



## Health Care Reform Summary

**Grandfathering** - Plans in existence on or before March 23, 2010 are considered grandfathered.

**Retiree-plan Assistance**- A temporary government reinsurance program for employer-provided retiree (age 55-64) benefits. May reimburse up to 80% of the cost of claims between \$15,000 and \$90,000.

**Small Business Tax Credits**- Tax credits for small business (no more than 25 employees and average annual wage of no more than \$50,000). Up to a 35% tax credit when the employer contributes at least 50% of the premium costs.

**Lifetime & Annual Maximums**- Prohibition on lifetime and unreasonable annual limitations on essential benefits (including grandfathered plans).

**Adult Children** - Requires coverage for adult-aged children to age 26 if no other employer-sponsored coverage is available (including grandfathered plans).

**Preventive Care**- Requires coverage for most preventive care services (does not apply to grandfathered plans).

**Children & Pre-existing Conditions**- Prohibits pre-existing condition exclusions on children under age 19 enrolled in the group health plan (including grandfathered plans).

**Temporary High Risk Pool**- Under the law, people who cannot obtain traditional coverage on account of a pre-existing medical condition are eligible for insurance under a new national high-risk pool.

**No Prior Authorization for Emergency Services** - The law requires emergency care services be provided without prior authorization and with the same cost-sharing both in and out of network.

**Revised Appeals Process**- Requires new health plans to implement an effective process for allowing consumers to appeal health plan decisions and requires new plans to establish an external review process.

**Rescission of Coverage**- Prohibits retroactive coverage terminations except in cases of fraud and material misrepresentation.

**Reasonable Break Time for Nursing Mothers**- Requires employers to provide nursing mothers a reasonable break time each time the employee needs to express milk.



**Minimum Medical Loss Ratio for Insurers-** Plans are required to spend 85% of premium on claims for large plans and 80% for small plans. Rebates are available to enrollees if these thresholds are not satisfied.

**Flexible Spending Accounts-** Over the counter (OTC) products can no longer be reimbursed through the health FSA, HRA, HSA unless prescribed by a doctor.

**HSA Tax Penalty-** 20% penalty tax on distributions from the HSA that are not for qualified medical expenses.

**Simple Cafeteria Plans** - These plans will be available to small businesses with no more than 100 employees.

**Small Employer Workplace Wellness Grants-** Grants become available to certain eligible employers that establish Comprehensive Workplace Wellness Programs beginning fiscal year 2011.



**W-2 Reporting** - Employers are required to include the value of health coverage on an employee's W-2.

**Benefit Summary-** Insurers and plan sponsors to follow uniform standards when providing group and individual plan applicants, enrollees and policy/certificate holders with a summary of benefits and coverage.

**Pre-enrollment Document-** As part of the Summary of Benefits and Coverage provision, pre-enrollment materials must be provided to Individual applicants shopping for coverage on the benefits and exclusions of various plan offerings.

**60-Day Notice of Material Modifications-** If not provided in Uniform Explanation of Coverage, by no later than 60 days prior to the effective date of any mid-year change, group health plans also must provide notice of any material changes to the plan coverage.

**2013**

**Employee Notification of Exchanges-** Beginning on March 1, 2013, employers must provide employees written notice of Exchanges, Premium Subsidies and Free Choice Vouchers.

**Flexible Spending Accounts** - \$2,500 cap on the health FSA.

**Medicare Tax-** Affects individuals earning more than \$200,000 and joint filers earning more than \$250,000.

**Fee on Health Plans-** Health plans will be assessed a fee to fund a Patient-Centered Outcome Research program.

**Retiree Prescriptions-** Reduce employer deduction for retiree prescription drug expenses.

**2014**

**Employer Requirement to Offer Minimum Essential Coverage (50 Employees)-** The new healthcare reform law does not require employers to offer health coverage to their employees. However, large employers will be subject to a penalty beginning in 2014 if they do not.

**Individual Mandate** - Individuals will be fined, beginning in 2014 for not having approved health care coverage.

**State-based Exchanges for Individuals and Small Groups** - Exchanges established for individual and small group (1-100 employees or 1-50 employees, depending on state law).

**Small Employer Tax Credits Available Only in Exchange-** For eligible small businesses that purchase coverage through the exchange, there will be a tax credit of up to 50% of the employer's contribution toward the employee's health insurance premium if the employer contributes at least 50% of the total premium cost.

**Employer Reporting Requirements** - Employers must annually report to the Secretary of the Treasury whether they offer health coverage to their full-time employees and dependents.

**Mandated Coverage-** Non-grandfathered group health plans and Exchange plans meet certain mandated levels of coverage including out-of-pocket cost sharing (tied to HSA qualified plan limits).



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**Pre-Existing Conditions** - Prohibit all pre-existing condition exclusions (including grandfathered plans).

**Benefit Waiting Periods**- Prohibit waiting periods in excess of 90 days (including grandfathered plans).

**Rating** -Modified community rating for individual and family coverage in the small group market.

**Wellness Program**- Wellness program incentives may increase to 30% of the cost of coverage for a reward based program.

**Health Insurance Carriers**- New fees imposed in health insurance carriers.

**Small Group Redefined as 1-100**- Small Group will be redefined as 1- 100 employees, however, for the employer responsibility requirements it is 50 employees or less.



**High Cost Health Plans**- 40% excise tax imposed on high-cost health plans (above \$10,200 for single coverage and \$27,500 for family coverage).