform realizing benefits that include: administrative time savings, creating financial/resource opportunities, and generating attractive and compelling reports for division stakeholders. 5Sight users have participated in on-line workshops, as well as, VASBO sponsored workshops. Since its release, VASBO members have contributed to the development of several additional visuals including a recent release of two new health insurance analytics.

The second technology released last Fall was the VASBO social network powered by **5Share**. This platform is a free service to all VASBO members and allows members to communicate and collaborate around education and finance issues. The VASBO site on 5Share includes a document repository that members can use to share common documents. The site has also been organized around school finance categories in order to increase the ability to search the conversations and content.

The program also includes technologies that divisions can use for school boundaries and enrollment projections, as well as, a tool that allows divisions to create a 5 year budget forecast. To learn more about the program, please see <http://www.VASBO.org> or <http://www.forecast5analytics.com>. Forecast5 will be highlighting the VASBO program at the upcoming SASBO conference in Myrtle Beach, SC with a panel discussion of current Virginia users. Forecast5 will also participate throughout the VASBO Spring Conference in Williamsburg.

More Information is available

www.forecast5analytics.com

www.forecast5analytics.com/news/vasbo

Submitted by: Michael English, President/CEO Forecast5 Analytics, Inc.



Lunch time entertainment from the Douglas S Freeman HS
Festival Choir



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Current Health Care Reform Hot Topics

There have been numerous changes and challenges in the health care landscape over the past few years, many driven by Health Care Reform. With so many moving parts, many employers are struggling to understand the new requirements, figure out how to comply with them, and devise strategies to keep up with the changing rules. We have compiled a short list of important topics and issues employers need to be thinking about and preparing for now: the measurement of full-time employees under the employer mandate, the need to obtain a Health Plan ID and certify the plan's compliance with certain HIPAA rules, the fees associated with the Transitional Reinsurance program, and required IRS reporting are the provisions most employers are focusing on today.

Employer Mandate Measurement Period

Under the employer mandate (also referred to as the employer shared responsibility provision, play or pay mandate, or Free Rider Penalty), large employers must offer employees who work 30 or more hours per week (and their dependent children) adequate and affordable health care coverage or potentially pay a penalty (if at least one employee enrolls in public Exchange coverage and qualifies for a premium tax credit). Full-time status is based on "hours of service," which include all work time and non-work time for which pay is due. For employees paid a salary or per diem, employers must either credit hours based on actual service records or use a days or weeks worked equivalency. For employees paid on an hourly basis, an employer will count actual hours of service from records of hours worked. Note that a contractual arrangement to work a set number of hours does not, in and of itself, create a service record.

To credit hours of service worked by employees, the employer may either use a monthly or look-back measurement period. Many organizations are planning to use the look-back measurement period method. Using that method, the employer determines whether an employee has averaged a full-time schedule over a three to 12 month measurement period. If an employee was considered full-time during the measurement period, the employee must be treated as a full-time employee for benefits purposes for a subsequent "stability period" regardless of the employee's number of hours worked during the stability period, so long as the individual remains an employee.

Because the employer mandate generally becomes effective for plan years beginning on or after January 1, 2015, (for employers with 100+ full-time equivalent employees), employers using the look-back measurement period method need to be measuring hours of service for their workforce now. While generally an employer using a 12-month measurement period must also have a 12-month measurement period, a transition rule allows employers to use a six-month measurement period beginning in 2014, so long as the measurement period starts no later than July 1, 2014. (Note that some employers with non-calendar year plan years may not qualify for the transition rule that offers an option to avoid penalties before the start of the 2015 plan year, such as employers who changed their plan years after December 27, 2012. Those employers could start incurring penalties beginning January 1, 2015 regardless of their plan years.)

The bottom line is that most employers who plan to use the look-back measurement period are already into their first measurement periods. Therefore, they should already have procedures in place to track hours worked and calculate who will be considered full-time under the law and be prepared with a "play or play" strategy.

Health Plan Identifier and Certification of Compliance with HIPAA Transaction Rules

The Department of Health and Human Services (HHS) requires health plans to obtain a health plan identifier (HPID) by November 5, 2014 (small health plans with annual receipts of \$5 million or less have until November 5, 2015 to comply). Employers that sponsor self-funded health plans will need to register for this ID; insurance companies will perform this task on behalf of employers that sponsor fully-insured plans. An employer may register for and obtain the HPID from the HHS website. Once a health plan has received their HPID, any covered entity or business associate that identifies the health plan must utilize the assigned HPID number when conducting electronic, standard business transactions, so it will be important to share the HPID with applicable entities.

