



The Changing World Of Health Care

*Patient Protection and Affordable Care Act
Health Care and Education Tax Credit Reconciliation Act of 2010
Managers Amendment*

“THE ACT”

What Do These Two Men Have In Common?

President Obama – Paul Newman (as Cool Hand Luke)

What We Have Here Is A Failure To Communicate
What We Have Is Too Much To Communicate



Winners & Losers

Winners

- The Uninsured
- The Sick
- The Old(er)
- The Economically Challenged
 - Not the true poor
- Pharmaceutical Companies
- President Obama
- Government Employees
 - DHHS
 - IRS
 - OCR
 - DOL
- Attorneys

Losers

- The Young
 - Tricare Children
- Health Insurance Companies
 - Larger fees than anticipated
- High Income Earner
 - Increased and new taxes
- Income Earners Over Subsidy Limits
- Medicare Advantage Participants
- Doctors
 - Dr fix not yet passed
 - No tort reform
- Congress
 - CBS/ NY Times 04/12 **17%**

Disclaimer: Winners and losers are solely the opinion of Richard Herzberg and do not represent the views of all TFA Benefits employees or that of TowneBank.

Health Care Legislation Opinions

40.1% In Favor 52.9% Against

Polling Data					
Poll	Date	Sample	For/Favor	Against/Oppose	Spread
RCP Average	3/19 - 4/19	--	40.1	52.9	Against/Oppose +12.8
Quinnipiac	4/14 - 4/19	1930 RV	39	53	Against/Oppose +14
Associated Press/GfK	4/7 - 4/12	1001 A	39	50	Against/Oppose +11
Rasmussen Reports	4/10 - 4/11	1000 LV	38	58	Against/Oppose +20
GWU/Battleground	4/5 - 4/8	1000 LV	44	52	Against/Oppose +8
FOX News	4/6 - 4/7	900 RV	39	54	Against/Oppose +15
CBS News	3/29 - 4/1	858 A	32	53	Against/Oppose +21
USA Today/Gallup*	3/26 - 3/28	1033 A	47	50	Against/Oppose +3
Washington Post	3/23 - 3/26	1000 A	46	50	Against/Oppose +4
Bloomberg	3/19 - 3/22	1002 A	38	50	Against/Oppose +12
CNN/Opinion Research	3/19 - 3/21	953 RV	39	59	Against/Oppose +20

Source – Real Clear Politics – April 21, 2010

Doctor “Fix”

April 15th, President Obama signed an \$18 billion bill

- Temporary Fix
 - Restores full Medicaid payments to doctors who were threatened by a 21 percent cut
 - Extending unemployment and health benefits
 - Extends COBRA subsidies
- Permanent Fix (HR 39610)
 - If enacted – CBO estimates the Doctor Fix would cost \$208 billion (2010 -2019)

COBRA Subsidies

- A 65% subsidy of COBRA benefits for those who have involuntarily lost their jobs is extended through May 31, 2010
 - The House and Senate are working on HR 4213
 - The American Workers, State, and Business Relief Act of 2010 which would extend benefits, including COBRA, through the end of the year.
- The new bill works retroactively to April 5, meaning those benefits will be restored
 - Employer requirement – new COBRA letters to all affected parties

COBRA Subsidies

- 15 Months of Benefit
 - Groups of 20 or more employees
 - Employee entitled to full length of COBRA (18-36 mos)
 - 35% premium from former employee
 - 65% paid by employer reimbursed from payroll taxes
 - Groups of less than 20 employees
 - Employee entitled to 15 months of benefit (not COBRA eligible)
 - 35% premium from employee
 - 65% premium from insurance carrier



