



5th Annual Client Appreciation Conference 2010

**“Game-Winning Strategies to
Meet the Challenges of
Healthcare Reform”**



The New Ballgame

Revisit the timeline for
Healthcare Reform

2010



Healthcare Reform 2010

- **Adoption Assistance**

- Synopsis: Increases non-taxable adoption assistance to \$13,170. Expires 12/31/2011.
- Effective Date: 2010

- **Grandfathered Plans**

- Synopsis: Health plans in effect on 3/23/2010 are exempt from certain health care reform provisions.
- Effective Date: 3/23/2010

- **Protections for Employees**

- Synopsis: Prohibits discrimination, exclusion from or denial of any benefits under health program or activity receiving federal financial assistance.
- Effective Date: 3/23/2010



Healthcare Reform 2010

- **Reasonable Break Time for Nursing Mothers**
 - Synopsis: Employers must provide reasonable break time to allow nursing mothers to express breast milk for child up to age 1.
 - Effective Date: 3/23/2010
- **Risk Adjustment**
 - Synopsis: Each state shall assess a fee on fully insured health plans and insurers if the actuarial risk of the plan or coverage is too low and provide payment if the actuarial risk is above a certain level.
 - Effective Date: guidance from HHS to be issued as soon as possible after 3/23/2010
- **Retiree Drug Plan**
 - Synopsis: Adjust FAS 106 / FAS 109 liability for impact of change to deductibility of retiree drug subsidy effective 1/1/2013.
 - Effective Date: 1st quarter financial statements



Healthcare Reform 2010

- **Creation of high risk pool**
 - Synopsis: Created to provide coverage for those with pre-existing conditions who have been uninsured for at least six months.
 - Effective Date: Per HHS regulations to be issued no later than 6/21/2010 but only exist till 1/1/2014
- **Early-Retiree Reinsurance Program**
 - Synopsis: A federal reinsurance program established no later than June 23, 2010 to reimburse sponsors of employment-based plans that provide health benefits to retirees age 55 or older who are not eligible for Medicare.
 - Effective Date: 6/23/2010
- **Annual Limits**
 - Synopsis: Only restricted annual limits may be placed on health plans except for on non-essential health benefits.
 - Effective Date: Plans beginning on or after 9/23/2010 but before 1/1/14



Healthcare Reform 2010

- Appeals Process
 - Synopsis: Must install an internal and external appeals process.
 - Effective Date: Plan years beginning on or after 9/23/2010
- Dependent Coverage
 - Synopsis: Health plans that offer dependent coverage are required to cover children up to age 26.
 - Effective Date: Plan years beginning on or after 9/23/2010
- Lifetime limits
 - Synopsis: No lifetime limits in health plans except for on specific covered benefits that are not "essential health benefits."
 - Effective Date: Plans beginning on or after 9/23/2010



Healthcare Reform 2010

- **Patient protections**
 - Synopsis: Health plans that require or allow designation of a primary care provider must allow the participant to choose any participating provider who is available. Health plans must comply with certain access requirements for emergency services and OB-GYN care.
 - Effective Date: Plan years beginning on or after 9/23/10
- **Pre-existing condition exclusions**
 - Synopsis: Prohibition on pre-existing condition exclusions for covered children under age 19.
 - Effective Date: Plan years beginning on or after 9/23/2010
- **Preventive Care**
 - Synopsis: Must provide coverage for select evidence-based preventive care, certain immunizations, and certain additional care and screenings for women.
 - Effective Date: Plan years beginning on or after 9/23/2010



Healthcare Reform 2010

- **Rescission**
 - Synopsis: Health coverage cannot be cancelled except for fraud, etc., but does not prevent employer from terminating the plan.
 - Effective Date: Plan years beginning on or after 9/23/2010
- **Premium Rebate**
 - Synopsis: Insurers of group health plans must report to HHS regarding loss ratios and must offer a premium rebate to participants if the loss ratio is below 85%.
 - Effective Date: no later than 1/1/2011
- **Small Employer tax credit**
 - Synopsis: Tax credit available for employers with less than 25 full-time equivalent employees and whose annual wages are less than \$50,000.
 - Effective Date: 2010-2013
- **Auto-enrollment**
 - Synopsis: Large employers must automatically enroll all new full-time employees and continue the enrollment of current employees.
 - Effective Date: Per regulations to be issued by DOL



