



Health Care Reform Update

The federal health care reform legislation, known as the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act have been approved by Congress and signed by the President. It will expand the availability of health care coverage to millions of Americans. While some of the measures will be implemented this year, with the majority not taking effect until 2014.

RGEB Employee Benefits is providing this overview of the important components of the bill and the proposed timeline for implementation. It is important to note that many of these reforms and their effective dates are subject to the rules and regulations process both at the state and federal levels, which could alter the intended timing and implementation.

What happens in 2010?

- Eligible small businesses with less than 25 full time employees or ***the equivalent number of part-time employees*** and average annual wages of less than \$50,000 will receive a ***small business premium tax credit***. Small employers will receive up to a 50% of premiums for up to 2 years if the employer contributes at least 50% of the premium.
- After September 23, 2010, children will be able to stay on their parent's coverage until age 26.
- In CA lifetime benefit limits have been \$5 or \$6 million dollars and the new law eliminates these lifetime limits.
- Preventative care services will be available with no cost sharing ***based on specific guidelines***.
- After September 23, 2010,, pre-existing condition exclusions for dependent children under 19 will be prohibited.
- Health insurance cancellations and rescissions are prohibited except in cases of fraud or non-payment.
- After June 23, 2010, there will be a high risk pool in CA for those who can't buy insurance because of pre-existing conditions and have been uninsured for 6 months. ***There may be subsidies available based on income and available funds***.

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- Medicare Part D drug plan members will receive a \$250 rebate.

What happens in 2011?

- All employers must include on employees W-2 forms the aggregate cost of employer sponsored health benefits.
- Over the counter drugs and other items now permissible by law will no longer be reimbursable under Health Savings Accounts and Flexible Spending Accounts.

What happens in 2014?

- State Health Insurance Exchanges for individuals and small businesses will become operational.
- Individual health insurance will become guaranteed issue; insurers will be required to issue policies to all applicants regardless of pre-existing conditions.
- Individual coverage mandates will take effect; individuals will be required to purchase health insurance or pay a penalty.
- The employer coverage mandates will take effect meaning companies will be required to offer health insurance coverage to their employees or pay a fine.
- Individuals may receive tax credits and small business tax credits will be expanded.

RGEB Employee Benefits will provide updates as provisions in the law become operational or there are changes in the timeline.

Please contact RGEB with any questions or concerns you may have about these two new laws and its affect on your business, employees and families.

*Items that are **Italicized** have not yet been defined and will be determined in the future by legislation or by the Department of Health and Human Services.*

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