Key Elements of Reform

New Taxes

Insurance
Exchanges

Individual
Mandate

Employer
Mandate

New Taxes

- Effective 2010
 - Tanning tax: 10% tax on indoor tanning services (\$2.7 B)
- Effective 2011
 - Pharmaceutical fee: Begins at \$2.5 B (\$28 B)
- Effective 2012
 - Medical device manufacturer fee: Excise tax of 2.3% (\$20 B)
- Effective 2013
 - Medicare tax on high income earners and passive income: 0.9% increase on payroll tax and 3.8% on unearned income (\$210.2 B)
- Effective 2014
 - Insurer fee: Applies to fully-insured business (\$60 B)
- Effective 2018
 - High-cost (Cadillac) tax: 40% excise tax (\$32 B)

Changes

90 Days After Enactment

Timeline for Change

Effective 90 Days After Enactment

Medical Loss Ratio

- Requires health plans to report the proportion of premium dollars spent on clinical services, quality, and other costs and provide rebates to consumers for the amount of the premium spent on clinical services and quality that is less than:
 - 85% for plans in the large group market
 - 80% for plans in the individual and small group markets
 - Requirement to provide rebates effective January 1, 2011

Timeline for Change

Effective 90 Days After Enactment

Small Business Tax Credits For Employers With <26 Employees and Salary < \$50,000

- 35% tax credit 2010
- 50% tax credit 2014
- Subsidy will be available for 2 years per employer
 - Program scheduled to last 6 years
 - Employer must pay 50% of cost of employee only premium
 - Owner's income and family members are not included in calculation of wages except in C Corps
- Phase-Out
 - Wages between \$25,000 and \$50,000
 - Between 10 and 25 full-time workers or equivalents

Effective 2010

90 Days After Enactment

Seniors

- \$250 rebate to help fill the “doughnut hole” (\$4,550)
- Preventive screenings free
 - Adding benefit that is currently associated with Medicare Advantage plans

Medicare Part D

Closing the Doughnut Hole

- *Brand-Name Prescription Drug Discounts*
 - In 2011 and 2012, a 50% discount on your brand-name prescription drugs. This will climb to 53% in 2013 and 2014; 55% in 2015 and 2016; 60% in 2017; 65% in 2018; 70% in 2019; and 75% in 2020
- *Generic Drug Discounts*
 - Generic prescription drugs will also be discounted. Discounts on generic prescription drugs will start at 7% in 2011, and increase by 7% each year until they top out at 75% in 2020

Effective 2010

90 Days After Enactment

National High-Risk Pool

- This pool intended for the uninsured
 - 6 months without insurance
- Employer not allowed to “dump” employees into high-risk pool
 - Penalty = the claims of the high risk participant

Effective 2010

90 Days After Enactment

- Advance Notice of Benefit Changes
 - Group health plan participants must be notified 60 days in advance of any material changes in plan terms
 - \$1,000 fine will be imposed on an entity (insurance carrier) that willfully fails to provide information and
 - Fine will be on a per person basis
 - Statute does not establish standards or requirements for the annual enrollment

Changes

6 Months After Enactment

Effective 2010

6 months after enactment

Children may stay on their parents' health care up to 26th birthday

- Employer-provided group health plans will be required to cover adult children to age 26
 - Unless they are eligible under another group plan
 - 2014 – eligibility for group sponsored plan will not disqualify adult children from remaining on parents' policy
- Adult Children can be married
 - Children and Spouse of children are not eligible
- Not required to be enrolled in school
- Applies to medical coverage only

Effective 2010

6 months after enactment

Pre-existing Condition Exclusion - insurers barred from denying coverage to children with pre-existing conditions under the age of 19

- Issue, nothing in the law requires an insurer to insure a child with a pre-existing condition until 2014
- DHHS looking to change the law by regulation so insurance companies will have to comply now
- Adults will have the same protection in 2014

Effective 2010

6 months after enactment

No Lifetime Policy Maximums

- Annual limits eliminated in 2014
 - Annual limits exclusion only on “essential benefits”
 - Essential benefits to be determined by DHHS

Effective 2010

6 months after enactment

“Free” preventive care: new plans will cover checkups and other preventive services with *no co-pays, co-insurance or deductibles*

- Preventive services as defined by U.S. Preventive Services Task Force and Sec. of HHS
- Applies to all plans in 2018

