

	Provision	Effective Date	Implications for Large Employers
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Employer Mandate

1	Play or Pay Penalty for not offering coverage if at Least One Employee gets Subsidy in Exchange	\$2,000 (indexed) times the number of full time employees (FTE) (excludes first 30 FTEs). FTE defined as 30 or more hours per week. No part-time employee coverage requirement. No minimum employer subsidy required.	2014	Low penalty may encourage some employers to drop coverage.
2	Minimum Value of Employer Coverage or "Unaffordable" Employer Coverage	Employees under 400% of federal poverty level eligible for subsidized Exchange coverage if actuarial value of employer plan is below 60% or if employee contributions exceed 9.5 % of household adjusted gross income (AGI). Employer assessed the play and pay penalty for each FTE who receives subsidy if the employee's contribution for single coverage under the employer plan exceeds 9.5% of his or her W-2 income.		Employer is not required to offer a plan that satisfies these actuarial value or contribution provisions.
3	Play and Pay Penalty for opt-outs electing coverage through Exchange	\$3,000 (indexed) for each FTE who enrolls in Exchange and receives subsidy if employee's contribution for single coverage under employer plan exceeds 9.5% of his or her W-2 income.		Penalty is less than typical average employer cost.
4	Employee Vouchers for Exchange	This provision has been repealed.		No employer impact.
5	Employer Reporting Requirements	Reporting to both Secretary and employees regarding minimum coverage.		Administrative burden.

Individual Mandate

6	Penalty for Failure to Have Coverage	Greater of 1.0% of AGI or \$95/person in 2014, 2.0% or \$325/person in 2015, 2.5% or \$695/person in 2016; indexed. Family dollar amount capped at 300% of individual penalty.	2014	Employer cost will increase with higher enrollment and fewer waivers.
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Provisions Applying to Employer Plans

7	Extension of Child Coverage to Age 26	Up to age 26 for medical regardless of marital or student status, residence or support. Excludes stand-alone dental and vision. Cannot charge more than for other similarly situated individuals. Until 2014, grandfathered plans can exclude children eligible for other employer coverage not through parents	Plan years beginning on or after Sept. 23, 2010	Increased enrollment and costs for covering more dependents.
8	Income Tax Exclusion for Adult Child Employer Health Benefits	Exclusion through end of calendar year child turns 26. Includes dental, vision health FSA and HRA (different rule for HSA).		Simplifies payroll administration.
9	Lifetime Dollar Limits	Prohibits in- and out-of-network lifetime limits on dollar value of essential benefits. Notice required to eligible individuals who previously exceeded limit.		Initial guidance on determining essential benefits was released in October 2011. Final guidance not anticipated until 2012.
10	Annual Dollar Limits	Annual limits on dollar value of essential benefits permitted thru 2013 if exceed specified thresholds. HHS established a waiver process that applied for years prior to 2014, but deadline to request waiver has passed. Restrictions not applicable to FSAs, HSAs and integrated HRAs; stand-alone HRA in effect on March 23, 2010 exempt from requesting waiver.		Employers may need to establish refund mechanism.
11	Cost Reporting and Rebates	Rebates made to enrollees in insured plans in large group market (more than 50 employees) where loss ratio (ratio of claims to premium) less is than 85%		Limited impact on most plans.
12	Pre-existing Condition Exclusions for Enrollees Under 19	Pre-existing condition exclusions prohibited for employees/dependents under age 19.	2011	Bandages and other OTC items will still be eligible
13	Treatment of OTC drugs as medical expense	Prohibits reimbursement of over-the-counter drugs purchased after December 31, 2010 from FSAs, HRAs and HSAs, unless prescribed by physician.		Communication need.
14	HSA Nonqualified Withdrawals	Penalty increased from 10% to 20%.	2012	Value is not subject to tax
15	Reporting Plan Value on W-2	Total medical cost on an employee specific basis. Not required for 2011 W-2. Until further guidance is issued, does not apply to multiemployer plans.		Application to employer plans unclear.
16	Uniform Summary of Benefits and Coverage (SBC)	4 page double-sided summary of benefits with a prescribed format, content, language and timing. Initial guidance released August 2011.	Compliance delayed until final regs issued	Employer redesign required. Additional communications.
17	Health FSA Cap	Salary reductions capped at \$2,500; indexed.	2013	May result in increased enrollment
18	Exchange Notice	Notice to employees concerning availability of Exchanges. By March 1, 2013.		Reduced job lock.
19	Extension of Child Coverage to Age 26 – Grandfathered Plans	Grandfathered plans must cover children up to age 26 regardless of eligibility for other employer coverage	Plan years beginning on or after January 1, 2014	Plans might need to be modified.
20	Pre-existing Condition Exclusions	Pre-existing condition exclusions prohibited for all enrollees.		Increased cost due to higher enrollment and more complex administration.
21	Annual Dollar Limits	Annual limits on the dollar value of essential benefits prohibited. Not applicable to FSAs, HSAs and integrated HRAs.		Critical if high-turnover.
22	Auto Enrollment	Auto enrollment required with employee having ability to opt out of coverage. Effective date not stated. Not effective until after regulations released.	2018	In 2018 the tax will apply to many employer plans. Elimination of FSA and executive programs.
23	Waiting Periods	Waiting periods over 90 days prohibited.		
24	"Cadillac Plan" Excise Tax	40% tax on value above \$10,200/individual and \$27,500/family (Indexed at CPI-U+1% for 2019, CPI-U only after 2019). \$11,850/\$30,950 for pre-Medicare retirees. Adjusted for high risk industries, age, gender. Excludes dental and vision. For multiemployer plans all coverage is considered family.		

