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Latest News: Today, President Obama signed into law the Health Care and Education Reconciliation Act of 2010 passed last week by the Senate and the House of Representatives.

As a service to our clients, we are providing these ongoing e-news updates. SIHO staff are currently studying the various provisions of both health care reform acts. In addition, our partner organizations in Washington DC will be providing SIHO staff regular educational sessions regarding implications of the new regulations. Please know that SIHO is working diligently and will provide support and guidance. As we all adapt to the changing environment moving forward, SIHO will continue to serve the needs of our clients.

In this edition of our newsletter, we wanted to apprise you of certain provisions of the new law that will take place immediately and throughout 2010. In coming newsletters we will cover those provisions to take place in 2011 and beyond, and we will look in greater detail at key provisions that may affect your health care plan.

Here is a brief timeline of some of the important new regulations.

To take effect immediately

- Individuals and employer group plans that wish to keep their current policy on a grandfathered basis can *if* the only plan changes made are to add or delete new employees and any new dependents. In addition, an exception is made for employers that have scheduled plan changes as a result of a collective bargaining agreement.
- Eligible small businesses (no more than 25 FTEs, pay average annual wages of less than \$50,000 and provide qualified coverage) are eligible for phase one of the small business premium tax credit. Small employers will receive a maximum credit, based on number of employees, of up to 50% of premiums for up to 2 years if the employer contributes at least 50% of the total premium cost.
- Employers that provide a Medicare Part D subsidy to retirees will have to account for the future loss of the deductibility of this subsidy on liability and income statements, having an immediate accounting impact.

To take effect throughout 2010

- Temporary reinsurance program for employers that provide retiree health coverage for employees over age 55 begins within 90 days of enactment.
- Temporary high-risk pool program for people who cannot obtain individual coverage due to preexisting conditions begins within 90 days of enactment. Employers are prohibited from sending individuals to the high-risk pool, with associated fines.
- Group plans will be required to comply with the Internal Revenue Section 105(h) rules that prohibit discrimination in favor of highly compensated individuals (which currently apply to self-insured plans) within six months of enactment.
- Lifetime limits on the dollar value of benefits for any participant or beneficiary for all fully insured and self-insured groups and individual plans are prohibited for plan years beginning on or after 6 months of enactment. Annual benefit limits will be allowed only through plan years beginning prior to January 1, 2014 only on DHHS-defined non-essential benefits. After that, annual limits will be prohibited.
- All group and individual plans, including self-insured plans, within six months of enactment, will have to cover dependents up to age 26 under current law. The law will extend this requirement to grandfathered plans. It also establishes that dependents could be married and would be eligible for the group health insurance income tax exclusion. However, through 2014, grandfathered group plans would only have to cover dependents that do not have another source of employer-sponsored coverage.
- All group and individual health plans, including self-insured plans, will have to cover preexisting conditions for children 19 and under for plan years beginning on or after six months after date of enactment.
- Health coverage rescissions, within six months of enactment, will be prohibited for all health insurance markets, including self-insured plans, except for cases of fraud or intentional misrepresentation. The act extends this requirement to grandfathered plans.
- All group and individual plans, including self-insured plans, will have to cover specific preventive care services with no cost-sharing. They also will have to cover emergency services at the in-network level regardless of provider, allow enrollees to designate any in-network doctor as their primary care physician (if they require a primary care physician designation already) and have a coverage appeal process. The law does NOT extend this requirement to grandfathered plans.
- Federal grant program for small employers providing wellness programs to their employees will take effect.

We have also attached a timeline provided by our colleagues at America's Health Insurance Plans (AHIP) which offers a good overview of when various aspects of the new legislation will take effect. Please don't hesitate to contact us as you have questions about this or any related matter. Thank you for your continued support of SIHO Insurance Services.



Dave Barker
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