

The Impact of HCR on your Company

Presented by
Tim Welles
Benefits Consulting Group
www.bcsone.com

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What is Health Care Reform?

Public Law 111-148 – PPACA/Patient Protection and Affordable Care Act (March 23, 2010).

Public Law 111-152 – Health Care and Education Reconciliation Act (March 30, 2010).



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When does HCR become Effective?

- The earliest provisions became effective March 23, 2010.
- Other provisions aren't effective until 2020.



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Provisions Effective in 2010

for plan years beginning September 23, 2010 (and later)

- Dependent coverage extended to age 26
- Elimination of Lifetime Plan Limits
- Elimination of Annual Plan Limits
- No cost-sharing for Preventive Care Services
- Coverage of Emergency Services – In-network
- Non-referral for OB/GYN
- Designation of Primary Care Physician
- Plan Minimum Loss Ratios



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Grandfathered Plans

- Allows employer to exclude certain mandated provisions from their plan
- Any deviation from criteria will result in the inclusion of additional plan provisions



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Grandfathered Plans

Your Plan will lose Grandfathered Status if:

- Plan benefits are *significantly* reduced
- Co-insurance percentages are reduced
- Co-pays are increased *significantly*
- Deductibles are increased *significantly*
- Employer contributions are increased *significantly*
- Your employer changes insurance companies



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Provisions Effective January 1, 2011

- Modification to the definition of a “Qualified Medical Expense” for purposes of HSAs and FSAs.
- Increased tax (20%) on distributions from HSAs for Non-Qualified Medical Expenses
- W-2 Reporting



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Other Notable Provisions

- Effective January 1, 2012
 - Business/1099 Reporting (\$600.00+)
- Effective January 1, 2013
 - Reduction of FSA limitation (\$2,500)
- Effective January 1, 2018
 - Tax on “Cadillac” plans



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The Employer “Mandate”

- Effective January 1, 2014
- Applies to companies with 50+ employees
- Applies if employer doesn't offer coverage, or coverage offered isn't “qualified” and “affordable”



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The Employer “Mandate”

Example –

200 employee company

Penalty - \$340,000 (annually)

Insurance coverage (EE only @ 90% cost share) –
\$756,000



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The Individual “Mandate”

- Effective January 1, 2014
- Requires American Citizens and legal residents to purchase “qualified” health insurance
- Violators are subject to a penalty
 - Greater of a % of income or flat \$ amount



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The Individual “Mandate”

Example –

Household income - \$125,000

Penalty - \$2,250 (cap/maximum)

Insurance coverage (family) - \$8,400



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