

S&S Benefits Consulting- Summary of Health “Reforms”

Employer Mandates		
Play or Pay Penalty for not offering Coverage-50 or more employees	\$2,000 per FTE time 1/12 the number of employees that month. FTE defined as 30 or more hours per week. No requirement for PTE coverage. Minimum essential coverage must be in place which means employee share of premium cannot exceed 9.5% of employee household income and /or the plans share of total costs is less than 60%. No penalty for first 30 workers who don't take coverage	2014
Minimum Value of Employer Coverage	If actuarial value of the plan is below 60%, employees under 400% FPL are eligible for subsidized Exchange coverage and if elected, employer is assessed the play and pay penalty	2014
Full time employee definition/Large Employer Definition	30 hours per week. Hours worked by part-time employees will be aggregated to determine the number of FTE. A large employer is one with more than 50FTE for more than 120days in the preceding year.	
Pay and Play Penalty for opt-outs electing coverage through the Exchange	\$3,000 times 1/12 no. of employees that month for FTEs who enroll in Exchange and receive subsidy; aggregate cap of \$2,000 times total number of FTEs. No penalty for first 30 workers who are in exchange.	2014
Employee Vouchers for Exchange	Employers must offer cash vouchers to employees under 400% of federal poverty level with contributions between 8.0% to 9.8% of household adjusted gross income (AGI).	2014
Employer Reporting Requirements	Reporting to both Secretary and employees regarding minimum essential coverage	2014
Individual Mandates		
Play or Pay Penalty	Greater of 1.0% of AGI or \$95/person in 2014, 2.0% or \$325/person or \$975 family in 2015, 2.5% or \$695/person or \$2,085 family in 2016; indexed. Family dollar amount capped at 300% of individual penalty. Tax is half for individuals under 18 or in college.	2014
“Unaffordable” Employer Coverage for Employees Under 400% of FPL	If employee contributions are above 9.5 % of AGI – the employee is eligible for subsidized Exchange coverage and employer is assessed the play and pay penalty	2014
Provisions Applying to Employer Plans		
Expansion of Child coverage	Up to age 26 if not eligible for other group coverage. Can be married.	Plan years beginning on or after Sept. 23, 2010
Expansion of Child coverage	Up to age 26 regardless of eligible for other group coverage. Can be married.	2014
Income tax Exclusion of Employer Health Benefits	Expanded to include adult children through year in which child turns 26.	Plan years beginning on or after Sept. 23, 2010
Lifetime Limits	Lifetime limits prohibited for essential benefits.	Plan years beginning on or after Sept. 23, 2010
Restricted Annual Limits	Unreasonable annual limits prohibited for essential benefits. No limits at all beginning 2014.	Plan years beginning on or after Sept. 23, 2010
Cost Reporting and Rebates	Rebates to enrollees for insured plans with loss ratio below 85%.	Plan years beginning on or after Sept. 23, 2010
Uniform Explanation of Coverage	Federally prescribed appearance, content, language and timing. Notice due within two years of enactment. Can be no more than 4 pages, no smaller than 12 font and must distribute to new hires and annually on open enrollment.	Plan years beginning on or after Sept. 23, 2010. HHS to design prototype. Employers must distribute within 24 months of March 23, 2010
Pre-existing Conditions Exclusions for Children	Pre-existing exclusions prohibited for children under 19.	Plan years beginning on or after Sept. 23, 2010
Preventive Care	Must be offered with no copays for well child,	Plan years beginning on or after Sept.

S&S Benefits Consulting- Summary of Health “Reforms”