Effective 2010

6 months after enactment

- End of Rescissions
 - Insurer prohibited from cancelling coverage due to becoming sick
 - Most rescissions are for fraud
 - Rescissions still allowed in the case of a fraudulent application
- New Portal – July information about carriers
- Emergencies – All emergencies will be covered as in-network
 - Balance billing

Effective 2010

6 months after enactment

- Nondiscrimination rules for health plans
 - The plan cannot discriminate in either plan **design or benefit** to the favor of the “highly compensated”
 - A highly compensated individual is defined as one of the five highest paid officers, a shareholder who owns more than 10% in value of the stock of the employer, or one of the highest paid 25% of all employees
- Implications
 - Employers who have adopted fully insured plans to provide executives and key employees with tax-free reimbursements for out-of-pocket medical, dental, and vision expenses will need to re-evaluate their merit
 - Plans that favor “highly compensated” are still legal but excess benefit received by the highly compensated would be taxable

Grandfather Existing Plans

- Policies are Grandfathered if they were in effect on the date the Act passed – March 23, 2010
 - Only Additions or Deletions at this point are certain to keep grandfather status
 - Grandfathered policies do not have to comply with new provision of law until 2014
 - With the following exceptions
 - Dependent coverage – age 26
 - Rescissions of coverage
 - Pre-existing condition exclusion (under the age of 19)

Effective 2010

Federal Review of Rates



- State BOI still exists
- Penalty for overcharging – carrier cannot participate in the Exchange
- \$250 million funded to oversee rates

What Employers Need to Know

Now and Going Forward

Good Faith Effort

Same as with other Employer laws

- ERISA
 - SPD
 - 5500
- COBRA
 - 7 Letters
- HIPAA
 - PHI
-  – HITECH
 - EMR
- FMLA
 - Unpaid Leave
-  – CHIPRA
 - New this year – FAMIS notice
- USERRA
 - Employment and Reemployment Law
- WHCRA
 - Women's Cancer Rights
- Michelle's Law
- GINA
- Medicare Certification

HIPAA

Title I
Portability

Title II
Administrative
Simplification

Title III
Tax-Related
Health
Provisions

Title IV
Enforcement
Group Health
Plan
Requirements

Title V
Revenue
Offsets

ARRA

HITECH

Health Information Technology for Economic
and Clinical Health Act

HIPAA

- **Key Elements of Title I**
 - *Pre-Existing Conditions*
 - *Creditable Coverage*
 - *Guaranteed Coverage*

HIPAA

Pre-Existing Condition

- Any medical condition for which medical advice, diagnosis, care or treatment was recommended or received within the six-month period prior to the enrollment date.
- Exceptions to the pre-existing limitation include:
 - *Pregnancy*
 - *Newborns and adopted children who are enrolled within 31 days of birth or adoption*
- Generally, health plans exclude coverage for pre-existing conditions for the first 12 months of coverage unless the member has creditable coverage

HIPAA

Creditable Coverage

- The pre-existing condition period may be reduced by any periods of creditable coverage, provided there has been no break in coverage greater than 63 consecutive days
 - Employer imposed waiting periods do not count as breaks in coverage

HIPAA

**Title I
Portability**

**Title II
Administrative
Simplification**

**Title III
Tax-Related
Health
Provisions**

**Title IV
Enforcement
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Plan
Requirements**

**Title V
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Offsets**

HIPAA

- **Covered Entity**
 - Insurance Company
 - Benefits Providers
 - Clearinghouses
- **Plan Sponsor**
 - Employer
- **Business Associate**
 - Broker
 - Consultant
 - Advisors
- **Protected Health Information – “PHI”**
 - All information relative to a person’s medical history and/or situation

