

ALERT: HEALTH CARE REFORM BILL

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SUMMARY OF HEALTH CARE REFORM ACTION TOOLS

With enactment of the health care reform proposal (otherwise known as the Patient Protection and Affordable Care Act, or PPACA) and its companion reconciliation “fix-it” measure – many employers are understandably anxious to learn how their businesses will be affected by the new law. Specifically, what impact will federal legislation have as to health care benefits offered, health care costs, and possible availability of other benefits for employees?

All consultants, practitioners and employers are in the same difficult position right now. Although the industry has for months prepared for final action on health care reform, tracking developments has been nearly impossible because health care reform has been a moving target. Reform proposals have been extremely fluid and adjusted by closed-door negotiations, compromises and special deals throughout the process. On March 23, 2010 the President signed the “*Patient Protection and Affordable Care Act*” or “*PPACA*.” Soon after both Houses of Congress approved a companion budget reconciliation “fix-it” measure (the “*Health Care and Education Reconciliation Act of 2010*,”) which was signed into law on March 30, 2010. Taken together the whole package is commonly referred to as Healthcare Reform. Although legal challenges and repeal efforts loom ahead, and many provisions do not actually take effect for years, employers face a multitude of changes that must be addressed in coming months.

IMMEDIATE ISSUES FOR THE 2011 PLAN YEAR

To help focus attention on the most immediate issues, listed below are some of the provisions that employers may need to address for the 2011 plan year (note: for plan years starting in October, November or December 2010, these may need to be addressed for the 2010 plan year).

EARLY RETIREE REINSURANCE

For those employers who provide retiree medical coverage for their employees, a temporary program will be created (beginning 90 days after final passage) by the federal government to provide reinsurance for a limited threshold of claims for retirees over age 55 who are not yet eligible for Medicare.

COVERING ADULT CHILDREN

Group health plans that offer coverage for dependent children must allow employees to cover their children until they reach age 26, regardless of student status.

ELIMINATING LIFETIME MAXIMUMS

RESTRICTING ANNUAL MAXIMUMS

HHS will define the benefits that may be subject to annual maximums.

ELIMINATING PREEXISTING CONDITION EXCLUSIONS FOR CHILDREN

No limitation or exclusion for preexisting conditions may be applied to a child under age 19.

COVERING PREVENTIVE EXPENSES

Group health plans must provide first dollar coverage of certain preventive care expenses with no cost sharing.

USEFUL HEALTH CARE REFORM LINKS

- **Legislative Links**
 - **PPACA**
 - **The Reconciliation Act**
- **American Benefits Council**
 - **The President's Proposal**
 - **Side-by-Side Comparison Chart**
 - **Priority Employer Issues**
 - **Kaiser Family Foundation Resources**
 - **Links to Previous Willis Publications**

EXCLUDING OTC MEDICATIONS

Health flexible spending accounts and health reimbursement arrangements may not reimburse (and health savings accounts may not reimburse on a tax-favored basis) the cost of over-the-counter medications unless obtained with a prescription.

HSA PENALTIES

The penalty on health savings account withdrawals for reasons other than reimbursement of medical expenses goes from 10% to 20%.

REPORTING VALUE OF HEALTH COVERAGE

Beginning with W-2s for 2011 (the ones that will be issued in 2012), the value of each employee's health coverage must be stated.

ELIMINATING RESCISSIONS

Rescinding coverage in cases other than fraud or intentional misrepresentation is prohibited.

RELATED ISSUES

Many employers are requesting a copy of the "law" or of the "regulations." Please note the following:


- Although the PPACA and companion reconciliation bill have been enacted, few organizations will find a copy of the statutory text particularly helpful since the statute, amendments, and the reconciliation process have generated well over 2,500 pages of material.
- None of the law's implementing "regulations" have been issued. *Moreover, regulations will not be issued for some time, and employers/plan sponsors are well advised to wait for the guidance included in regulations prior to making plan design changes.*

ACTION TOOLS

Given these challenges and the pressure to get material out the door quickly, NLRG has concentrated on assembling an array of client tools (listed below) intended to offer a meaningful generalized snapshot about health care reform.

We are confident that these documents, as well as the included links to additional public information sources, will offer employers useful direction as well as practical strategic planning information. Please note that all of our material has been drafted to reassure employer organizations about which changes will affect them first and which provisions will not represent an immediate issue of concern. In addition, we wish to emphasize that our webcasts have been purposely slated for April so as to offer attendees a program that reflects a more advanced version of the final reconciliation measure.

- External Health Care Reform Webcast – April 5, 2010, 2 PM Eastern (contact your Willis representative for participation details)
- NLRG Health Care Reform Timeline – Summary of how elements of health care reform will be phased into effect (week of March 29)

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- Health Care Reform: Series of Willis EB Alerts (beginning the week of March 29)
 - Willis *Marketplace Realities* (to be published April 21, 2010)

CONCLUSION

Please rest assured that Willis NLRG will be providing additional resources to you in the form of webcasts, Alerts, News Flashes, and other materials as soon as possible, but also know that our primary goal centers on delivering clear, concise information about employer obligations as opposed to churning out speculative information regarding what employers might face.

The observations, comments and suggestions we have made in this publication are advisory and are not intended nor should they be taken as legal advice. Please contact your own legal adviser for an analysis of your specific facts and circumstances.

KEY CONTACTS

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901 248 3103

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Gainesville, FL
352 378 2511

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704 344 4856

Jacksonville, FL
904 355 4600

Marietta, GA
770 425 6700

Miami, FL
305 421 6208

Mobile, AL
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Orlando, FL
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Columbus, OH
614 326 4788

East Lansing, MI
517 349 3226

Grand Rapids, MI
248 735 7249

Green Bay, WI
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