

Health Care Reform at a Glance

What it means to individuals and employers with over 100 Employees and fully-insured



Legal Requirement	Timeline	Implications
No pre-existing condition exclusions for anyone under age 19.	Effective plan years on or after October 1, 2010. Some carriers may eliminate from plans prior to then.	Better access for employees; higher rates.
No lifetime dollar limits.	Effective plan years on or after October 1, 2010.	Increased policy costs.
No annual dollar limits.	Effective plan years on or after October 1, 2010; prior to plan years beginning January 1, 2014, policy may place dollar caps only on very limited "non-essential" 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.
60-day prior notification of plan changes (applies to changes made mid-year or at annual enrollment).	Initially thought to be effective plan years on or after October 1, 2010; likely effective after April 2012.	Employer must decide plan design changes each year more than two months in advance of enrollment; carriers not required by new law to release renewals earlier than at present.
No insurance policy rescission (retroactive termination of coverage) in the absence or fraud or intentional misrepresentation; 30-day advance notice required when retroactive termination applies.	Effective plan years on or after October 1, 2010.	Increased policy costs; also restricts employer's ability to terminate an individual's retroactively.
Primary care provider designation (any contracted provider). Grandfathered plans can avoid compliance.	Effective plan years on or after October 1, 2010.	Carrier administrative change with limited impact.
Access to obstetrical and gynecological providers. Grandfathered plans can avoid compliance.	Effective plan years on or after October 1, 2010.	Carrier administrative change; policies often allow.
Access to pediatric specialists (allopathic or osteopathic) as child's primary provider. Grandfathered plans can avoid compliance.	Effective plan years on or after October 1, 2010.	Carrier administrative change; policies often allow.

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No discrimination in insured group health plans such that plan benefits or contributions favor the highly compensated. Grandfathered plans can avoid compliance.	Similar rule in effect for self-funded plans (Code Section 105); new rule delayed for insured plans, possibly until January 2012.	Executive medical plans become impermissible when rules take effect; many carriers already eliminated those programs and replacements are scarce. Rule may increase attractiveness of self-funding for larger plans. Plan reviews/re-designs necessary. Largest negative impact on carve-out plans with many ineligible.
Emergency room care with no prior authorization and no benefit level differential (in-network cost-sharing versus non-network). Grandfathered plans can avoid compliance.	Effective plan years on or after October 1, 2010.	Increased policy costs (unless previously mandated by state).
No cost sharing on minimum preventive benefits as outlined by U.S. Preventive Services Task Force and other criteria. Grandfathered plans can avoid compliance.	Effective plan years on or after October 1, 2010.	Increased policy costs (unless previously mandated by state).
Children covered up to age 26 (even if married or non-student). Limited delay allowed for grandfathered plans; a child with another employment-based plan available can be excluded until 2014 plan year.	Effective plan years on or after October 1, 2010; prior to 2014 plan years, a grandfathered plan may exclude a child eligible for other employer health plan.	Increased policy costs (unless previously mandated by state). One-time open enrollment notice required when plan first becomes subject to law with a minimum 30-day enrollment period.
Reporting on plan information relating to health care quality incentives.	As agency guidance is issued; may not have that guidance until March 2012.	Administrative requirement; may delegate to carrier or other administrator.
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.
MEWAs must register with federal government and face increased oversight.	Effective March 23, 2010.	Affects plans sponsored by more than one employer without common ownership based on IRS controlled group rules.

