

# Health Reform Employer Related Provisions Timeline



## 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). Effective 90 days after enactment

## 2010/2011

These provisions are effective for first plan year 6 months after enactment. Assuming both bills will be signed in March 2010 these changes would be effective for plans renewing 10/1/2010.

### Children covered to Age 26

- Plans must offer coverage to children up to age 26 regardless of whether they qualify as a tax dependent.
- Children must not be eligible for coverage under another employer's health plan.
- Coverage would not be taxable to the employee or dependent.

### No lifetime 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 are limited on their ability to impose preexisting condition limitations on covered children under 19. This provision does not require a plan to automatically accept any child for coverage (referred to as guarantee issue), it restricts a plans ability to impose pre-existing limitation on children covered by the plan.
- Preexisting conditions restrictions limitations apply to all plan participants beginning in 2014.

### IRS nondiscrimination rules apply to fully insured plans

- All plans must meet the nondiscrimination requirements of Internal Revenue Code Section 105(h), previously applicable only to self-insured plans.

## 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 from HSAs for reasons other than the reimbursement of qualified medical expenses will increase from 10% to 20%.

### New W-2 reporting

- Employers must disclose the value of employee's health coverage provided by the employer to each employee on the employee's annual Form W-2. Note that this requirement is effective, but optional for the 2011 tax year and will be mandatory for later years.

**Implementation delayed until 2012.**

## 2013

### Change in employer tax treatment of the Medicare Part D Drug Subsidy

- Employer's tax deduction for retiree drug coverage will be reduced if employer's drug expenses are reimbursed under the Medicare Part D retiree drug subsidy program.

### 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

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### Health Benefit Exchanges

- States will be required to establish an insurance Exchange to facilitate the offering and purchase of approved, qualified health plans. Initially only individuals and employers with up to 100 employees. States are allowed to include larger employers in the exchange beginning in 2017.

### Employer "pay or play"

- Applies to employers with more than 50 employees
- Employers who offer health insurance but have at least one full-time employee who receives subsidized health coverage in an Exchange would pay the lesser of
  - \$3,000 multiplied by the number of full-time employees who receive subsidized coverage in an Exchange or \$2,000 multiplied by the number of full-time employees
  - Employers who do not offer health insurance would pay \$2,000 multiplied by the 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.

### Employer health coverage reporting

- Employers required to report annually
  - Coverage offered to their full-time employees and their dependents
  - The length of any applicable waiting period
  - The lowest-cost option in each enrollment category under the plan
  - The employer's share of the costs of benefits provided
  - The number and names of employees receiving health coverage

### 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.

### 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.
- Minimum essential coverage includes Medicare, Medicaid, employer plans and Exchange-based health coverage.

### Insurance market reforms

- Insurers in the individual and small-group markets will be required to offer coverage to those up to age 65 in state-based health insurance Exchanges.
  - Guarantee issue and renewable basis
  - No health underwriting
  - No preexisting condition exclusions
  - 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 and reduced cost sharing will be provided to individuals earning up to 400% of the federal poverty level.

### Dependent coverage to age 26 expanded

- The requirement that the nondependent child must not be eligible for coverage under another employer's plan would no longer apply.

## 2018

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### 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.
- Cost of coverage for different plans (HRA, FSA, HSA contributions) covering an employee or a family is aggregated
- Dental and vision coverage is excluded.