

MARK THE DATES

Health Reform Dates You Need to Know and Care About if You Employ More than 50 Employees

2010 – Coverage Mandates

No later than the first plan year on or after September 23, 2010, the employer's health plan must be amended as follows:

- No lifetime limits on coverage for "essential health benefits"
- No pre-existing condition limitations for children under age 19
- An adult child of an eligible employee can maintain coverage under employer's plan until age 26 (unless other coverage available; no coverage required for child's spouse/children)
- If the plan is new or makes material changes in design or coverage on or after March 23, 2010, the plan must also:
 - o Offer "first-dollar coverage" for preventive care services
 - o Be provided in a non-discriminatory manner to all eligible employees
 - o Enhanced claim appeal processes required

2011 – Miscellaneous Modifications

- Over-the-counter medications can no longer be considered a "qualifying medical expense" under cafeteria plans, health savings accounts ("HSA") and health reimbursement arrangements ("HRA")
- Non-medical distributions from an HSA are subject to a 20 percent excise tax
- Wellness programs can be enhanced (up to 30 percent premium discounts are allowable)

2012 – Maximum Contributions to Health FSA's

- The maximum contributions to a Section 125 flexible spending account will be \$2,500

over →

MARK THE DATES

2013 – Increased Medicare Taxes

- Medicare tax on employee wages increases to 2.45 percent for higher income employees
- New Medicare tax of 3.8 percent on “unearned income” for similar high income individuals

2014 – Enhanced Health Insurance Alternatives

- Employers who maintain current health plans must:
 - Not utilize annual or lifetime limits on plan coverage for “essential health benefits”
 - Eliminate pre-existing condition limitations for all newly eligible participants
 - If offer family coverage, provide coverage option to child to age 26 regardless of other coverage options
- Employer can be subject to per-employee penalties if no employee coverage offered, or coverage offered is below minimum thresholds or is more expensive based on the individual’s household income
- All individuals, including employees and small employers, shall be entitled to purchase health insurance coverage through newly established Health Care Exchanges

Steps to Take Now

- Implement immediate health care mandates for 2010
- Watch for coverage changes and new limitations in 2011 and 2012
- Plan for increased contributions and changes in health care design and cost beginning in 2013 and beyond and consider alternative strategies as a result

For more information, please contact:

Brian Johnston
bjohnston@polsinelli.com
816.360.4319

Cynthia Berry
ceberry@polsinelli.com
202.626.8333

polsinelli.com

Polsinelli Shughart PC provides this material for informational purposes only. The material provided herein is general and is not intended to be legal advice. Nothing herein should be relied upon or used without consulting a lawyer to consider your specific circumstances, possible changes to applicable laws, rules and regulations and other legal issues. Receipt of this material does not establish an attorney-client relationship. The choice of a lawyer is an important decision and should not be based solely upon advertisements. Copyright © Polsinelli Shughart PC, 2010