

# UPDATE Health Care Reform

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**Chris Pulos recently presented workshops on health care insurance reform to business clients and the firm's staff members. The changes will be implemented over several years. This update provides a time line of the implementation of key reform provisions that affect individuals, employers and insurers.**



Chris Pulos is a principal and producer at Brower Insurance Agency, with more than 27 years of benefits risk management and brokerage experience. Chris has earned numerous awards within his field and has earned his CLU (Chartered Life Underwriter).

His specialization is in the financial and technical aspects of benefits design and implementation.

## The Who, What and When

### 2010

**Employers:** Small businesses can receive tax credits if purchasing insurance for employees.

**Insurers:** Cannot impose pre-existing condition exclusions of coverage for children. Must cover preventive services without co-pays. Cannot remove coverage when a person becomes ill. Cannot impose lifetime coverage limits.

**Uninsured:** Individuals with pre-existing conditions receive immediate access to coverage through a high-risk pool. Dependent children can remain on parents' plan until age 26.

**Early retirees:** Employers will be able to participate in a reinsurance program to help provide coverage for retirees and their spouses, surviving spouses and dependents over age 55 and not eligible for Medicare.

**Medicare Part D enrollees:** A \$250 rebate check received for those entering the "doughnut hole" gap in coverage in 2010. Rebate payable by April 1, 2011.

### 2011

**Insurers:** Required to spend at least 80 percent of premiums on medical services.

**Medicare Part D enrollees:** Receive a 50 percent discount on brand-name prescrip-

tion drugs when in doughnut hole coverage gap.

**Those with health care savings accounts:** Federal tax on those who spend health care savings account money on ineligible medical expenses increases to 20 percent.

**Over-the-counter drugs:** Except for insulin OTC drugs without a prescription are not reimbursable from and FSA or HRA, and are not a tax-free reimbursement from an HSA.

**W-2:** The value of your health coverage must be disclosed on your W-2 form.

### 2012-2013

**Taxpayers:** Medicare payroll taxes increase to 2.35 percent for individuals earning more than \$200,000 and families earning more than \$250,000.

**Those with flexible savings accounts:** A federal limit of \$2,500 for individual pretax contributions per year.

### 2014

**Employers:** Companies with 50 or more employees must provide affordable coverage or pay a penalty.

**Insurers:** Prohibited from refusing to sell or renew policies. Cannot deny coverage for adults with pre-existing conditions. Limits ability to set prices on the basis of

sex, health status or other factors. Prohibited from imposing annual limits.

**Uninsured:** Most Americans required to buy health insurance or pay fines of \$95 per individual and up to \$285 per family. Families will pay half the amount for children. Families can receive subsidies to buy insurance if they earn no greater than four times the federal poverty level (about \$88,000 per year for a family of four). Individuals and small businesses can buy packages through state exchanges.

### 2015

**Uninsured:** Penalties for not carrying insurance increase to \$325 per individual and up to \$975 per family. Families will pay half the amount for children.

### 2016

**Uninsured:** Penalties for not carrying insurance increase to \$695 per individual and up to \$2,250 per family or 2.5 percent of taxable family income – whichever is greater. Families will pay half the amount for children.

### 2018

**Taxpayers:** A 40 percent excise tax imposed on high-cost employer-provided policies (\$10,200 for individual coverage or \$27,500 for family coverage).

### 2020

**Medicare Part D Enrollees:** Prescription drug coverage gap eliminated.