HIPAA

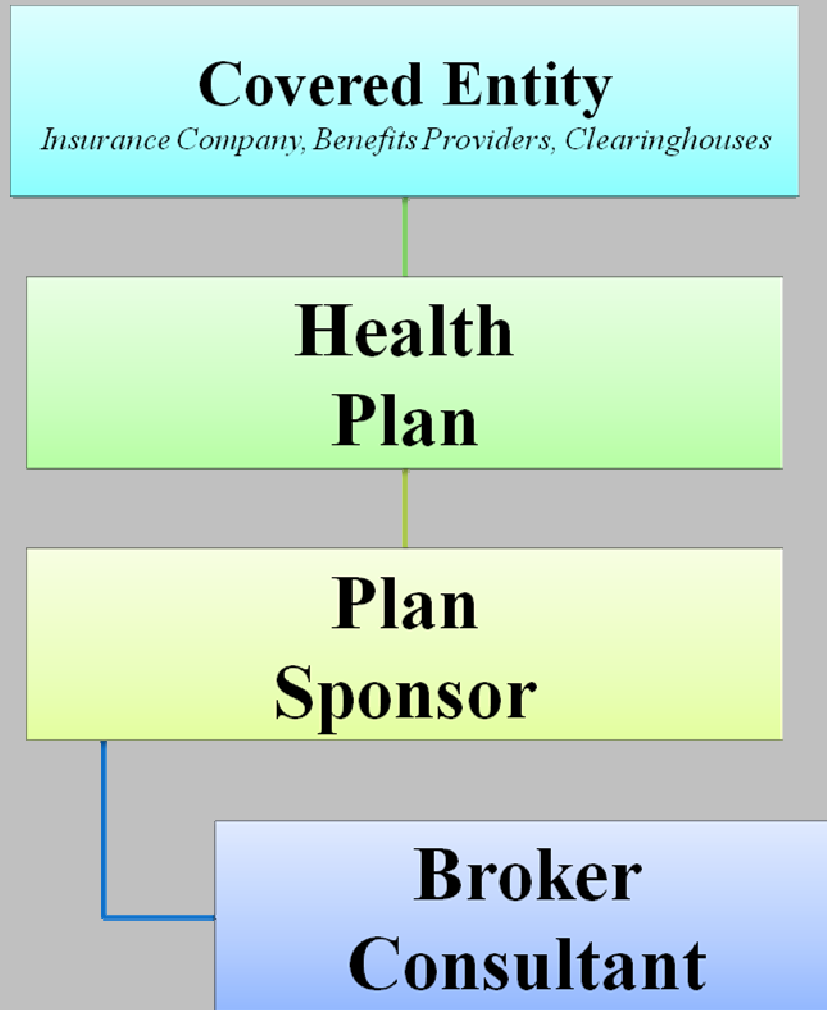
Covered Entity

Insurance Company, Benefits Providers, Clearinghouses

Health Plan

Plan Sponsor

Broker Consultant



The Intent Of Law

**Create Trust In The
Health Care System**

Protected Health Information

Relates to an individual's

- *Physical Or Mental Health*
- *Provisions Of Their Health Care Coverage*
- *Payments For Their Health Care*

- *TPO*
 - ***Treatment – Payment – Healthcare Operations***

HIPAA

PHI Identifiers

- Name
- Zip Code
- Phone Number
- Medical Records
- Email Address
- Social Security Number
- Medical Record Numbers
- URL's – “Uniform Resource Locator”
- Account Numbers
- Biometric Identifiers

HIPAA

- **Includes**

- Medical
- Dental
- Vision
- Pharmacy
- Flexible Spending Accounts

- **Excludes**

- Workers Compensation
- Disability
- Life Insurance

HIPAA

- **Administrative Simplification (Title II)**
 - **Employer Requirements**
 - Privacy Officer
 - Office Manual
 - Business Associate Agreement
 - Privacy Notice To Employees
 - Acknowledgement of Privacy Notice From Employees
 - Annual Employee Training
 - Authorizations
 - ***For Additional Employee Assistance***

Additional Requirements Under

HITECH

Health Information Technology for Economic
and Clinical Health Act

HITECH-Overview

- Expands the reach of HIPAA in three major ways:
 1. Extending obligations to Business Associate
 2. Establishes a security breach notification law
 3. Establishes security rules regarding Electronic Medical Records (EMR)

HITECH – Security

Areas to consider:

- Electronic Transfer
 - email containing PHI must be encrypted
- Physical Security – can your computers with EMR data be stolen?
- User Security - can anybody log on to the database?
- System Security – what happens on a hard drive crash?
- Network Security – can unauthorized persons outside your facility access EMR data?