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<p>Report employer and employee premium cost for health plan coverage on Form W-2 for each covered employee. Does not include cost for dental or vision coverage under a separate policy. Does not include any contributions toward a health savings account (HSA) or employee contributions to a health flexible spending account (Health FSA).</p>	<p>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.</p>	<p>Employer needs to calculate value and report; suggest using delay to test system.</p>
<p>No reimbursement of over-the-counter medication by health flexible spending accounts (Health FSAs) and health savings accounts (HSAs) unless accompanied by a prescription.</p>	<p>Expenses incurred beginning January 1, 2011 (not based on plan year).</p>	<p>Administrative change and employee education issue at annual enrollment and on-going with claim denials.</p>
<p>Minimum loss ratio, or MLR, applies to carriers who would pay punitive rebate; determined at 85% for the large market segment (across all of a carrier's policies issued to groups with at least 101 employees on business days in preceding calendar year and at least 1 employee on first day of plan year).</p>	<p>Effective January 1, 2011.</p>	<p>Rebate paid to enrollees and employer in proportion to their share of premium costs. Employer generally will administer the rebate process but does not fund any part of the enrollee rebate directly. Carrier may increase rates initially due to uncertainty, but punitive rebate may keep in check. Service quality may be affected and may influence change to self-funding.</p>
<p>Four-page plan summary disclosure in 12 point font with benefit schedule, definitions, limitations, and exclusions.</p>	<p>Enrollments beginning with April 2012.</p>	<p>Employer may welcome support from carrier or other vendor; make sure it is in sync with complete SPD.</p>
<p>\$2,500 Limit on Health Flexible Spending Account (Health FSA) per participant.</p>	<p>Taxable years starting January 1, 2013 (not based on plan year).</p>	<p>Plan documentation and employee education issue, especially at first annual enrollment. Impact on FICA and employee tax liability.</p>

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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; expires over time starting with October 1, 2019 plan years.	Fee likely passed through to plan sponsor. Example: If employer has 101 employees and 20 dependents in 2014, fee is: $\$2 \times 121 = \242
No waiting period over 90 days for group health plan coverage (other benefits not affected).	Effective plan years beginning on or after January 1, 2014; dovetails with “essential benefit plan” mandate and 30-hour rule.	Carriers likely to increase rates; higher employer contribution cost to add all full-time employees within this timeframe.
No pre-existing condition exclusions.	Effective plan years beginning on or after January 1, 2014.	Carriers may increase rates as exclusion is eliminated.
HIPAA wellness plan non-discrimination rules relaxed slightly with more generous wellness plan safe harbor design.	Effective plan years beginning on or after January 1, 2014.	Plan sponsors may promote wellness to favor the healthy with 30% (possibly 50%) premium shift.
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.
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.

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Guaranteed issue of policy.	Effective plan years beginning on or after January 1, 2014.	Plan may limit enrollment to annual and special enrollment periods.
\$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. Increased employer contribution costs as groups try to reduce exposure to these costs.
Clinical trial coverage. Grandfathered plans can avoid compliance.	Effective plan years beginning on or after January 1, 2014.	Increased employer expense due to increased premiums. Impact not yet available.
New types of health care coverage providers – co-ops and multi-state policies.	Effective 2014.	New insurance outlets may reduce plan premium costs because non-profit, and state mandates likely not applicable.
Taxes on insurance carriers.	Calendar years starting January 1, 2014.	Increased employer costs as passed through to employer. Insurance carrier likely to assess separate from premiums.
No discrimination against health care providers.	Effective plan years beginning on or after January 1, 2014.	Little effect; insurance carrier administrative burden.

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<p>Automatic enrollment of all eligible employees; employees may opt out. Applies at 200 employees. Regulations needed to clarify numerous issues such as how union and other workers are counted if eligible for different plan.</p>	<p>Unclear in law, but likely plan years beginning on or after January 1, 2014.</p>	<p>Administrative burden. Employee education necessary. Increased employer costs with increased participation. Integrate opt-out forms into process for new hires if immediate eligibility or after a waiting period if applicable.</p>
<p>Employer mandate with “essential” benefits plan offered to all full-time employees (those persons 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. (Exchanges <i>may</i> be made available for larger employers (over 100 employees) starting January 1, 2017.) In 2014, employers must report on coverage of each eligible employee and family members. Regulations on 2014 compliance issues expected in 2012.</p>	<p>Effective plan years on or after January 1, 2014.</p>	<p>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. Changes and costs could prompt move to self-funding.</p>
<p>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.</p>	<p>Effective for 2018 tax years.</p>	<p>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.</p>