

## 2010

---

### Early Retiree Reinsurance Program

- A temporary federal reinsurance program will reimburse employer plans for a portion of the cost of benefits provided to early retirees (age 55 through 64).

### Small Business Tax Credit

- Small business tax credit for employers with fewer than 25 employees of up to 35 percent (25% for non-profits) of the employer's contribution to health insurance for employees. Tax credit increases to up to 50% in 2014.

## 2010/2011

---

The provisions in this section are effective for first plan year beginning after September 23<sup>rd</sup> 2010.

### Provisions which apply to grandfathered plans

#### Children Covered to Age 26

- Plans must offer coverage to children up to age 26 regardless of whether they qualify as a tax dependent.

#### No Lifetime Limits, Restricted Annual Limits

- Plans may not impose lifetime limits.
- Restrictions on annual limits with no annual limits permitted beginning in 2014.

#### No Pre-ex Limitations in Health Plans on Children

- Health plans may not impose preexisting condition limitations on covered children under age 19.
- Preexisting condition restriction limitations apply to all plan participants beginning in 2014.

### Provisions which do not apply to grandfathered plans

#### IRS Nondiscrimination Rules Apply to Fully Insured Plans

- Employers with fully-insured plans prohibited from providing benefits which discriminate in favor of highly compensated employees according to IRC Section 105(h), previously applicable only to self-insured plans.
  - DELAYED - On December 24, 2010 the IRS delayed the enforcement of these rules until after the release of regulatory guidance (expected later in 2011). Effective date is predicted to be for plan years that begin later in 2011 or possibly 1/1/2012, to be determined when guidance is released.

#### Preventive Care Services Provided with no Cost Sharing

- Plans must provide certain preventive care services with no cost sharing to the participant.

#### Patient Protection Rules

- Out-of-network emergency coverage, access to OB/GYNs & pediatricians, and primary care physician access rules

#### Expanded Appeal Process

- Plans will need to implement an expanded appeals process which includes an external state or federal review.

## 2011

---

#### Over-the-Counter Drugs Reimbursement Restriction

- Over-the-counter medicines will not be eligible for reimbursement from a health flexible spending account (FSA), health savings account (HSA) or health reimbursement arrangement (HRA) unless obtained with a prescription.

#### HSA Withdrawal Penalty Change

- Penalty on withdrawals, prior to age 65, from HSAs for reasons other than the reimbursement of qualified medical expenses will increase from 10% to 20%.

#### New W-2 Reporting

- Beginning on W-2's for 2011 tax year, employers must report the value of employee's health coverage. Reporting does not result in value of health insurance being treated as taxable income.
  - DELAYED – The IRS has made this reporting optional for tax year 2011 and mandatory for tax year 2012 (W-2s released January 2013)

#### Cafeteria Plan Changes

- Creates a Simple Cafeteria Plan which exempts employers who qualify from nondiscrimination requirements applicable to highly compensated and key employees.

#### Automatic Enrollment

- Employers with more than 200 full-time employees must automatically enroll full-time employees in health coverage. Employees will have the option to opt out of automatic enrollment. (the effective date of this provision is unclear)

## 2012

---

### **New Benefit Summary Requirement**

- Plans required to provide a simplified 4-page benefit summary to participants.

## 2013

---

### **Change in Employer Tax Treatment of the Medicare Part D Drug Subsidy**

- Subsidy received by an employer for providing retiree drug coverage under the Medicare Part D subsidy program no longer treated as tax-free to the employer.

### **Medicare Hospital Insurance (HI) Tax**

- An additional Medicare tax of 0.9% applies to taxpayers with earned income above \$200,000 (single return) or \$250,000 (joint return). Employers are not required to match the increase.

### **Limit on Health FSA**

- Employee annual contributions to a Section 125 health FSA capped at \$2,500 then indexed annually to inflation.

### **Employee Notice Requirement**

- Employers will be required to provide employees with a notice which includes; information on health insurance exchanges, premium subsidies and if the employer's plan meets minimum coverage requirements

## 2014

---

### **Health Benefit Exchanges**

- States will establish an insurance Exchange to facilitate the offering of approved, qualified health plans. Exchange coverage initially offered only to individuals and employers with up to 100 employees.

### **Employer "Play or Pay" Penalties for Not Providing Coverage to Full-Time Employees**

- Applies to employers with 50 or more employees
  - Part-time employees are counted on a pro-rated basis to determine if employer is subject to the penalty but employers are not required to cover part-time employees
- Employers who offer health insurance to all full-time employees (30 hrs per week) will pay \$250 per month for any full-time employee who opts out of the employer plans and purchases subsidized individual coverage through the exchange.
- Employers who do not offer health insurance to full-time employees would pay \$2,000 annually multiplied by the total number of full-time employees (not counting first 30 employees)

### **Free-Choice Vouchers**

- Employers that offer coverage for their employees will be required to offer certain employees the option of receiving a tax-free voucher from the employer and use it to join an Exchange plan.

### **Employer Health Coverage Reporting**

- Employers required to report benefit information annually including; coverage offered to their full-time employees, waiting period, the lowest-cost option in each enrollment category, the employer's share of the costs of benefits, and the number and names of employees receiving health coverage

### **Individual Health Coverage Mandate**

- Individuals who do not enroll in "minimum essential coverage" would pay a penalty based on the greater of a flat dollar amount or a percentage of income.

### **Insurance Market Reforms**

- Insurers in the individual and small-group markets will offer coverage in state-based health insurance Exchanges.
  - Guarantee issue and renewable basis, no health underwriting, no preexisting condition exclusions and limits on permissible premium rating bands

### **Wellness Incentives**

- HIPAA limits on financial incentives for participation in wellness programs will increase to 30%.

### **Federal Premium Subsidies for Low- and Middle-Income Individuals**

- Premium subsidies & reduced cost sharing will be provided to individuals earning up to 400% of federal poverty level.

## 2018

---

### **Excise Tax on High-Cost Health Plans**

- A 40% excise tax will apply to the cost of employee health coverage that exceeds \$10,200 annually for single coverage and \$27,500 for family coverage.