

Health Care Reform at a Glance

What it means to individuals and employers with 1 to 50 Employees



NOTE: Although "Grandfathering" may shield some provisions of the law from applying, group insurance policies for smaller employers are unlikely to qualify under typical circumstances. This chart presumes grandfathering status will not apply.

Employer Size	Legal Requirement	Timeline	Implications
Individuals	Be covered by a group plan or individual policy. NOTE: Constitutionality of individual coverage mandate is currently under judicial review.	Effective January 1, 2014	Employees may opt out of employer plan but must have coverage or pay a fine
Individuals	Pay for coverage under group plan or individual policy	Effective January 1, 2014	If coverage from employer is unaffordable, use tax credit to purchase coverage through exchange.
1 to 25 Employees Number of employees including full-time equivalents and excluding seasonal workers. <i>Tax Credit may be available if more than 25 employees, but many are excluded employees or large part-time workforce. Employers should use IRS worksheet to evaluate size of available credit. See links listed in next column.</i>	Small Employer Tax Credit http://www.irs.gov/newsroom/article/0,id=223666,00.html http://www.irs.gov/newsroom/article/0,id=227404,00.html http://www.irs.gov/pub/irs-utl/3_simple_steps.pdf	Effective with guidelines	Employer must calculate tax credit, with phase out. Full credit only available to employers with 10 or fewer full-time equivalent employees, and whose employees have average annual wages from the employer of less than \$25,000
1 to 50 employees	No pre-existing condition exclusion for children under age 19	Effective plan years on or after October 1, 2010	Better access for plan participants; higher rates

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1 to 50 employees	No lifetime limits	Effective plan years on or after October 1, 2010	Increased policy costs (could be significant). One-time open enrollment notice required when a plan becomes subject to law with a minimum 30-day enrollment period.
1 to 50 employees	No annual limits	Effective plan years on or after October 1, 2010; prior to plan years beginning January 1, 2014, policy may cap some benefits	Increased policy costs; ability to replace dollar limits on specific services with treatment limits will be restricted by what carrier agrees to do (or can do), in part due to state-filed policies
1 to 50 employees	60-day prior notification of plan changes (mid-year or annual enrollment)	Likely effective plan years after April 1, 2012*	Employer must decide plan design changes each year more than two months in advance of enrollment. Carrier cooperation will be absolutely essential.
1 to 50 employees	No insurance policy rescission	Effective plan years on or after October 1, 2010	Increased policy costs. The law protects employers from retroactive cancellation of group policy and individuals from retro activating cancellation of the coverage under a group plan.
1 to 50 employees	Primary care provider designation (any contracted provider)	Effective plan years on or after October 1, 2010	Carrier administrative change; limited anticipated impact.

**Although the precise effective date is unclear from the statute, many authorities and insurance carriers are interpreting the rule to be effective later, after April 2012. We are expecting clarification from the government on this issue.*

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Employer Size	Legal Requirement	Timeline	Implications
1 to 50 employees	Access to obstetrical and gynecological providers	Effective plan years on or after October 1, 2010	Carrier administrative change; policies often allow
1 to 50 employees	Access to pediatric specialists (allopathic or osteopathic) as child's primary provider	Effective plan years on or after October 1, 2010	Carrier administrative change; policies often allow
1 to 50 employees	No discrimination in insured group health plans such that plan benefits or contributions favor the highly compensated. Grandfathered plans can avoid compliance.	Effective plan years on or after October 1, 2010, but IRS has announced temporary non-enforcement period. Expected to apply with 2012 plan years.	Changes for many plans with eligibility rules or waiting period rules that vary by classification. NOTE: Non-enforcement policy announced by IRS. Executive medical plans, carve-outs and other discriminatory programs may become impermissible when temporary non-enforcement period ends.
1 to 50 employees	Emergency room care with no prior authorization and no benefit level differential based on non-network	Effective plan years on or after October 1, 2010	Increased policy costs (unless previously mandated by state)
1 to 50 employees	No cost sharing on minimum preventive benefits	Effective plan years on or after October 1, 2010	Increased policy costs (unless previously mandated by state)
1 to 50 employees	Dependents covered up to age 26 (even if married or non-student)	Effective plan years on or after October 1, 2010; until plan years beginning January 1, 2014, a grandfathered plan can exclude a child eligible for other employer health plan.	Increased policy costs (unless previously mandated by state). One time open enrollment required when plan first becomes subject to the law, with a minimum 30-day enrollment period.
1 to 50 employees	Reporting on plan information	As guidance is issued; but may not have guidance until March 2012	Administrative requirement; may delegate to carrier or other plan administrator.

