

Healthcare Reform Summary¹

Considerations for 2010²

Topic ³	Who it affects	What it does	Effective date	Action necessary
Dependent age to 26	All group health plans, as well as individual plans	Extends dependent coverage without exceptions (such as student status)	Renewals following September 23, 2010	Note that many insurers are adopting some aspects of this mandate early, and in some instances there is discretion at the employer level. <u>Contact your benefits consultant and/or insurer rep</u>
Small employer tax credit	Groups with less than 25 FTE paying an average wage less than \$50,000 and providing qualifying coverage	Offers a new incentive to small business by helping to pay employees coverage through an employer tax-credit	January 1, 2010 (retroactively)	Refer to IRS website re: FAQ's related to the tax credit: http://www.irs.gov/newsroom/article/0,,id=220839,00.html Meet with qualified tax counsel familiar with this tax credit in order to evaluate your firm's eligibility. Note, in the long term, in order to be eligible for the tax credit in 2014 the group must drop its existing coverage and purchase coverage through the newly created insurance exchange.
Early retiree reinsurance	Any plan that offers retiree health benefits to non-Medicare eligible persons over the age of 55	Reimburses employers for 80% of claims between \$15,000-\$90,000 through 1/1/14	Within 90 days of March 23, 2010	If you are affected, <u>contact your benefits consultant and/or insurer rep</u>
Lifetime and annual benefit limits	Any health plan	Restricts a plan's ability to limit lifetime maximums, as well as certain annual maximums	Renewals following September 23, 2010	No action necessary as insurers will be required to comply with these provisions
Preventive care coverage	Any health plan	Mandates certain preventive services with no cost sharing	Renewals following September 23, 2010	No action necessary as insurers will be required to comply with these provisions
Preexisting condition coverage	Any health plan	Mandates coverage for pre-ex for children 19 and under	Renewals following September 23, 2010	No action necessary as insurers will be required to comply with these provisions
OTC exclusion for S125 plans	Any employer sponsoring a S125 "flex plan"	Eliminates OTC meds from eligibility for reimbursement under a S125 plan (unless prescribed by a doctor)	January 1, 2011	Specific action is required regarding plan amendment and employee communication – contact your administrator prior to plan renewal.

¹ Note that some of the elements of reform will not apply to plans deemed "grandfathered" under PPACA.

² The objective of this document is to serve as a summary only – this is not meant to serve as legal or tax advice.

³ Note also that this is NOT a comprehensive summary of ALL aspects of reform. There MAY be requirements as an employer that are not referenced within.

Considerations for 2011

Topic	Who it affects	What it does	Effective date	Action necessary
W2 reporting for health care benefits	All employers	If employees receive health insurance coverage through an employer, the amounts must be disclosed on W2	2011	Review during 2010 with accounting and payroll vendors to confirm necessary steps to comply with reporting requirements.
HSA penalty increase	Employees taking non-qualified HSA distributions	Increases the penalty from 10% to 20%	2011	If you provide qHDHP plans to your employees, advise participants of the increased penalty during 2010 for upcoming plan year
Simple cafeteria plans	Small employers (likely those with less than 100 employees)	Discrimination testing will be avoided based upon certain participation and contribution requirements	2011	<u>If interested, contact your benefits consultant.</u> Note that, at this time, detail is lacking in the manner by which this program will be administered and what the practical implications are.

Other considerations re: reform

Topic	Who it affects	What it does	Effective date	Action necessary
Small business wellness program grants	Unclear – criteria TBD	Creates \$200M of federal funds available for fiscal years 2011-2015 for employer based wellness programs	10/1/2010	<u>If interested, contact your benefits consultant.</u> Note that much detail is lacking in the manner by which this program will be administered.
FSA limit	Any employer sponsoring a \$125 “flex plan”	Limits FSA contributions for medical expenses to no greater than \$2500 per year	2013	Review during 2012 with the appropriate vendors and administrators.
Waiting period limitation	All employers	Prohibits waiting periods in excess of 90 days	2014	Review during 2013 to ensure compliance.

Other considerations re: general benefits admin

Topic	Who it affects	What it does	Effective date	Action necessary
CHIPRA	All employers providing health benefits	Requires notice to employees re: various governmental plans	In effect	Continue to comply with the current requirements.
Medicare D reporting	All employers providing prescription benefits	Creates notice requirements for employers to employees, as well as online disclosure to CMS	In effect for numerous years	Continue to comply with the current requirements.
Breaks at work for nursing mothers	Employers with greater than 50 employees	Requires new labor practices dealing with mothers' nursing needs until the child is one year old	2010 following DOL review	Contact qualified legal counsel
COBRA (and mini-COBRA)	Employers with 20 or more full time equivalent employees (or less for mini-COBRA)	Requires notice at initial eligibility and at certain qualifying events re: continuation rights under the group health plan	In effect	Continue to comply with the current requirements.
MSP rules for "freestanding" HRA sponsors	Certain employers sponsoring HRA plans	Requires new notice requirements to CMS by "responsible reporting entities" for certain HRA coverage	If applicable, registration is necessary by June 30, 2010 with reporting beginning later.	Refer to the following URL as source for this line: http://www.cms.gov/MandatoryInsRep/Downloads/GHPUserguideV3.pdf <u>Contact your benefits consultant and/or administrators to ensure compliance.</u>



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