HEALTH CARE REFORM TIMELINE

EMPLOYER-SPONSORED PLANS

March 31, 2010

Updated April 2, 2010

Highest Priorities:

Provisions that take effect in 2010 and 2011

Provision	Employers Impacted	Timing
Reflect accounting impact of eliminating 2013 tax deduction for retiree medical Part D subsidy on Q1 2010 financial statements	Employers receiving Part D retiree drug subsidy payments	Immediate
Extend federal income tax exclusion for employer-provided coverage for any child who has not turned 27 by the end of the taxable year	All employers who provide coverage for adult dependent children to end of calendar year in which child has not turned age 27 (e.g. under state laws mandating extended coverage in insured plans/HMOs)	Immediate
File for 80% reimbursement of high cost claims ($15,000 – 90,000) for retirees and dependents over age 55 and not Medicare eligible ▪ Plans must include programs to manage chronic and high cost conditions ▪ Use of reimbursement limited; can not be taken into general assets of employer	Employers offering retiree medical plans	90 days following March 23, 2010
Insurers must cap medical loss ratio at 85% for employers with more than 100 employees and 80% for employers with 100 or fewer employees	Insured plans	Plan years beginning on or after March 23, 2010
Offer coverage to covered employee's children (married or unmarried) to age 26 (regardless of marital status or residence) if the child lacks access to other employer-sponsored coverage Eliminate pre-existing condition exclusions for covered children under age 19 Eliminate lifetime maximums (continued) Restrict application of annual maximums for essential health benefits to a dollar amount Comply with prohibition of rescission of coverage	All employers, including "grandfathered"* plans	Plan years beginning on or after September 23, 2010

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HEALTH CARE REFORM TIMELINE

EMPLOYER-SPONSORED PLANS

March 31, 2010

Updated April 2, 2010

Highest Priorities:

Provisions that take effect in 2010 and 2011 (continued)

Provision	Employers Impacted	Timing
Eliminate cost-sharing for certain preventive services Eliminate requirements for pre-authorization of emergency services Eliminate requirements for pre-authorization or referral for OB-GYN services Allow enrollees to choose, rather than be assigned, a participating primary care physician (may include pediatrician) Prohibit insured plans from discriminating in favor of highly compensated employees Comply with new appeal process requirements, including mandated external appeal process	All employers that do not have "grandfathered" * plans	Plan years beginning on or after September 23, 2010
Eliminate reimbursements for over-the-counter non-prescribed drugs FSAs, HRAs and HSAs. Increase HSA penalty from 10% to 20% for nonqualified (non-health care, including OTC) distributions	All employers	Taxable years beginning on or after December 31, 2010
Implement Form W-2 reporting of health coverage cost paid in prior year	All employers	Unclear whether requirement will apply to 2010 or 2011 coverage
Determine whether to participate in CLASS Act employee-pay-all voluntary long term care program	All employers	January 1, 2011

High priority, but with uncertain timing

Provision	Employers Impacted	Timing
Auto-enroll new hires and all full-time employees unless they opt-out (decline) coverage	Employers with 200 or more full time equivalent employees	Effective date is unclear-- could be immediate or could be when government issues regulations

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HEALTH CARE REFORM TIMELINE

EMPLOYER-SPONSORED PLANS

March 31, 2010

Updated April 2, 2010

Later obligations:

Provisions that take effect 2012-2014

Provision	Employers Impacted	Timing
Distribute standardized benefit statements to employees. Does not change current SPD and plan document requirements	Self-funded employers; (employers with insured benefits may need to include with SPDs	March 23, 2012
Pay patient-centered outcomes research institute fee ($1/participant for plan years ending in fiscal year 2013; $2/ participant for the 2nd year; and a formula thereafter)	All employers	Policy years or plan year ending after September 30, 2012 Sunsets in 2019
Cap FSA contributions at $2,500, (indexed for inflation for tax years after December 31, 2013) Increase employee portion of Medicare tax for employees whose income exceeds $200,000 (individual) or $250,000 (couple)	All employers	Taxable year beginning on or after December 31, 2012
Provide notice to employees about the availability of exchange coverage	All employers	March 1, 2013
Cover dependent children, single or married, to age 26 regardless of whether the child has access to other employer coverage Eliminate annual dollar limits Eliminate pre-existing condition exclusions for all participants Eliminate waiting periods exceeding 90 days Consider whether to increase HIPAA wellness program incentive up to 30% of total cost of coverage	All employers, including "grandfathered"* plans	Plan years beginning on or after January 1, 2014
Limit annual cost-sharing for non-preventive services to high-deductible health plan (HDHP) limits Provide coverage for clinical trial participation	All employers that do not have "grandfathered"* plans	Plan years beginning on or after January 1, 2014
Be aware that insurers must provide guaranteed issue and renewal (no action necessarily required)	Insured plans that do not have "grandfathered"* status	Plan years beginning on or after January 1, 2014
Implement new reporting requirement (e.g., whether coverage offered, lowest cost option, waiting period etc.)	All employers	January 1, 2014

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Later obligations:

Provisions that take effect 2012-2014 (continued)

Provision	Employers Impacted	Timing
Comply with shared responsibility provisions ("free rider surcharge") to offer affordable coverage to employees working 30 or more hours per week or pay a penalty. ▪ Plans must pay 60% or more of covered cost ▪ Employee's contribution must not exceed 9.5% of household income ▪ Employers ***offering*** coverage that is unaffordable or does not meet minimum standards pay an annual penalty of $3,000 for each full-time employee receiving income-based assistance for health insurance exchange coverage. Penalties are capped at $2,000 times total number of full-time employees ▪ Employers ***not offering*** coverage that have at least one full-time worker receiving income-based premium assistance to buy exchange coverage pay an annual penalty of $2,000 per full-time employee (working 30 or more hours per week and excluding the first 30 full-time employees) ▪ No penalties for employees receiving free-choice vouchers	Employers with 50 or more full-time equivalent employees	Taxable years beginning on or after December 31, 2013 (Penalties apply beginning for months following December 31, 2013)
Offer vouchers to employees with household incomes at or below 400% of the federal poverty level (FPL) if their contribution for employer-sponsored coverage would exceed 8% to 9.8% (may be clarified/ or amended to drop to 9.5%) of household income. ▪ Voucher amount is equal to highest (percentage) employer contribution to any of its own plans ▪ Vouchers must be used to purchase exchange-based coverage, but employees could keep any excess amounts	Employers who pay for any portion of an employer-sponsored plan	January 1, 2014

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Lower Priority:

Provisions that take effect in 2018

Provision	Employers Impacted	Timing
40% excise tax on value of health coverage exceeding $10,200/single and $27,500/family for active employees. Employers determine aggregate value and apportion shares among vendors. ▪ Coverage includes full cost of medical plans, on-site clinics, health flexible spending accounts (FSA) contributions, and employer health savings account (HSA) contributions, but not stand-alone insured dental or vision plans ▪ Thresholds higher for retirees, workers in high risk professions, and multi-employer plans Thresholds may be adjusted in some cases to consider age and gender ▪ Amount adjusted by CPI+1% in 2019 and CPI for 2020 and beyond	All employers	Taxable years beginning on or after December 31, 2017

*** "Grandfathered Plans"**

A grandfathered plan is one in place *before* March 23, 2010. The law does not explain how or when a plan could lose grandfathered status. For example, it is not clear whether grandfathered status would be lost if a plan design element is changed, when the network is changed from one carrier to another, or when a new plan is introduced.

Collectively bargained coverage

For coverage maintained under a collective bargaining agreement (CBA) ratified before March 23, 2010, all new coverage and cost-sharing rules apply on the termination date of the last CBA relating to the coverage. Any coverage amendment to a CBA to comply with these rules will not be treated as terminating the CBA.

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