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Employer Size	Legal Requirement	Timeline	Implications
1 to 50 employees	Revised appeals process with new procedures, shortened plan response times and enhanced non-English disclosures. Grandfathered plans can avoid compliance, but carriers are implementing for most accounts regardless of status.	Effective plan years on or after October 1, 2010	Plan documentation and administrative changes; heightened document and vendor monitoring
1 to 50 employees	MEWAs must register with federal government and face increased oversight	Effective date of enactment	Affects plans sponsored by more than one employer with inadequate common ownership
1 to 50 employees	Report value of health plan coverage – Form W-2 for each covered employee	Originally for taxable years starting after January 2011; to be reported on 2012 W-2. Delay currently in effect requires tracking for 2012 tax year, reporting in 2013. Further delay until 2013 (tracking) and 2014 (reporting) if fewer than 250 Form W-2s issued.	Need to calculate value and report. Many employers using delay to test and prepare for compliance.
1 to 50 employees	No reimbursement of over-the-counter medication by health flexible spending accounts (Health FSAs) unless have prescription	Expenses incurred beginning January 1, 2011 (This effective date is not based on plan year).	Administrative change and employee education issue at annual enrollment and on-going with claim denials
1 to 50 employees	Minimum loss ratio means carriers would pay punitive rebate; determined at 80% for small market segment (across policies for groups with 100 or fewer employees on business days in preceding calendar year and at least 1 employee on first day of plan year)	Effective January 1, 2011	Rebate generally paid to enrollees with some regulatory exceptions permitting employer to collect rebate. Employer may be involved in rebate process but no direct expense. Carrier may increase rates initially due to uncertainty, but punitive rebate may keep in check. Service quality may be affected.

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1 to 50 employees	Four-page plan summary disclosure in 12 point font with benefit schedule, definitions, limitations and exclusions.	Enrollments beginning with April 2012	This size employer would welcome support from carrier or other vendor. Compliance key centers on keeping all plan documents consistent and in sync.
1 to 50 employees	\$2,500 Limit on Health Flexible Spending Account (Health FSA)	Taxable years starting January 1, 2013	Plan documentation and employee education issue, especially at first annual enrollment.
1 to 50 employees	Research fee imposed on carrier (\$1 for policy years ending in 2013, then \$2. Multiplied by average number of covered lives)	Plan or policy years ending after September 30, 2012; planned to expire over time with October 1, 2019 plan years.	Fee likely passed through to plan sponsor. Example: If employer has 31 employees and 20 dependents in 2014, fee is: $\$2 \times 51 = \102
1 to 50 employees	No waiting period over 90 days	Effective plan years beginning on or after January 1, 2014	Carriers may increase rates as less protection; higher employer contribution cost to add employees sooner.
1 to 50 employees	No pre-existing condition exclusions	Effective plan years beginning on or after January 1, 2014	Carriers may increase rates as exclusion is eliminated
1 to 50 employees	HIPAA Non-discrimination rules relaxed to promote more generous wellness plan safe harbor design.	Effective plan years beginning on or after January 1, 2014	Plan sponsors may promote wellness to penalize unhealthy with 30% premium shift to employee HHS has authority to approve up to a 50% differential.

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1 to 50 employees	Renewals guaranteed	Effective plan years beginning on or after January 1, 2014	No carrier-initiated failure to renew these groups, will increase policy costs.
1 to 50 employees	Rating restrictions	Effective plan years beginning on or after January 1, 2014	Carriers may increase rates in anticipation of this restriction. Carriers cannot consider employee health. Can only consider age, tobacco, community, etc.
1 to 50 employees	Guaranteed issue of policy	Effective plan years beginning on or after January 1, 2014	Plan may limit enrollment to annual and special enrollment periods
1 to 50 employees	Clinical trial coverage	Effective plan years beginning on or after January 1, 2014	Increased employer expense due to increased premiums
1 to 50 employees	New types of health care coverage providers – co-ops and multi-state policies	Effective 2014	New insurance outlets may reduce costs because non-profit, and state mandates likely not applicable
1 to 50 employees	Taxes on insurance carriers	Calendar years starting January 1, 2014	Increased employer costs as passed through to employer. Insurance carrier may try to assess to customers separate from premiums
1 to 50 employees	No discrimination against health care providers	Effective plan years beginning on or after January 1, 2014	Little effect; insurance carrier administrative burden
1 to 50 employees	Cadillac plan excise tax	Effective for 2018 tax years	Plan sponsors will try to redesign to avoid the excise tax; union arrangements may prove difficult to revise