	immunizations, adults	23, 2010
Quality of care	Employer must report to HHS and on open enrollment to employees benefits offered that improve health such as wellness benefits, case management, disease management and health promotions.	HHS is developing standards
Choice of Primary Care Doctor	Plans must allow employees to choose any doctor they want as their primary care doctor.	Plan years beginning on or after Sept. 23, 2010
Pre-existing Conditions Exclusions All	Pre-existing exclusions prohibited all-including adults.	2014
Rescission	Not allowed except for fraud or intentional misrepresentation	Plan years beginning on or after Sept. 23, 2010
Reporting Plan value on W-2	Yes. Includes medical, dental, vision. Not disability and life insurance	2011
Standardize Definition of Medical expenses	Prohibits reimbursement of over the counter drugs from FSAs, HRAs and HSAs	2011
HSA Nonqualified withdrawals	Penalty for increased from 10% to 20%.	2011
Health FSA Cap	Capped at \$2,500 in 2013; indexed	2013
Health FSA	Over the counter drugs are not allowed reimbursement	Plan years beginning on or after Sept. 23, 2010
Annual Limits	Annual limits prohibited for essential benefits.	Plan years beginning on or after, January 1, 2014
Auto Enrollment	Auto enrollment required with employee having ability to opt out of coverage. Effective date not clear. Applies to employers with over 200 employees.	Plan years beginning on or after, January 1, 2014
Waiting Periods	Waiting periods over 90 days not permitted. Fine of \$400 per employee for 30-90 day waiting period.	Plan years beginning on or after, January 1, 2014
Cadillac Plan Excise Tax	40% tax on value above \$10,200/individual and \$27,500/family (Indexed at CPI-U+1% for 2019, CPI-U only after 2019). Higher indexing based on retirees, high risk industry, age and gender. Excludes dental and vision. For multiemployer plans all coverage is considered family.	2018
Provisions that do not apply to Grandfathered Employer Plans		
Preventive Care	Preventive care services covered at 100%.	Plan years beginning on or after Sept. 23, 2010
Clinical Trials	Coverage will have to be provided	Plan years beginning on or after Sept. 23, 2010
Discrimination requirements	No discrimination in favor of highly compensated employees under insured plans.	Plan years beginning on or after Sept. 23, 2010
OB/GYN, Pediatrician, ER Services	No preauthorization or referral can be required.	Plan years beginning on or after Sept. 23, 2010
Appeals Process	Mandatory internal and external appeals process.	Plan years beginning on or after Sept. 23, 2010
HIPAA Wellness Incentives	Codifies HIPAA Wellness incentives, but with a maximum differential of 30%; Secretary can raise to 50%.	Plan years beginning on or after, January 1, 2014
Required Service Categories & Coverage	Mandatory statutory list, to be supplemented by Secretary of HHS. Limited to insured plans	Plan years beginning on or after, January 1, 2014
Maximum Out of Pocket Limit	Cannot exceed the OOP limit for HSA-compatible HDHP; indexed.	Plan years beginning on or after, January 1, 2014
Retiree Health		
Reinsurance Program for Early Retirees (55-64)	\$5B to subsidize 80% of costs between \$15K-\$90K. Terminates December 31, 2013 or when funds expended.	June 21, 2010
Preventive care	Wellness visits and Health risk assessments and screenings covered	January 1, 2011
Application of Plan requirements to retiree plans	Review of retiree programs for compliance with plan requirements	Various
Phase out of Donut Hole	\$250 rebate in 2010 for beneficiaries who reach donut hole. Phases out donut hole by 2020 in combination with	2010

S&S Benefits Consulting- Summary of Health “Reforms”

