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As you know, the Patient Protection and Affordable Care Act (PPACA) was signed into law on March 23, 2010. Since that time SIHO has been sending periodic e-news regarding the provisions of the bill. In order to provide structure, the following timeline will be included with each newsletter; In addition, each newsletter will provide clear and pertinent information about a selected few topics from this timeline **and will be highlighted in red.**

### Immediately

- **Grandfathered Status**
- Small Business Health Insurance Tax Credit
- Reinsurance Program for Early Retiree Health Coverage (June 1, 2010)
- High-Risk Pool Coverage (July 1, 2010)
- Health Insurance Informational Portals (July 1, 2010)

### Plan Years Starting on or after September 23, 2010

- Dependent Coverage through Age 26
- No Pre-Existing Condition Exclusions for Children
- No Lifetime Benefit Limits and "Restricted" Annual Limits
- No Rescissions (except Fraud)
- All Emergency Services Covered In-Network\*
- No Cost Sharing for Specific Preventive Services\*

Note: \*Indicates provision does not immediately apply to Grandfathered Group Health Plans.

### 2011-2013

- Increased tax on HSA and MSA Withdrawals not used for Medical Expenses
- Public Long-Term Care Program
- Minimum Loss Ratio (MLR) Requirements
- Comparative Effectiveness Studies Begin
- All Group Plans Must Report Benefits to HHS
- Additional Medicare Tax Levied onto High Income Individuals

### 2014 and Beyond

- Exchanges
- Annual Taxes on Private Health Insurers
- Monetary Penalties for any Individual Failing to Purchase Coverage
- Expanded Medicaid and Tax Credits for Low Income Individuals
- Employer Responsibility Requirements and Free Choice Vouchers
- Guarantee Issue and Guarantee Renewal
- Pre-Existing Exclusions, Annual Limits, and Lifetime Limits Eliminated
- Restricted Underwriting Factors
- Wellness Program Changes
- Excise Tax (2018)

## Grandfathered Status

Before any health care reform was passed, the public was promised that any law enacted would not affect those individuals wishing to maintain his/her current health insurance coverage. However, now that the rules pertaining to grandfathered status have been released, it appears that over the next two years the majority of employer-sponsored health plans will choose to not maintain grandfathered status.

According to 466 companies surveyed by Hewitt Associates, an HR consulting firm, those companies with self-insured plans, 51 percent expected to abandon grandfather status in 2011, with an additional 21 percent of plans losing status in 2012. Companies with fully insured medical plans follow a very similar pattern, with many expecting to lose status in 2011 (46 percent) or 2012 (18 percent).

The strict restrictions established within the regulations outlining grandfathered status have forced most companies to discover that burden of grandfather status far outweighs the benefits. In addition, employers report additional factors, such as changes to subsidy levels or health plan consolidation, which will diminish the number of grandfathered health plans.

[Hewitt Associates Article](#)

## Important Clarification from IRS

Beginning with tax years starting in 2011 and after, annual W-2 Forms will now also report the value of employer-sponsored health benefits. To determine the value of a benefit plan, employers will use the rules outlined for calculating COBRA coverage. It is very important to note that this dollar value will **NOT** be considered taxable income, and is only for purely informational purposes. There has been much confusion and misinformation reported on this facet of the new health care reform law.

In response to confusion circulating as of late, the IRS has posted an official announcement to diminish any confusion. Please see the following link for clarification. [IRS Statement](#)

## Additional Information

Many of the most important reforms are in place or will take effect for plan years beginning after September 23, 2010. For a full breakdown of the topics please click the links for the topics listed below:

[Dependent Coverage of Children up to Age 26](#)

[Grandfathered Status](#)

[Small Employer Tax Credit](#)

[Lifetime and Annual Limits](#)

Please be aware that the regulations surrounding this legislation have not yet been finalized. These regulations usually take several months to be drafted and accepted as the intent of this legislation is understood and clarified.

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