HITECH-Breach Notification Provisions

Breach notification law

– The law requires Plan Sponsors to notify

- Individuals
- Secretary of Health and Human Services

– Breaches

- » Less than 500 individuals will be reported to the HHS Secretary on an annual basis
- » 500 report to HHS immediately

- Media

- » Breach over 500 individuals

in the event of a breach of unsecured protected health information

Effective February 17, 2010

Employers are required to take the following steps when they learn about a breach of “unsecured” PHI:

- Notify affected individuals within 60 days of becoming aware of the breach
 - Deliver the notice by first-class mail to each affected individual’s last known address
 - Notice obligation applies regardless of whether the employer or a third-party service provider, such as a benefits administrator, pharmacy, benefits manager, or insurance broker is responsible for the breach

HITECH-Breach Notification Provisions

- Law applies to breaches of “unsecured protected health information”
 - **Secured**
 - Information must be encrypted or destroyed in order to be considered “secured”

HITECH-What Constitutes a Breach

Definition of “Breach”

1. An impermissible acquisition, access, use or disclosure not permitted by the HIPAA Privacy Rule
 - Examples include:
 - Laptop containing PHI is stolen
 - PHI mailed or faxed to the wrong individual/entity

Potential Penalties

Tiered Civil Penalties

Circumstance of Violation	Minimum Penalty	Maximum Penalty
Entity did not know (even with reasonable diligence)	\$100 per violation (\$25,000 per year for violating same requirement)	\$50,000 per violation (\$1.5 million annually)
Reasonable cause, not willful neglect	\$1,000 (\$100,000)	\$50,000 (\$1.5 million)
Willful neglect, but corrected within 30 days	\$10,000 (\$250,000)	\$50,000 (\$1.5 million)
Willful neglect, not corrected	\$50,000 (\$1.5 million)	None

CHIPRA

New Notification Requirement and Enrollment Options

Children's Health Insurance
Program Reauthorization Act

CHIPRA – Special Enrollment Rules

New Qualifying Event

- Employees and dependents can enroll in a group health plan when they lose eligibility under Medicaid or CHIP or gain eligibility to Medicaid or CHIP.
 - In Virginia CHIP is called FAMIS
 - Family Access to Medical Insurance Security

Qualifying Events

1. Birth or adoption of a child
2. Marriage or Divorce
3. Legal Separation
 - does not apply in VA
4. Death
5. Spouse's change in insurance eligibility due to gain or loss of employment
6. Change in employment status
 - Full-time to part-time
7. Access to or loss of Medicare or CHIP (FAMIS)

Notice

- Deadline for Notice
 - Plan year policies
 - No later the 1st day of the plan year
 - Calendar year plans
 - January 1st 2011
 - Penalty
 - \$100 per day for non-delivery of notice
 - Individuals gaining or losing Medicaid or CHIP coverage will have 60 days from the date of loss of coverage or the date of eligibility in order to request special enrollment in the group health plan

Annual Requirement

- Notice can be included with other Open Enrollment materials
- Must be on a separate page/document
- Can be sent 1st class mail but not required

Model Notice

- Can use the model notice or write your own
 - Must have minimum state information
 - dol.gov/ebsa/chipmodelnotice.doc

The Subsidy

- The subsidy is an amount equal to the difference between the employee contribution required for single coverage and the employee contribution required for the coverage of both the employee and a child
 - Excludes health flexible spending accounts and high deductible health plans

Employer Election

- The employer has the option to accept money directly from the state or collect the premium money (subsidy) from the Eligible Individual (EI)
 - Recommendation – do not accept money directly from the state

