

BenAlert

BENEFIT TRENDS AND LEGISLATIVE UPDATES

APRIL 2010



HOWITT
Benefit Services

Howitt Benefit Services is pleased to provide you with periodic updates on benefit trends and legislative updates. As part of our valuable services, we want to ensure that you are in compliance and well-informed of the ongoing changes in our industry.

In this BenAlert:

- Healthcare Reform: An Employer's Timeline

The Patient Protection and Affordable Care Act, as signed by President Obama on March 23, 2010, presents provisions and modifications that will affect all employers. To help our clients understand the implications we are presenting in the form of timeline the major modifications and provisions that will affect all employers.

Although the law has been signed, the details of the implementation will be unveiled over the next several months. As your partner, Howitt Benefit Services will continue to update you as further details become available.

– Effective Immediately 2010

- Tax credits for the 2010 tax year, for small employer with no more than 25 employees and average annual wages of less than \$50K that provide health insurance for employees. (Owner's wages do not count)
- Limit on Deductibility of Executive Compensation for Health Insurance Companies
- Increased Adoption Assistance Exclusion
- Automatic Enrollment for groups over 200
- Impose a tax of 10% on the amount paid for indoor tanning services
 - Three Months from Enactment
- Retiree Reinsurance Program--Lasts until 2014 (or when funding runs out) for retirees aged 55 to 64
- Temporary High Risk Insurance Pool

– Plan Years Beginning On Or After September 23, 2010

- Prohibition on Lifetime Limits
- Limitations on Annual Limits

- Adult Dependent Coverage up to age 26
- Elimination of Preexisting Exclusions for Dependents
- No Rescissions (except for fraud)
- Transparency Disclosures
- No Cost-Sharing for Preventative Coverage*
- Nondiscrimination Rules Apply to Insured Plans*
- Revised Appeals Process*
- *Does not apply to Grandfathered Plans

– **Tax Years Beginning January 1, 2011**

- No reimbursement for OTC Medication
- CLASS Act (National, voluntary LTC) Automatic Opt-in \$5/mo, min 5 years, no break in service
- Form W-2 Reporting Requirement (reported but not taxed)
- Increased HSA Non-Medical Withdrawal Assessment of 20%
- Provide grants for up to five years to small employers that establish wellness programs

– **Tax Years Beginning January 1, 2012**

- Uniform Explanation of Coverage (March 23, 2012)
- Modification Notice (March 23, 2012)

– **Tax Years Beginning January 1, 2013**

- Medicare portion of FICA tax increases for high earning employees
- Cap on Health FSA Contributions (\$2500)
- Employer Taxed on Retiree Drug Subsidy
- Comparative Effectiveness Fee
- Threshold for itemized deduction for unreimbursed medical expenses raised to 10% of AGI
- Employer Notification to Employees Regarding Exchange (March 1, 2013)

– **Tax Years Beginning January 1, 2014**

- Creation of State-Based Exchanges
- Ban on All Preexisting Condition Exclusions
- Ban on Annual Limits
- Free Rider Penalty
- Free Choice Vouchers
- Out of Pocket Limits*
- Required Coverage for Clinical Trials for Life-Threatening Diseases
- Certification of Coverage
- Individual Mandate

- Limit on Waiting Periods
- Increased Wellness Program Incentives
- Retiree Reinsurance Program Ends (unless funding runs out sooner)
- Temporary High Risk Insurance Pool Ends

For additional information please see the following websites:

<http://www.healthreform.gov/>

<http://healthreform.kff.org/>

If you have questions or concerns, we are available to you. Please contact us at 408-323-1436 or info@howittins.com

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