

Patient Protection and Affordable Care Act (PPACA)

Health Care and Education Affordability Reconciliation Act of 2010 (HCEARA 2010)

Manager's Amendments



The Law

- The President has signed the health care legislation into law on March 23, 2010.
- The regulations defining the law are to be written by HHS, DOL and IRS.
- IRS will have monitoring responsibility



What is in affect now?

Never mind every detail, what happens now
and how does this affect me?



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Grandfather Interim Final Rule

- Plans in force on the date of enactment (March 23, 2010) have “Grandfathered” status.
- Policies sold after March 23, 2010 **do not** have “Grandfathered” status



Grandfather Interim Final Rule

Continued

Key Provisions that will **not** apply to
Grandfathered plans

Discrimination in Favor of Highly Compensated
IRC Sec 105(h).

Certain benefits related to Choice of Providers,
ER Services, Clinical Trials, Internal/External
Reviews.

Preventative Care \$1st Coverage



Grandfather Interim Final Rule Continued

Key Provisions that will **not** apply to
Grandfathered plans

Guarantee issue of coverage

Modified Community Ratings

Limits on Deductibles and Co Payments



Grandfathered Health Plans

- Does not affect plans that only add or terminate employees, or that add dependents.
- Changing Carriers **will** terminate Grandfathered status.



Small Business Tax Credit

- Maximum 25 fulltime equivalent employees
- Annual average wages of less than \$50,000
- Tax credit of up to 50% of employer paid premiums
- Max. deduction allowable is \$20,000 per year



Small Business Tax Credit

- Employer wages are not included in the calculations.
- IRS mentions S Corp, Partnerships, Proprietors, 2% Shareholders and 5% Owners of other businesses
- Family members are not employees for credit.



Small Business Tax Credit 2010

www.irs.gov

<http://www.irs.gov/newsroom/article/0,,id=223666,00.html>



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Plan years on or after September 23, 2010

- Unlimited Lifetime maximums on Essential Benefits.
- All groups must comply with IRC 105(h) rules that prohibit discrimination in favor of highly compensated individuals



Plan years on or after September 23, 2010

- Adult children up to age 26 are eligible to receive coverage from their parent's plan, regardless of student status or marital status. These children need not be supported by, or living with their parents, unless they have another source of coverage.
- This also applies to Grandfathered plans.



Will the cost of Health Care Go Down?

- No, Dependents to age 26 will increase cost
- 1/2% 2010
- 1% 2011
- 1% 2012



Plan years on or after September 23, 2010

- \$1st Coverage on Preventive Care and must cover certain child preventive services.
- No Preauthorization on Emergency Services
- Choice of Providers (pediatricians/OB-GYN)



Plan years on or after September 23, 2010

- A plan cannot limit coverage for pre existing conditions for children under age 19, regardless of whether the child has a gap in coverage.



Plan years on or after September 23, 2010

- Employers' self funded health plans must provide covered individuals with the right to seek external independent medical review of certain claims, such as claims that are denied based upon medical necessity



JANUARY 1, 2011

- W-2 will contain value of employer paid portion of the health insurance premium.
- Flexible Spending Accounts (FSA)-Over the counter drugs are not eligible. \$2,500 cap
- CLASS Act-Long Term Care Program



January 1, 2012

- Business Tax Reporting- 1099 reporting for purchases in excess of \$600.



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March 23, 2012

- Uniform Explanation of Benefits- max 4 page during annual enrollment min. 12 point font.
- Summary of Material Modification of Benefits 60 day prior to modification. Up to \$1,000 fine.



January 1, 2013

- Medicare Tax increase for high income earners an additional 0.9 to employees earning over \$200,000 (\$250,000 joint filers).
- Comparative effectiveness fee-2013 \$1 per average number of employees, after 2013 \$2. Fees ends 2019.



March 1, 2013

- Employee Notice Requirement-Employers must issue a notice to employees about the state Exchanges, the availability of premium assistance, and the availability of free choice vouchers that will be available beginning in 2014.



January 1, 2014

- Guarantee Issue
- State Exchanges
- Modified Community Rating (Groups 100 or less)
- Redefines Small Group at 1-100
- Employer Mandate
- Waiting Periods 90 Days Max.



Miscellaneous Requirements

- Full Time Employee for health insurance purposes-30 hours per week
- There is no requirement to pay the health insurance for part time employees



Miscellaneous Requirements

- There is no minimum employer contribution to health insurance premiums. In the future employer contributions of less than 9.5% of employees family income will be an issue.
- If employee is covered by spouses plan there is no penalty to employer unless 50+ and employer does not provide coverage or provides unaffordable coverage.



What Others Are Saying



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Will the legislation be repealed?

- Ashley Gillihan, Attorney, Alston + Byrd. Not likely
- Representative John Linder, That will be troublesome, but appropriations can be withheld.



In your opinion, is PPACA a prelude to a single payer system?

- Michael Young, CEO & President Grady Healthcare System. Yes
- Jamie Benton, HR Director RaceTrac. Yes
- Joel White Consultant, Washington, DC Yes
- Dawn Stastny, SJ Pharmaceuticals. Yes



What Others Are Doing

- Grady Health System-Training staff to write insurance in the ER.
- RaceTrac-Evaluating the cost of providing coverage vs. the penalties.



Will the insurance agent disappear?

- Not likely, but the job will change.
- Increased levels of service and support.
- Guiding the employer through the maze.



Will employers drop coverage to save cost?

- Some will and force their employees to the Exchange.
- In some cases, the penalties are lower than the cost of coverage, but what about the soft cost of competition?



Thank You



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