Changes

Effective 2011

Employer Mandates

Effective 2011

- A health plan W-2 reporting requirement will be imposed, requiring employers to report the aggregate value of medical benefits, vision, dental and supplemental insurance coverage
 - Stand alone dental, vision and FSA excluded
 - It is expected that this requirement would apply to Forms W-2 for the year 2011 that are made available to employees in January 2012

Employer Mandates

Effective 2011

- **Voluntary – Long Term Care Insurance**
Community Living Assistance Services and Support
(CLASS)
 - Employees are automatically enrolled and must Opt-Out if they do not desire to be part of the program
 - Employer can also Opt-Out of program

Long-Term Care Insurance

Funded by Payroll Deduction

January 2011

- Monthly premiums collected through payroll deductions
- After five years of enrollment, the policyholder will be eligible for benefits, regardless of age
- Cash benefits of \$50 per day or more depending on the degree of disability
- Program does not require that money be spent on nursing home care
 - Participants can use this money in whatever way makes the most sense to them
- The (CBO) estimates
 - 2011, the long-term care insurance program's first year of operation, monthly premiums would average about \$123

Employer Mandates

Effective 2011

- Large Employers > 200 employees
 - Employers must automatically enroll new full-time employees in coverage.
 - Employers must also provide employees with an opportunity to opt-out of coverage
 - Clarification on the effective date of this provision is forthcoming

Effective 2011

FSA / HSA / HRA

- Over-the-counter medicines will no longer be eligible (non-taxable) expenses for FSA, HSA or HRA, unless a prescription is provided
- The penalty for use of funds from a Health Savings Account for non-qualified medical expenses will increase from 10% to 20% for anyone under the age of 65
- Need to **re-write or modify** existing FSA/HSA/HRA document and Summary Plan Description (SPD)
 - Fine: plan would be out of compliance and could be disqualified

Effective 2011

- Simple Cafeteria Plan
 - No discrimination testing
 - Highly compensated can participate
 - Employer contribution at “least” 2% of salary
 - Employee contribution no more than 3% of salary
 - Rollover allowed
 - \$500 first year
 - Indexed to CPI thereafter
 - \$5,000 dependent care (1 child)
 - \$2,500 second child

Changes

2012

Effective 2012

- New Federal Tax
 - \$1 per employee to fund “comparative effectiveness” 2012
 - \$2 per employee 2013 and thereafter
 - Differing points of view
 - Death Panels
 - Help control cost through best practices model for physicians

Changes

2013

Effective 2013

Notice of Exchange Option

- Not later than March 1, 2013, employers will be required to give a notice to their employees that they may be eligible to participate in one of the state-based health-insurance exchanges
- **Subsidies:**
 - Individuals and families who make between 133%-400% of the Federal Poverty Level (FPL) and want to purchase their own health insurance in an exchange are eligible for subsidies
 - They cannot be eligible for Medicare or Medicaid and cannot be covered by an employer

Individual 2009 Poverty Guidelines

Persons in family	Poverty guideline	400% of poverty
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1	\$10,830	\$43,320
2	\$14,570	\$58,280
3	\$18,310	\$73,240
4	\$22,050	\$88,200
5	\$25,790	\$103,160
6	\$29,530	\$118,120
7	\$33,270	\$133,080
8	\$37,010	\$148,040

Effective 2013

- Flexible Spending Accounts (FSA)
 - A statutory cap of \$2,500 will be placed on the amount of funds an employee can save in a Flexible Spending Account
 - Cap is on Health Care Reimbursement Account only
 - Dependent Care Account not affected
 - The limit will be adjusted annually in accordance with the Consumer Price Index

Effective 2013

- Medical Deduction Threshold Increased
 - 10% of Adjusted Gross Income
 - From 7.5%
 - Waived for 65 and older until 2016
 - Deduction used by many under \$200,000 of income especially those with serious illnesses and the elderly
 - Joint Committee on Taxes
 - Expected to raise \$3.9 billion in 2019