The second part of this new HIPAA requirement is to get assurance from plan administrators and vendors who process standard transactions for the plan that the vendor has gone through a required testing process and has received the necessary certification from HHS. Both large and small health plans must submit certification of their compliance with certain standard transaction rules by December 31, 2015. Note that this process can reportedly take six months or more, so health plans should start working on the certification process as soon as they receive their HPIDs.

For now, the first step is to register for the HPID on the HHS website. Detailed instructions are also available on the site.

Transitional Reinsurance Fee

For three years beginning in 2014, insurers of fully-insured plans and plan sponsors of self-funded plans must pay reinsurance fees to the Department of Health and Human Services (HHS). The purpose of the fee is to help stabilize premiums for coverage in the individual market during the first three years of Public Exchange operation. Plan sponsors and issuers must submit covered life information by November 15, 2014, HHS will send invoices based on this information by December 15, 2014, and issuers and plan sponsors must pay the fees within 30 days.

Preliminary HHS estimates are that the fee for 2014 could be as much as \$63 times the average number of covered lives in the plan. Proposed regulations allow for a portion of the fee to be paid in January of the year following the applicable fee with the remaining portion to be due later in the fourth quarter of the year in which the fee is applicable. \$52.50 of the 2014 fee estimate of \$63.00 will be paid in January 2015 and the remaining \$10.50 will be payable late in the fourth quarter of 2015. The estimate for the 2015 calendar year is \$44 broken into two parts of \$33 payable in January 2016 and \$11 late in the fourth quarter of 2016.

The presence of these fees requires both self-funded and fully-insured plans to consider these costs in the budgeting process. Self-funded plans will also have the burden of paying these fees directly to the Federal government. HHS is expected to provide more information on how to report the required information and pay the fee.

Code Section 6055 and 6056 Reporting

Certain employers will be required to report information about their employees and their health coverage to both employees and the IRS each year. Internal Revenue Code (Code) Section 6055 requires every entity that provides Minimum Essential Coverage (MEC) to file an annual return reporting specific information for each individual. The 6055 reporting is applicable to insurers of insured major medical plans and plan sponsors of self-funded major medical plans. Employers of any size that sponsor Minimum Essential Coverage must submit this report. As a general matter, only major medical coverage is considered Minimum Essential Coverage.

Under Code Section 6056, every employer that employed on average at least 50 full-time equivalent employees on business days during the preceding calendar year ("large employers") must file a return that reports the terms and conditions of the health care coverage provided to the employer's full-time employees during the year. In addition, the report is required to include and certify detailed and specific information on the employer's full-time employees, including those who received the coverage and when they received it.

Large employers are responsible for the Section 6056 reporting regardless of whether the health coverage is fully insured or self-funded. All employers in a controlled or affiliated service group are combined for purposes of deciding if the employer is "large," but each employer in the group must file the Section 6056 report separately.

Under both 6055 and 6056, the first reporting will be for calendar year 2015 (regardless of plan year) and will be due in 2016. They are due to covered individuals by January 31 and to the IRS by February 28 or March 31, if filed electronically. Large employers that sponsor self-funded plans are required to report the information required under both Section 6055 and 6056 on a single combined form using Form 1095-C. Simplified reporting is also available in certain circumstances. Final regulations and draft forms have been published, but the forms are not yet final and instructions are not yet available.

Employers should begin reviewing the forms to determine available sources for collecting the information that must be reported. Note that employers may not currently have access to all information required to be reported. For example, employers must report a tax identification number (TIN, e.g., Social Security Number) for all individuals (employees and dependents) who were enrolled in health coverage. Certain exceptions are available; for example, date of birth may be used instead if the individual does not have a TIN or the employer made “reasonable efforts” to obtain the TIN (which means the employer made at least one initial solicitation, then two qualifying follow-up attempts) but was unable to do so. In any event, employers should plan ahead to ensure they are prepared to collect all of the information that must be reported.

Conclusion

American Fidelity Administrative Services provides a variety of services designed to assist employers in understanding the changing laws and developing compliance strategies. Learn more at www.americanfidelityconsulting.com, or contact us at 877-302-5073.

Caution:

This is only a brief summary that reflects our current understanding of select provisions of the law, often in the absence of regulations. All of the interpretations contained herein are subject to change as the appropriate agencies publish additional guidance.

Submitted by: Dixcy Kilduff, Vendor Representative, American Fidelity



Dixcy Kilduff from American Fidelity and VASBO Vendor Representative talks with VASBO Past-President Christie Fleming



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