



Federal Health Care Reform Update

On Tuesday, March 30, 2010, the President signed the Health Care and Education Reconciliation Act of 2010. This legislation finalized the health care reform package and established the effective dates for several major provisions. The following are some of the changes that will impact you and your participants.



2010

For plan years beginning on or after September 23, 2010

- Group health plans must provide dependent coverage up to age 26 for children who are not eligible for another employer's plan.
- Group health plans may not deny coverage to children because of a pre-existing condition.
- Group health plans may not impose a lifetime dollar limit and annual dollar limits are restricted.
- Group health plans must provide coverage for preventive services and may not impose cost sharing requirements for these services.

2011

- Employers must report the cost of health coverage (based on premium) received by an employee on the employee's Form W-2.
- Over-the-counter drugs are not eligible for reimbursement from FSA's, HRA's, HSA's and Archer MSA's.
- The tax on withdrawals from HSA's and Archer MSA's before age 65 that are not used to pay for qualified medical expenses will increase to 20%, from 10% and 15% respectively.

2013

- Contributions to FSA's will be limited to \$2,500 per year which will be indexed to inflation for future years.

2014

- Health insurance exchanges (similar in concept to the Massachusetts Connector) will be established in each state.
- The individual mandate (similar to the Massachusetts mandate) will become effective. Individuals must obtain acceptable health insurance coverage or pay a tax penalty. Individuals who cannot afford coverage will be exempt from the penalty and may qualify for premium tax credits to purchase insurance.
- The employer mandate (similar to the Massachusetts Fair Share Contribution and Free Rider Surcharge) will become effective. Employers with more than 50 full-time-equivalent employees who do not offer coverage and who have at least one employee who receives a federal premium tax credit to purchase insurance will pay a penalty of \$2,000 per full time employee, in excess of 30 employees. Full time is defined as normally working 30 hours or more per week.
- For plan years beginning on and after January 1, 2014, plans must cover dependents up to age 26, regardless of the availability of other employer coverage and plans may not impose annual dollar limits, exclusions for pre-existing conditions and waiting periods greater than 90 days.

For Further Information

We will be issuing further updates as more information becomes available.

In the meantime, should you have any questions regarding compliance matters, please contact Benemax Compliance Officer Walter Hiltz at 800-528-1530, ext.120 or walter@benemax.com