Effective 2013

Taxes on High Income Earners

- Individuals with adjusted modified gross income over \$200,000, and joint filers with over \$250,000, will pay a Medicare surtax of **3.8%** on investment, trust and other passive income:
 - rents, interest, dividends, royalties and capital gains
- In addition, high-income earners will have to pay a Medicare payroll tax of **2.35%** — **an increase of 0.9%** — on the portion of their wages in excess of the above noted thresholds

Effective 2013

Part D Subsidy

- An employer's deduction for retiree prescription drug coverage is disallowed to the extent the employer receives the Retiree Drug Subsidy for providing coverage that is as good as or better than Medicare Part D coverage
 - Subsidy was Bush administration attempt to keep businesses from dropping retiree coverage and having those retirees become part of the Medicare system
 - This was a less expensive option for the government than picking up the cost of Medicare for these enrollees

Changes

2014

Employer Penalties And Other Requirements

- The Act does not mandate an employer offer health insurance, however there are penalties to “large” employers who do not offer coverage or do not offer qualified coverage
 - Large employer is defined as 50 or more full-time
 - Full-time are those working 30 hours/week or part-time equivalents
 - Monthly calculation – part-time hours divided by 120
- Employers with less than 50 employees are exempt from penalties but not other requirements of the Act if coverage is offered

Effective 2014

Employer Not Offering Coverage

- **“Free Rider Penalty”**
 - Employers with **50 or more employees** must offer coverage to their employees or pay a fine of \$2,000 per full-time employee
 - If even one employee obtains a federal subsidy to buy health coverage from one of the new state-based health-insurance exchanges
 - The first 30 employees are exempt from the calculation of the penalty

Effective 2014

Employers Offering Coverage

“Affordable Coverage”

- The mandate requires an employer who does provide coverage to pay either of the following:
 - an “assessment” of \$3,000 for each employee who qualifies for subsidized coverage from an exchange
OR
 - \$2,000 per full-time employee, whichever is less
- Employer must offer a “qualified” plan (60% actuarial value) and cost to employee be no more than 9.8% of employee’s income

Free Choice Voucher – 2014

- Employers must provide a “free choice” voucher to their low income employees.
 - Voucher will be for the same dollar value as if the employee had enrolled in the employer sponsored plan
 - Voucher is deductible to the employer and non-taxable to the employee
 - Low income employee cannot use both the voucher and subsidy money
 - Voucher only “required” for employees whose contributions are between 8 and 9.8% with household income less than 400% of poverty

Effective 2014

- **Health Insurance Exchange**

- The Act requires states to create health insurance exchanges which would offer five levels of qualified health insurance plans

- Levels

- Bronze (60%)

- Silver (70%)

- Gold (80%)

- Platinum (90%)

- Young and Invincible

- » 3 office visits, 100% after HSA OOP Limit of \$5,950

Exchanges – 2014

How They Will Be Structured

- No Public Option (Government run)
- Will have State Specific Co-Ops and Multi-State Co-Ops
 - Government seed money to start the Co-Ops
 - Multi-State Co-Ops will only be available through exchanges
- Subsidies For Individual Coverage
 - Will only be available for coverage purchased through the exchange
- SHOP (Small Business Health Options Programs)
 - Exchange for Small Employers (under 100 or 50 state specific) can be stand alone exchange or combined with exchange for individuals

Effective 2014

- **Pre-existing Condition Exclusions**
 - The employer's group health plan will be required to eliminate pre-existing condition exclusions for adults
- **No annual limits on essential benefits coverage for adults**
 - DHHS to determine essential benefits
- **Waiting Periods**
 - 90 day maximum
- **Routine patient costs associated with clinical trials will be covered as in-network**

Effective 2014

- Cost-Sharing Requirements
 - Out-of-pocket expenses cannot exceed HDHP limits
 - Deductible cannot exceed \$2,000 / \$4,000
 - Maximum exposure \$5,950 / \$11,900
 - Indexed to premium growth percentage
 - Does not apply to grandfathered plans

2014

Wellness

- The law permits employers to offer premium discounts of up to 30% and other cost-related incentives to employees who participate in employer-sponsored wellness programs.
 - Prior law (HIPAA) only allowed a 20% discount

