



Insurance

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Legislative Update

The following information is being sent as a courtesy to keep you informed on the status of the Health Care initiatives taking place in our government.

TIMELINE OF IMPLEMENTATION

The two items noted below were implemented earlier this year.

Small Business Health Insurance Tax Credits (for Taxable Years beginning 1/1/2010)

The Small Business Health Insurance Tax Credit provides a credit worth up to 35 percent of the employer's contribution to the employee's health insurance. Small non-profit organizations may receive up to a 25 percent credit.

Early Retirees Reinsurance Program (effective June 1, 2010)

The Early Retirees Reinsurance Program provides financial help for employment-based plans to continue to provide coverage to employees who retire between the ages of 55 and 65, as well as their spouses and dependents. Information on the program and employer applications for participation are available at www.ERRP.gov.

The following initiatives go into effect for all health plans issued or renewed on or after September 23, 2010 regardless of grandfathered status:

- Extending dependent eligibility to age 26 (FL Mandate allows coverage to age 30 with certain restrictions) - for existing group plans, the right does not apply if dependent is offered insurance through their own place of employment
- Elimination of pre-existing condition limitations on children under age 19 (elimination of all pre-existing conditions by 2014)
- Elimination of lifetime limits on essential benefits
- Restriction of annual dollar limits lower than \$750,000 on essential benefits for new individual plans and all group plans

A group that does not maintain grandfathered status upon renewal on or after September 23, 2010 will be subject to the following requirements:

- Provide certain preventive care and immunizations without cost sharing (deductible, co-pay or coinsurance) when provided by a network provider
- Allow member choice of participating primary care physicians and pediatricians
- Allow direct access (no referral) to OB/GYN services
- Cover emergency services without pre-authorization or increased cost sharing if out of network
- Provide internal and external appeal processes for denied claims
- Eliminate discrimination in favor of highly compensated individuals



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Effective 1/1/2011 regardless of grandfather status

- Elimination of eligibility of over-the-counter medicines and drugs (with the exception of insulin) for FSA/HRA/HSA reimbursement without a doctor's prescription
- Excise tax on non-qualified HSA distributions (withdrawals taken before age 65 that are not qualified medical expenses) increased from 10% to 20%
- Community Living Assistance Services and Supports (CLASS) Act - voluntary long-term care insurance program effective 1/1/11 and must be operational by October 1, 2012 to provide cash benefits to adults who become disabled (after contributing to the program for five years)
- Effective for plan years **beginning on or after 9/23/2011**: Restriction of annual dollar limits lower than \$1.25 million on essential benefits for new individual plans and all group plans

The following requirements will be implemented for 2012:

- Employers required to disclose the value of benefits provided for health insurance coverage on the employee's annual Form W-2 for tax year 2011
- Effective for plan years beginning on or after 9/23/2012: Restriction of annual dollar limits lower than \$2 million on essential benefits for new individual plans and all group plans

Effective 1/1/2013 for all Flexible Spending Account Plans -

- FSA Contribution Limits will be capped at \$2,500 per year - to be indexed for inflation after 2013.

The majority of changes will be implemented in 2014:

- Elimination of all pre-existing conditions
- Elimination of the ability to charge higher rates due to gender or health status
- Elimination of annual dollar limits on essential benefits
- Prohibits dropping or limiting coverage for participation in all clinical trials that treat cancer or other life-threatening diseases
- Tax credits (based on income & poverty level) for people who are not eligible for or offered other affordable coverage
- Establishment of Health Insurance Exchanges
- Small Business Tax Credit - credit up to 50% of employer's contributions for employees; 35% for small non-profit organizations.
- Elimination of benefit waiting periods greater than 90 days
- Health Insurance Exchange established
- Applicable large employers must offer minimum essential benefits to all employees working 30 hours per week
- Maximum out-of-pocket limit: \$5,000 individual / \$10,000 family.

As always, we'll keep you posted of significant developments as they occur.

If you have any questions, please contact your HARDEN Employee Benefits Account Manager.