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Healthcare Reform 2011

- Cafeteria plan safe harbor rules
 - Synopsis: Small employers may establish a cafeteria plan if nondiscrimination rules are met.
 - Effective Date: 1/1/2011
- CLASS Act
 - Synopsis: In this voluntary federal insurance program for employees to purchase long-term care, employers may elect to automatically enroll employees in the program, permitting employees to opt-out.
 - Effective Date: 1/1/2011
- Increased Penalty for Nonqualified Withdrawals
 - Synopsis: Ineligible distributions from an HSA will be subject to excise tax increase, from 10% to 20%, and from 15% to 20% for Archer MSAs.
 - Effective Date: 1/1/2011



Healthcare Reform 2011

- **Qualified Medical Expenses in tax free accounts**
 - Synopsis: Over-the-counter medicines will not be eligible for reimbursement under health FSAs, HSAs, or HRAs without a prescription or if the drug is insulin.
 - Effective Date: Tax years beginning on or after 1/1/2011
- **W-2 Reporting**
 - Synopsis: Employers must report the value of employer-sponsored health coverage on the employee's W-2 excluding salary reduction amounts to health FSAs, HSAs, and MSAs.
 - Effective Date: Tax years beginning on or after 1/1/2011
- **Workplace Wellness Programs**
 - Synopsis: Creates 5-year grant program awarded by HHS to eligible small employers to form comprehensive workplace wellness programs.
 - Effective Date: 1/1/2011



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2012



Healthcare Reform 2012

- **Uniform Explanation of Coverage**
 - Synopsis: Employers are required to provide participants a HHS-approved summary of benefits and coverage explanation prior to enrollment, re-enrollment, or prior delivery of the certificate of coverage.
 - Effective Date: No later than 3/23/2012
- **Quality of Care Reporting**
 - Synopsis: Submit annual reports to HHS and enrollees during open enrollment on whether the plan fulfills certain quality of care measures developed by HHS.
 - Effective Date: Per HHS regulations to be issued no later than 3/23/2012
- **Comparative Effectiveness Research Fee**
 - Synopsis: Tax on fully-insured and self-funded group health plans to fund comparative effectiveness research.
 - Effective Date: For the plan year ending after 9/30/2012



The New Ballgame

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Healthcare Reform

2013



Healthcare Reform 2013

- **Executive Compensation**
 - Synopsis: Limits the employee compensation deduction amount at \$500K under IRC §162(m) for certain health insurance providers
 - Effective Date: Tax years beginning 1/1/2013
- **FSA Limits**
 - Synopsis: Annual employee contributions to FSAs will be capped at \$2,500.
 - Effective Date: 1/1/2013
- **Hospital Insurance Tax/Medicare Payroll Tax**
 - Synopsis: Imposes FICA and SECA additional tax for high-income individuals.
 - Effective Date: 1/1/2013



Healthcare Reform 2013

- **2013 Medicare Retiree Part D Subsidy**
 - Synopsis: The employer's deduction for the amount of the Medicare Part D retiree drug subsidy becomes taxable.
 - Effective Date: 1/1/2013
- **Employer Notice Requirements**
 - Synopsis: Employers must provide employees with written notice concerning health insurance exchange and potential eligibility for federal assistance.
 - Effective Date: 3/1/2013