2014

- WELLNESS AND PREVENTION PROGRAMS
 - A wellness and health promotion activity implemented under subsection (a)(1)(D) may not require the disclosure or collection of any information relating to
 - the presence or storage of a lawfully-possessed firearm or ammunition in the residence or on the property of an individual

Grandfathered Plans

- Policies that were Grandfathered will now have to comply with all of the following:
 - Waiting periods not greater than 90 days
 - Pre-existing condition exclusions, all ages
 - Annual limits on benefits
 - Free well care
 - Dependent coverage – age 26
 - Rescissions of coverage
 - Pre-existing conditions exclusion (under age 19)
 - Coverage limits – no lifetime limits on coverage

2014

Employer Reporting Requirements

- Whether the employer offers minimum essential coverage
- Length of waiting period
- Monthly premium of the lowest cost option
- Employer's share of the total cost of benefits
- Number of full-time employees during each month
- Name, address and taxpayer ID or SS# for each employee and months each employee was covered
- Other information HHS may require – to be determined

2014

Nursing Mothers - An employer shall provide:

- A reasonable break time for an employee to express breast milk for her nursing child for one year after the child's birth each time such employee has need to express milk
- A place, other than a bathroom, that is shielded from view and free from intrusion from coworkers and the public
 - An employer who employs less than 50 employees is not subject to this requirement if it would impose an undue hardship

Individual Mandate

Effective 2014

Individual Mandate

- Subsidies
 - Most people will be required to buy health coverage
 - About 20 million American households will qualify for subsidized insurance, according to the CBO
 - Individuals and families with income between 133% and 400% percent of poverty level
 - Each state will be able to design their own exchange with their own rules
 - States may waive starting exchanges for up to 5 yrs

2014

- Exchanges will have Modified Community Rating for Individual Policies
 - 3:1 Age
 - Today rate bands can be 10:1 or greater
 - 1.5:1 Tobacco
 - Also allows for geographic and family composition
 - Does not allow for health or gender underwriting

2014

Individual Mandate

- Penalties for non-compliance
 - Flat dollar amount or percentage of household income whichever is higher
 - 2014 the greater of 1% of income or \$95
 - 2015 the greater of 2% of income or \$325
 - 2016 the greater of 2.5% of income or \$695
 - Penalties will be half (50%) for dependent children
 - Maximum household penalty will be \$2,085 increased by CPI

Individual Mandate Exceptions

- Religious objectors
- Individuals not lawfully present
- Incarcerated individuals
- Taxpayers with income under 100% of poverty
- Hardship waivers
- Members of Indian tribes
- Those uncovered for less than three months
- People with no income tax liability

2014

Individual Mandate

- No enforcement mechanism in the law
 - Not subject to the enforcement provisions of:
 - Subtitle F of IRC
 - Use of liens and seizures otherwise authorized for collection of taxes
 - Criminal or civil penalties
 - Interest does not accrue for failure to pay such assessments in a timely manner



2018

Cadillac Tax

Effective 2018

Cadillac Tax

- A 40 percent excise tax will be applied to the excess value of a health plan above a statutory threshold
- For most health plans, the threshold in the law will be established at **\$10,200** for individual health coverage and **\$27,500** for family coverage
- The threshold for the new excise tax will be adjusted annually for general inflation
- The employer is responsible for doing the aggregation calculations
 - **Stand alone dental and vision coverage is exempt from the aggregation rules**

Estimated Health Insurance Cost 2018 With 8 Percent Medical Inflation

Thresholds – Single \$10,200 Family \$27,500

AVG Employee Premium 2008			8% Medical Projected Premium 2018	
	VA \$	US \$	VA \$	US \$
Total	\$4,202	\$4,386	\$9,071	\$9,469

AVG Family Premium 2008			Projected Premium 2018	
	VA \$	US \$	VA \$	US \$
Total	\$11,935	\$12,298	\$25,766	\$26,550

Questions?

Thank you for attending!