	brand drug discount	
Brand Drug Coverage in Part D Donut Hole	Drug manufacturers required to discount brand drugs in donut hole by 50%.	2011
Means Based Medicare Part D Premiums	Increased for higher income retirees.	2011
Medicare Advantage Plan Funding	Payments frozen in 2011; reduced benchmarks starting in 2012. 85% loss ratio rule applies in 2014.	2011
Taxability of RDS Payments to Employers	Yes. While taxability is not effective until 2013, non-public employers will need to reflect impact in first quarter 2010.	2013
Insurance Market Reform of Individuals and Small Groups		
Minimum Benefit Package	Bronze, Silver, Gold and Platinum with actuarial values of 60% - 90%. Limits annual cost sharing to current HSA limits (\$5, 950 individual and \$11,900 family as of 2010)	2014
Rescission	Not allowed except for fraud or intentional misrepresentation	Plan years beginning on or after Sept. 23, 2010
Guaranteed Issue and Renewability	Yes. Also includes interim high risk pool for currently uninsured (starting 90 days after enactment).	2014
Small Group deductibles	Limited to \$2,000 individual and \$4,000 family unless contributions offered that offsets deductibles above these limits.	2014
Community rating-Limits on Age Rating	3 to 1 ratio maximum (50% surcharge also permitted for tobacco use). Non-gender based.	2014
Medical Loss Ratios-Minimum Standards	80% individual market and small groups; 85% Group market.	Plan years beginning on/after September 23, 2010
Small Employer Subsidies	Yes, up to 25 employees. With ave. annual salary less than \$40,000 can get credit for up to 35% of their contributions towards medical plan for 2011-2013. In 2014, up to 50% credit for insurance purchased through exchanges.	2010
Purchasing Exchanges		
Exchanges	State-based exchanges for individuals and small employers. In 2017 states can make available to large employers.	2014
Low Income Subsidy in the Exchange	Affordability credits up to 400% of the federal poverty level.	2014
Taxes		
Tax on Indoor Tanning Service	10% tax on indoor tanning services, starting in July, 2010.	July 2010
Medicare Retiree Drug Subsidy	Employers prohibited from taking a deduction for costs of retiree drug claims	2013
Tax Credits	Tax credits on a sliding scale for up to 35% of premiums to small businesses with fewer than 25 employees and average annual wages less than \$50,000 who offer coverage. Full credit to employers with 10 or fewer employees and ave. annual wages less than \$25,000.	Plan years beginning on or after Sept. 23, 2010. Claim credit on 2010 tax return
Expansion of Child coverage	Allows coverage to be tax free for dependent children through the end of the year the child turns 26	Plan years beginning on or after Sept. 23, 2010
Pharmacy Manufacturer Tax	\$2.5B in 2011 increasing to \$4.2B in 2018; \$2.8B in 2019+	2011
Comparative Effectiveness Research	Tax on insured and self-funded plans of \$1/ee/yr first year; \$2 second year; indexed thereafter.	Plan years ending after Sept 30, 2012
Income Tax Provisions	Itemized medical deduction threshold increased from 7.5% to 10%.	2013
Tax on Self-funded plans	\$2.00 per employee	2014
Medicare Hospital Insurance tax	Tax rate increased from 1.45% to 2.35% starting for high income earners. A new 3.8% tax on net investment income. (Income in excess of \$250K joint filers;	2013

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	\$200K others)-Employer must collect	
Medical Device Tax	2.3% excise tax.	2013
Health Insurance Industry Tax	\$8B in 2014 increasing to \$14.3B in 2018; trended after 2018	2014
Exchange Reinsurance Program	\$25B tax on insurers and TPAs from 2014 to 2016 for Exchange reinsurance program	2014
Medicare Tax Increase	Tax on high income individuals (single \$200,000/couple \$250,000) will increase .9% to 2.35% and such individuals will pay a 3.8% tax on net investment income (dividends, royalties, interest, rents, etc., but not retirement distributions. Employer must collect increased Medicare portion of tax on income.	2013
Collectively Bargained Coverage		
Coverage Maintained Under CBA	For coverage maintained under a CBA ratified before March 23, 2010, all new coverage and cost-sharing rules apply upon the termination of the last CBA relating to the coverage.	March 23,2010
Class Act		
Voluntary Long-term Care Program	Government run long-term care program. Employers are expected, but not required, to allow for payroll deductions and automatically enroll employees	2011
Medical Loss Ratios	Not less than 85% for large groups, 80% for small groups and individual coverage	September 23, 2010
Medicaid Expansion	Expanded to include people less than age 65 with incomes between 133% and 400% of federal poverty level	2014
Temporary Exchanges	Provides coverage for high risk individuals with pre-existing conditions. Employers prohibited from moving people to the exchange	Effective 90 days form date of enactment until January 1,2014
Exchanges Created	Create American Health Benefit Exchanges and Small Business Health Options (SHOP) program for employers with less than 100 employees. \$6 billion to finance these	Created 2014
Exchanges General	Until 2017, only employers less than 100 employees may offer exchanges. For years before 2016, states may limit exchanges for employers to those with less than 50 employees. After 2017, exchanges may be offered to employers with 100 or more employees	
Restaurants	Chain restaurants and vending machines required to disclose nutritional content of each item	2011