

Health Care Reform at a Glance

What it means to individuals and employers with 51 to 100 Employees



NOTE: Grandfathering protections may be available to shield an organization from particular HCR obligations. However, employers in the 51-100 employee range will typically find it very difficult to maintain grandfather status, particularly given possible insurance carrier required changes.

Employer Size	Legal Requirement	Timeline	Implications
<p>51 to 100 Employees</p> <p>Number of employees including full-time equivalents and excluding seasonal workers.</p> <p><i>Tax Credit may be available if more than 25 employees, but many are excluded employees or large part-time workforce.</i></p>	<p>Small Employer Tax Credit</p> <p>Details explaining tax credit eligibility are available from the IRS. Here are several useful links to obtain program information.</p> <p>http://www.irs.gov/newsroom/article/0,,id=23666,00.html</p> <p>http://www.irs.gov/newsroom/article/0,,id=27404,00.html</p> <p>http://www.irs.gov/pub/irs-utl3_simple_steps.pdf</p>	<p>Effective with guidelines</p>	<p>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.</p>
<p>51 to 100 Employees</p>	<p>No pre-existing condition exclusions for children under age 19</p>	<p>Effective plan years on or after October 1, 2010</p>	<p>Better access for plan participants; higher rates</p>
<p>51 to 100 Employees</p>	<p>No lifetime limits</p>	<p>Effective plan years on or after October 1, 2010</p>	<p>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.</p>

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51 to 100 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.
51 to 100 Employees	60-day prior notification of plan changes (mid-year or at annual enrollment)	Likely effective plan years after April 2012*	Employer must decide plan design changes each year more than two months in advance of enrollment. Carrier cooperation will be absolutely essential.
51 to 100 Employees	No insurance policy rescission	Effective plan years on or after October 1, 2010	Increased policy costs. The law protects employers from retroactive cancellations of group policies and individuals from retroactive cancellation of their coverage under a group plan.
51 to 100 Employees	Primary care provider designation (any contracted provider)	Effective plan years on or after October 1, 2010	Carrier administrative change
51 to 100 Employees	Access to obstetrical and gynecological providers	Effective plan years on or after October 1, 2010	Carrier administrative change; policies often allow

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

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51 to 100 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
51 to 100 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. Executive medical plans, carve-outs and other previously acceptable discriminatory practices may become impermissible when temporary non-enforcement period ends.
51 to 100 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)
51 to 100 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)
51 to 100 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 may exclude adult children eligible for own 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.
51 to 100 Employees	Reporting on plan information	Effective when guidance issued, but may not have guidance until March 2012	Administrative requirement; may delegate to carrier or other plan administrator

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51 to 100 Employees	Revised appeals process with new procedures, shortened plan response times and enhanced non-English disclosures. Grandfathered plans can avoid compliance, but carriers 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
51 to 100 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
51 to 100 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.	Employer needs to calculate value and report. Many employers using delay to test and prepare for compliance.
51 to 100 Employees	No reimbursement of over-the-counter medication by health flexible spending accounts (Health FSAs) unless prescription	Expenses incurred beginning January 1, 2011 (This effective date follows the calendar year and is not based on plan year)	Administrative change and employee education issue at annual enrollment and on-going with claim denials
51 to 100 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 new regulatory exceptions permitting employers to collect rebates. 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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51 to 100 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 challenge will be to ensure that all plan materials stay consistent and in sync.
51 to 100 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
51 to 100 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 starting with October 1, 2019 plan years.	Fee likely passed through to plan sponsor Example: If employer has 61 employees and 20 dependents in 2014, fee is: $\$2 \times 81 = \162
51 to 100 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
51 to 100 Employees	No pre-existing condition exclusions	Effective plan years beginning on or after January 1, 2014	Carriers may increase rates as exclusion is eliminated
51 to 100 Employees	HIPAA's 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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51 to 100 Employees	Renewals guaranteed	Effective plan years beginning on or after January 1, 2014	No more carrier-initiated failure to renew these groups; increase in policy costs
51 to 100 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.
51 to 100 Employees	\$3,000 annual affordability penalties. Billed to employer by the Exchange; based on affordability of coverage for the employee and possibly the employee's family. Depends on each specific employee's financial situation. Affordability penalties apply when employee's cost exceeds 9.5% of household income.	Effective months beginning with January 1, 2014.	Administrative burden and increased employer contribution costs as groups try to reduce exposure to these costs.
51 to 100 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
51 to 100 Employees	Clinical trial coverage	Effective plan years beginning on or after January 1, 2014	Increased employer expense
51 to 100 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

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51 to 100 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
51 to 100 Employees	No discrimination against health care providers	Effective plan years beginning on or after January 1, 2014	Little effect; insurance carrier administrative burden
51 to 100 Employees	Employer mandate with “essential” benefits plan offered to all full-time employees (those working 30 or more hours a week on average in a month). Penalty for non-compliance is \$2,000 multiplied by number of all full-time workers (subtracting 30 employees from the calculation as a concession to smaller businesses). Categories such as “Non-Benefits Eligible” will not be permitted if the person otherwise is working full-time under the new definition. No guidance yet on leased employees and staffing firms. All employers must educate employees on exchanges by March 1, 2013. In 2014, employers must report on coverage of each eligible employee and family members. Regulations on 2014 compliance issues expected in 2012.	Effective plan years on or after January 1, 2014	Increased costs due to standard policy, benefit enhancements and administrative burdens. Less flexibility to cost shift or steer utilization. Greater need for consultative advice on cost-effective plan design and contribution modeling. Opportunities to restructure workforce by reducing hours worked, to place part-time workers in current non-benefit positions. Could prompt move to self-funding.
51 to 100 Employees	Cadillac plan excise tax. A 40% excise (penalty) tax applies to the value (total premium cost) of the plan over \$10,200 single and \$27,500 family. Special higher thresholds apply to retirees over age 55 and to certain defined high-risk employment categories	Effective for 2018 tax years.	Projections show 60% of plans will owe the excise tax based on current costs trended forward. However plan sponsors will try to redesign plans to avoid the excise tax. Union arrangements may prove difficult to revise.