

EMPLOYER NOTES RE HEALTH CARE LAW
Prepared by PA Association of Health Underwriters
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SUMMARY The Patient Protection and Affordable Health Care Act is a complex product encompassing too many moving parts to list in a brief presentation. There are a significant number of items affecting employers of all sizes and some specifically affecting larger employers.

ALL EMPLOYERS

- Grandfathering 3/23/10
- Notification to employees re grandfathering 2010 TBA
- Dependent up to age 26 effective at first plan renewal after 9/23/10 unless open enrollment earlier or until next collective bargaining agreement; effective for students graduating in May 2010 depending on insurance company
- Lifetime benefit caps end on all plans 9/23/10; phase-out of annual limits for grandfathered plans to 2014
- No insurance policy rescissions 9/23/10
- Wellness Grant Program is supposed to start 10/1/10; HIPAA wellness program incentives expanded to 30% of premiums effective 1/1/14
- Health Savings Account/HRAs/Flexible Spending Accounts prohibition on over the counter drugs unless prescription; Penalties increased to 20%; FSA limit contribution for medical expenses to \$2,500; Effective 1/1/11
- CLASS Act employer benefit (long-term care program) choice 1/1/11
- Aggregate value of health plans on W-2s (calendar 2011; to employees 2012)
- 1099 forms for ALL business contract relationships (calendar 2011; to vendors 2012); unsure if applies to public entities
- Summary of Benefits using HHS format (4-page, 12-point type, “culturally linguistically appropriate manner”)
- Enrollee tax to fund Patient Centered Outcome Research effective first plan year after 9/30/12
- No pre-existing conditions (medical underwriting prohibited); criteria for rates may include smoking, age, family composition, geographic regions; Effective 1/1/14
- State Exchanges operational 1/1/14 along with multi-state Exchanges and CO-OP (non-profit) plans; State may chose to let large groups of over 100 EE to purchase coverage in the Exchanges 1/1/17
- Employer Mandates for employers with 50 EE plus and \$2,000 per employee fine for not offering a health plan and \$3,000 per employee receiving a premium tax credit and paying more than 9.5% of household income as their premium share; Effective 1/1/14
- Free Choice Vouchers 1/1/14 for each employee who must contribute 8 and 9.8% of household income used to purchase coverage from Exchanges
- Minimum Essential Benefits for all plans 1/1/14
- Medicaid expansion to 133% Federal Poverty Level; State Premium Assistance Programs
- No waiting period longer than 90 days

SMALL EMPLOYER

- Small Business Health Insurance Premium Tax Credit effective now
- Compliance with IRS rules under section 105 re prohibiting discrimination in favor of highly compensated individuals; Effective 9/23/10
- Benefit changes effective 9/23/10 on health plans (unless grandfathered)
- Clinical test coverage on all policies
- Cafeteria Plan Safe Harbor for small employers to simplify cafeteria (100 or fewer employees)
- Annual reports to HHS on whether or plan health plan complies with specified components; to be posted on Internet; non-compliance penalties; effective 3/12
- Small group size redefined as 1-100 employees effective 1/2014 but states may elect to reduce size of small to 50 for plan years prior to 2016
- Exempt from required offering of health insurance (employer mandate) but firms with over 50 employees pay fines
- 40% Excise Tax for so-called Cadillac Plans (aggregate values exceeding \$10,200 for individual and \$27,500 for families; includes Health Savings Account employer contribution and reimbursements for HRAs and FSAs. NOTE: Does not include dental, vision, disability, long-term care, after tax indemnity and specific disease coverage; Effective 1/1/18)

LARGE EMPLOYER

- Elimination of employer deductibility of Medicare Part D subsidy of Donut Hole (effective 2013 but FAS 109 accounting rule showing charge against 2010 earnings)
- 250 plus EE employer tax credit if firm invests in acute & chronic disease research for 2009 and 2010
- Medical Loss Ratio of 85% for groups 100 EE plus; Effective 9/23/10 but moved up to 6/1/10
- Early Retiree Reinsurance Program reimburses employers retrospectively for 80% of claims between \$15-90,000 after a \$15,000 threshold; starts now, ends 2014
- Study of Insurance Reforms on Large Groups 3/23/11
- Study of Insurance Reforms on ERISA plans 3/23/11
- Auto-enrollment of new employees in group plans with 200-plus employees 1/1/14
- Self-funded plans would be required to report coverage status data on all plan participants to the IRS annually as part of the Individual Mandate; Effective 2014
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