The New Ballgame

Revisit the timeline for
Healthcare Reform

2014



Healthcare Reform 2014

- **Standards for electronic transactions**
 - Synopsis: Implement and certify to HHS compliance with applicable transaction standards.
 - Effective Date: Prior to 1/1/2014, 4/1/2014, and prior to 1/1/2016
- **Annual Limits**
 - Synopsis: No annual limits in health plans except for per beneficiary annual limits on specific covered benefits that are not "essential health benefits."
 - Effective Date: 1/1/2014
- **Clinical Trials**
 - Synopsis: Group health plans and insurers must allow coverage for qualified individuals' participation in clinical trials for life-threatening diseases.
 - Effective Date: Plan years beginning on or after 1/1/2014



Healthcare Reform 2014

- **Cost-sharing**

- Synopsis: Group health plans must limit annual out-of-pocket maximum to the limit imposed on HSA-compatible HDHPs.
- Effective Date: Plan years beginning on or after 1/1/2014

- **Coverage of full-time employees**

- Synopsis: Employers must offer affordable coverage to employees who work over 30 hours a week or face a penalty.
- Effective Date: 1/1/2014

- **Minimum Benefit Requirements**

- Synopsis: Plans must have a minimum of 60% actuarial value and include certain "essential benefits."
- Effective Date: 1/1/2014; 1/1/2017 (for large employers)



Healthcare Reform 2014

- **Employer Penalties**

- Synopsis: Larger employers 50+ employees must meet minimum value standards or if one full time employee receives federal assistance thru the exchange.
- Effective Date: Plan years beginning on or after 1/1/2014

- **Free Choice Vouchers**

- Synopsis: Employers that offer health coverage may also have to provide “free choice vouchers” for qualifying employees to purchase insurance on the exchange.
- Effective Date: 1/1/2014



Healthcare Reform 2014

- **Guaranteed Issue & Renewal**
 - Synopsis: Insurers must accept every employer that applies for coverage in the state where the insurer writes policies for health coverage and must renew such coverage at the plan sponsor's option.
 - Effective Date: Plan years beginning on or after 1/1/2014
- **Health Insurance Exchange**
 - Synopsis: Virtual market place to purchase health insurance.
 - Effective Date: 1/1/2014; Larger employers 2017



Healthcare Reform 2014

- **Payment adjustment system**
 - Synopsis: HHS program for qualified health plans where HHS pays the plan (or the plan pays HHS) a certain percentage of amounts above (or below in case of payments to HHS) the "target amount" of allowable costs.
 - Effective Date: 2014-2016
- **Pre-existing Condition Exclusions**
 - Synopsis: No pre-existing condition exclusions for anyone.
 - Effective Date: Plan years beginning on or after 1/1/2014
- **Reinsurance program payment**
 - Synopsis: Insurers and TPAs on behalf of group health plans must contribute a certain amount to the State reinsurance program each plan year between 1/1/2014 and 12/31/2016.
 - Effective Date: Plan years beginning on or after 1/1/2014



Healthcare Reform 2014

- Reporting Requirements under IRC §6055
 - Synopsis: Requires reporting concerning minimum essential coverage provided, or face penalty.
 - Effective Date: 1/1/2014
- Reporting Requirements under IRC §6056
 - Synopsis: Employers with at least 50 full-time employees must report certain information regarding health plan.
 - Effective Date: 1/1/2014
- Required coverage
 - Synopsis: Fully insured plans offered must include the "essential health benefits package"
 - Effective Date: Plan years beginning on or after 1/1/2014



Healthcare Reform 2014

- **Waiting Period Limitations**
 - Synopsis: No waiting periods of more than 90 days.
 - Effective Date: 1/1/2014
- **Wellness Program rules**
 - Synopsis: Increases the maximum incentive amount for wellness programs from 20% to 30% of the COBRA cost of coverage, with possibility of HHS increasing the cap to 50%.
 - Effective Date: Plan years beginning on or after 1/1/2014



The New Ballgame

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2018



Healthcare Reform 2018

- "Cadillac Plan" Tax
 - Synopsis: Imposes a 40% excise tax on the value of "excess" coverage exceeding \$10,200 for individual coverage and \$27,500 for family coverage.
 - Effective Date: 1/1/2018



Thank you!

Ben Robbins

Director

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