

Timeline for Employer and Group Health Plan Mandates

There continues to be much confusion surrounding the Senate Patient Protection and Affordable Care Act and the accompanying House Reconciliation Bill signed into law on March 23, 2010. Directives have since been issued to various government agencies to develop regulations to implement the components of the new law. Some components will have an immediate impact on group health plans; other portions of the act won't be implemented for several years.

Following is a brief timeline, summarizing the most significant changes that employers and employees can expect to see:

Essential components to the Act include: (1) The "Exchange", which is intended to expand affordable health care coverage to individuals and small groups. This collection of approved health plans made available by each state will be open to individuals and small groups starting in 2014. States can also extend the Exchange to large employers (those with 100+ employees) in 2018; (2) the Individual Mandate, which requires that all individuals have minimum coverage (or pay a penalty) beginning in 2014; and (3) the Large Employer Mandate, which requires employers with 50 or more full-time employees (30 hours per week) to provide minimum coverage to employees (or pay a non-deductible penalty) by 2014. "Grandfathered Plans," meaning those plans in existence on March 23, 2010, have to comply with some, but not all of the mandates. Likewise, collectively bargained plans have to comply with only certain mandates until the termination of the CBA.

Immediate Impacts: Following are some of the mandates that become effective for Plan Years beginning on or after September 23, 2010 (six months following enactment of the law):

- Plans must eliminate life-time dollar limits on essential benefits (services including ambulatory patient care, emergency care and hospitalization, maternity/new-born care, mental health and substance abuse, prescriptions, rehab and devices, laboratory, preventative care, wellness and disease management).
- Coverage cannot be rescinded except in cases of fraud (this must be specifically stated in the plan documents).
- Plans must cover preventative care, such as immunizations and mammograms without any cost-sharing requirements, such as deductibles and co-pays.
- Plans which offer dependent coverage to children must continue to make coverage available until the dependent reaches age 26, regardless of circumstances or marital status.
- Plans cannot impose pre-existing condition exclusions for children under age 19.
- Employers must provide an employee who is nursing/breast feeding reasonable break times to express milk as necessary during the one-year period after the child's birth. The employer must provide a private place, other than a bathroom, for this purpose. (The law does not specify an effective date for this provision, so it is presumed to be effective March 23, 2010).

While these are the immediate changes that will be most notable, following are some of the other changes that employer and employees can expect in future years:

Effective 2011:

- Employers must report the value of each employee's employer provided health coverage on the employee's W-2 (for tax year 2010 and thereafter)
- Flexible Spending Accounts, Health Savings Accounts, and Health Reimbursement Accounts will no longer provide tax-free reimbursement for over the counter medications/drugs (only insulin and prescription medications will be eligible for reimbursement)

Effective 2013:

- The Medicare portion of the employee's FICA tax will increase from 1.45% to 2.35% on earnings over \$200,000
- Employers with more than 200 employees must automatically enroll employees in the employer-provided health plan (although there will be an employee opt-out provision)
- Flexible Spending Account contributions will be capped at \$2,500 per year, subject to inflation adjustments
- Annual Limits on essential benefits are eliminated
- All pre-existing conditions exclusions are eliminated

Effective 2014:

- Generally all individuals must have minimum coverage or pay a penalty
- Employers with 50 or more full time employees (FT = 30 hours/week) must provide minimum coverage to employees or pay a non-deductible penalty (pay or play provision)


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