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Alert: Health reform reconciliation 'fixes' now law

By Kelly Traw and Geoff Manville of Mercer's Washington Resource Group
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President Obama today signed into law the health care reform package (HR 4872) revising the Patient Protection and Affordable Care Act (PL 111-148), with these key changes for employers:

- All insured and self-insured employer plans (except some collectively bargained ones) will have to comply with certain mandates for plan years starting on or after these dates:
  - **Six months after March 23, 2010.** Plans must extend dependent coverage to age 26 for a child ineligible for other employer coverage, drop lifetime dollar limits and pre-existing condition exclusions for children under age 19, and meet curbs on annual dollar limits.
  - **Jan. 1, 2014.** Plans must extend dependent coverage to age 26 for any covered employee's child and cannot impose annual dollar limits, pre-existing condition exclusions or waiting periods longer than 90 days.
- The $2,500 annual cap on health FSA contributions will take effect in 2013.
- Higher penalties will apply to employers that fail the "shared responsibility" mandate.
- Changes to the 40 percent excise tax on high-cost health coverage delay the effective date until 2018, increase the general thresholds triggering the tax to $10,200/single and $27,500/family, and exclude stand-alone insured dental and vision plans from calculations.
- Revised retiree medical provisions delay elimination of tax-free treatment of the Medicare Part D drug subsidy until 2013; modify the phase-out of the Part D donut hole starting in 2011; and freeze Medicare Advantage payments in 2011, with further reductions over time.
- A new 3.8 percent Medicare tax will apply to certain investment income starting in 2013 for individuals with high incomes.

Prepared by Mercer's Washington Resource Group. For more information, contact WRG at +1 202 263 3950.

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