Health Care Reform Checklist

What the Affordable Care Act means to you, your family and your business.

BACKGROUND: The Affordable Care Act which, was passed in 2010, is bringing about significant changes to the way we all purchase and use health insurance. Below are some important highlights you need to know.

NOW

1. New taxes on "High Income Earners".
a. Increase Medicare Tax - Additional 0.9% Medicare tax applies for wages over $200,000 for single filer / $250,000, if filing jointly.
b. New 3.8% Capital Gains Tax -The law also imposes a 3.8% Medicare tax on passive, or unearned, income such as capital gains and dividends, for "high income" individuals for tax years beginning in 2013.

2. Out of Pocket Maximum Limits. Starting in 2014, no health insurance plan can have an out of pocket maximum greater than $6,350 for an individual or $12,700 for a family. This includes co-pays, deductible, coinsurance, etc

3. W-2 Reporting Requirements. This requirement is currently optional for who issues less than 250 W-2s in the prior year. For those employers who issued more than 250 W-2s you must begin to report the aggregate cost of health insurance coverage for each employee.

4. SBCs. Major medical plans should be providing a new standardized document known as the "Summary of Benefits & Coverage" to employees at important dates during the year.

5. Understand the exchange. The enrollment period for the new state based exchanges start on October 1, 2013. Coverage is available for individuals.

6. Notice of State Insurance Exchanges. The notice requirement obligates all employers who are subject to the Fair Labor Standards Act (FLSA) to issue a written notice to employees regarding the state health insurance exchanges for 2014 by October 1st, 2013.

7. Ensure some things end. Next year will signal the end of pre-existing condition exclusions for medical plans, regardless of age. Also, lifetime and annual limits will be prohibited on essential health benefits.

8. Wellness. Wellness program incentives will be enhanced in 2014, increasing from 20 to 30 percent of coverage cost.

9. Incentives for smokers. Employees can be incentivized up to 50 percent for tobacco cessation programs.

10. Probationary Periods. For plan years starting in 2014, group health plan waiting periods cannot exceed 90 days for employees who qualify for employer sponsored benefits.

11. Dependent Coverage for Children Up Until the Age of 26. Plans that provide coverage for dependents are required to extend the coverage of dependents (adult children) to age 26,

12. Check for dependents. Employers must offer the opportunity for dependents (only children, not spouses) to enroll on the company plan. However an employer is not obligated to pay for any portion of the dependent coverage.

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DELAYED UNTIL 2015

13. Count to 50. Employers must determine if they have at least 50 full-time equivalent employees. If they do, they are subject to the "pay or play" employer tax penalty, starting in 2014 (2015).

14. Know who is full-time. Extensive regulations have been issued for determining full-time status for employees with variable work schedules. Employers have choices to make regarding measurement, administrative and stability periods.

15. Crunch the numbers. For employers with 50 or more full time employees, it is important to ensure that your plans are "affordable" to stay clear of any potential penalties. Affordability is calculated as self only or employee only coverage being less than 9.5% of the employee's annual income. (2015)

16. Checking Full Time Hours. Under the new regulations, full time designation is now 30 hours. (2015)

COMING SOON

17. Driving a "Cadillac". Beginning in 2018, if the cost of the health insurance provided exceeds $10,200 annually for an individual or $27,500 for a family will be considered a "Cadillac Plan". At that time, coverage with a cost that exceeds those amounts will be subject to a 40% excise tax on the value of coverage that exceeds the above amounts.

18. Non-Discrimination concerns. The law prohibits discrimination in favor of highly compensated individuals using rules similar to those in Code Section 105(h) that apply to self-funded group health plans. Awaiting further guidance.

19. Reports regarding plan's coverage & contributions. There are two new reporting requirements that apply for coverage provided starting in 2014 (i.e. the first filings will be in 2015). If you employed an average of at least 50 full time equivalent employees, you must file an annual return with the IRS starting in 2014. You must report whether you offer full time employees the opportunity to enroll in coverage and provide certain other information including:

- The employer's name, the date, and the employer's EIN;
- A certification that you offer full time employees the opportunity to enroll in "minimum essential coverage"
- The number of full time employees you had for each month of the calendar year;
- The name, address, and taxpayer ID of each full time employee employed during the year and the months during which the employee and dependents were covered under your group health plan;
- The month's coverage was available under the plan;
- The monthly premium for the lowest cost option in each enrollment category;
- Your share of total allowed costs of benefits provided under the plan;
- The length of your plan's waiting period;
- The plan option for which you pay the largest portion of the cost and the portion of the cost you paid for each enrollment category under that option.

A written statement will also have to be provided to each full time employee named in the return that includes the name, address and contact information of the entity that filed the return and the information in the return pertaining to that individual.

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