Health Care Reform….
What do we do NOW?

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Now

Now is the key word. The Patient Protection and Affordable Care Act ("PPACA"), as signed by President Obama on March 23, 2010, and the Health Care and Education Reconciliation Act of 2010 contain thousands of provisions… but what needs to be addressed NOW in 2010? The major provisions applicable to employer plans that require implementation this year are discussed below. The PPACA applies to both fully insured and self-insured employer health plans. However, a distinction is made between grandfathered health plans (plans in existence prior to March 23, 2010) and new group health plans. The insurance market reforms applicable to "grandfathered plans" for plan years beginning on or after September 23, 2010 include:

- No lifetime benefit limits
- No rescission of coverage except in cases of fraud
- Annual limits may be imposed, but only as determined by the Secretary of Health and Human Services
- Dependent coverage for adult children up to age 26
- No pre-existing condition exclusions for enrollees under the age of 19

In addition to the reforms listed above, "non-grandfathered plans" (plans that came into existence after March 23, 2010) are subject to the following for plan years beginning on or after September 23, 2010:

- Minimum coverage without cost-sharing for preventive services rated A or B by the US Preventive Services Task Force, recommended immunizations, preventive care for infants, children and adolescents and additional preventive care and screenings for women
- No discrimination in favor of higher wage employees (self-insured plans are already subject to this requirement)

The legislation also provides for the following in 2010:

- Establishment of a temporary national high risk pool to provide health coverage to individuals with pre-existing conditions
- Tax credits to small employers (no more than 25 employees and annual average wages of less than $50,000) that provide health insurance for employees
- Temporary reinsurance program for employers providing retiree coverage (over 55 and not eligible for Medicare)
- Health plans required to report medical loss ratio
- Process for reviewing increases in health plan premiums and requirement for plans to justify increases
- Provide a $250 tax rebate for Medicare beneficiaries who reach Part D coverage gap in 2010
- Limit the deductibility of executive and employee compensation to $500,000 per applicable individual for health insurance providers

The Future

Expected in 2011

- Develop long-term care program where individuals can buy-in at a premium to fund future daily living costs
- Standardization of the definition of Qualified Medical Expenses for HSA, FSA and HRA
- Increased tax on HSA to 20% for Non-Qualified Medical Expenses
- No reimbursement for over the counter medications through HSA, FSA or HRA unless medication is prescribed

Expected in 2014

- American Health Benefit Exchanges will be created for individuals and small business (under 50 employees)
- Most individuals will be required to have health insurance
- Employer subsidies, including the ability to offer employee rewards of up to 30% for participating in a wellness program and a tax credit for small employers who contribute at least 50% of the total premium cost, will be provided. Employers with 50 or more employees will be fined per employee if they do not provide health-care coverage

Expected in 2017

- Employers with 100 or more employees can purchase health insurance through the Benefit Exchanges if the state permits

A tax analysis of this legislation is available at http://m3ins.com/news/detail/health-care-reform-bills-contain-numerous-tax-changes.