



What Employers Need to Know Right Now About Health Care Reform

Changes Affecting Employers and Group Health Plans 2013 and Beyond

2013:

Jan. 1, 2013

- Employer W-2 reporting for benefits provided during prior year (not applicable to employers that issued fewer than 250 W-2's for 2011)
- Health FSA contributions limited to \$2,500*
- Increased Medicare health insurance tax withholding on high-income individuals
- Repeal of employer business deduction for qualified retiree drug programs+

March 1, 2013

- Employee notice requirement re: exchanges (minimal details have been released on this requirement and due date is expected to be revised)

July 31, 2013

- Patient-centered outcomes (“comparative effectiveness”) fee due for plan years ending between Oct. 1, 2012 and Dec. 31, 2012

*- or start of 2013 plan year, if later + - 2013 tax year

2014:

Plan Coverage Provisions - Plan Design (effective as of the start of the 2014 plan year)

- Pre-existing conditions exclusion not applicable to adults (or children)
- Employee waiting period for coverage cannot exceed 90 days
- Annual limits prohibited on essential health benefits
- Limits on cost-sharing (deductibles for small group plans and out-of-pocket maximums for all plans)^

- Wellness programs may increase penalty/reward to 50 percent for avoidance of tobacco and to 30 percent for other types of wellness targets
- Clinical trials coverage^

Other Provisions Impacting Employer-Based Coverage (effective Jan.1, 2014 regardless of plan year)

- Exchanges available to individuals and small employers
- Qualified Health Plans (QHPs) participating in small-business (SHOP) exchanges may be offered through cafeteria plans
- Shared responsibility (“play or pay”) penalty for employers with 50 or more full-time employees (or full-time employee equivalents) who fail to provide minimum, affordable coverage to full-time employees

Employer Reporting and Notice Requirements

- Employer reporting: providing minimum essential coverage
- Employer reporting: furnishing of qualifying and affordable coverage
- Return filing requirements for employers not offering coverage

Individual Mandate Effective

- Penalty applies if individual fails to obtain coverage through employer, exchange or a government program
- Individual premium subsidies available through the exchanges up to 4x the federal poverty level
- Reduced cost sharing available through the exchanges for individuals below 2.5 times the federal poverty level

Exchanges

- State-based Insurance exchanges (will be run by federal government in a number of states)
- Multi-state plans to be available through all exchanges (phased in from 2014 – 2018)
- Co-ops / interstate compacts possible
- Navigators to assist consumers with QHP choice
- Initially available only to individuals and small employers (employers with fewer than 100 employees, although state may drop the threshold to 50 employees); states may expand to large employers in 2017

Benefit Designs and Qualified Plans

- Minimum essential benefits required for exchange plans and individual and small group plans outside the exchange
- Qualified plans in the exchanges and individual and small group plans outside the exchange to offer “metal” levels of coverage (platinum [90 percent], gold [80 percent], silver [70 percent] and bronze [60 percent])
- Health care quality rewards via market-based incentives



Insurer Provisions

- Guaranteed issue[^]
- Guaranteed renewability^{^*}
- Modified community-rating (“fair health insurance premium) requirements (individual and small group market only)[^]
- Common insurance risk pools
- Premium stabilization programs

Medicaid Expansion (unless state opts out)

Nondiscrimination Requirements

- Currently applies to self-funded plans
- Effective date for fully insured plans indefinitely delayed[^]
- Will impact ability to provide different eligibility, benefits and premium subsidies to different groups

Automatic Enrollment

- Applies to employers with more than 200 employees
- Effective date delayed until at least 2014

Excise Tax on High Cost (“Cadillac”) Plans (effective 2018)

[^] = Grandfather rules apply



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