Provisions that Apply Only to Non-grandfathered Employer Plans

25	Preventive Care/Immunizations	Preventive care services must be covered at 100%.	Plan years beginning on or after: ...Sept. 23, 2010	Plans in effect on March 23, 2010 that are grandfathered are not subject to these requirements. However subsequent plan design and contribution changes must be evaluated to determine whether they will cause loss of grandfathering, and the plan becoming subject to these requirements.
26	Non-discrimination Requirements	Prohibits discrimination under insured plans. Enforcement delayed until guidance released on non-discrimination requirements.		
27	OB/GYN, Pediatrician, ER Services	Preauthorization or referral requirements prohibited.		
28	Reporting Requirements	Plan data and quality of care reporting requirements to HHS and enrollees.		
29	Appeals Process	Mandatory internal and external appeals process.		
30	Women's Preventive Services	Additional preventive services for women covered at 100%.	...August 1, 2012	
31	Clinical Trials	Must cover routine patient costs in connection with participation in trials.	...January 1, 2014	
32	Maximum Deductibles and OOP Limits	Deductibles generally limited to \$2,000/\$4,000 (indexed); OOP maximum same as for HSA-compatible HDHP.		
33	Provider Non-discrimination	No discrimination against a provider who is acting within the scope of license.		
34	HIPAA Wellness Incentives	Codifies HIPAA wellness incentives, but differential increased to 30%. May be implemented prior to 2014.		

Health Care Reform Comparison in Brief

	Provision	Effective Date	Implications for Large Employers
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Retiree Health

35	Reinsurance Program for Early Retirees (55-64) and Dependents	\$5B to subsidize 80% of costs between \$15K-\$90K (indexed). Terminates December 31, 2013 or when funds exhausted	June 1, 2010	<i>ERRP funds likely to be exhausted by 2012.</i>
36	Application of Plan Requirements to Retiree Plans	"Retiree only" programs not subject to market reform requirements such as lifetime dollar limits and adult child coverage. No definition of "retiree only" plan provided.	Various	<i>Opportunity to revise programs to avoid with health reform mandates.</i>
37	Phase out of Donut Hole	\$250 rebate in 2010 for beneficiaries who reach donut hole. Phases out donut hole by 2020 in combination with brand drug discount.	2010	<i>EGWP+Wrap employer sponsored plan can provide equivalent benefits at significant savings.</i>
38	Brand Drug Coverage in Part D Donut Hole	Drug manufacturers required to discount brand drugs in donut hole by 50%.	2011	
39	Means Based Medicare Part D Premiums	Increased for higher income retirees.		
40	Medicare Advantage Plan Funding	Payments frozen in 2011; reduced benchmarks starting in 2012.	<i>Increased retiree premiums for Medicare Advantage plans; reduced enrollment.</i>	
41	Loss of Deduction for Expenses Related to RDS Payments	While loss of deduction not effective until 2013, non-public employers needed to reflect impact in first quarter 2010.	2013	<i>EGWP plans more attractive.</i>

Insurance Market Reform for Individuals and Small Groups

42	Minimum Benefit Package	Bronze, Silver, Gold and Platinum with actuarial values of 60% - 90%. Catastrophic plan for individuals under 30. Plans must cover essential benefits. Guidance needed on essential benefits. (Large employer plans offered outside the Exchanges are not required to offer essential benefits.)	2014	<i>Sponsors would retain some (but not complete) latitude in setting plan design for programs offered through the Exchange.</i>
43	Guaranteed Issue and Renewability	Also includes interim high risk pool for currently uninsured (starting 90 days after enactment).		<i>More robust individual market for former employees and retirees.</i>
44	Required Service Categories & Coverage	Mandatory statutory list, to be supplemented by Secretary of HHS. Limited to insured plans.		<i>Only applies to plans offered in Exchange.</i>
45	Maximum Deductibles and OOP Limits	Deductibles generally limited to \$2,000/\$4,000 (indexed); OOP maximum same as for HSA-compatible HDHP		<i>Only applies to plans offered in Exchange.</i>
46	Community Rating – Limits on Age Rating	3 to 1 ratio maximum (50% surcharge also permitted for tobacco use).	Plan years beginning on/after March 23, 2010	<i>The need for COBRA declines but adverse selection worsens.</i>
47	Medical Loss Ratios - Minimum Standards for Insured Plans	80% minimum loss ratio (Ratio of claims to premium.) for individual market and small groups. (85% minimum for large employers.)		<i>More robust individual market is especially valuable to former employees, particularly early retirees.</i>
48	Small Employer Subsidies	Tax credits of up to 35% available to small employers (up to 25 employees).	2010	<i>May be of value for union funds.</i>

Purchasing Exchanges

49	Exchanges	State-based exchanges for individuals and small employers (under 101 employees). In 2017 states can make available to large employers.	2014	<i>Availability of subsidies and community rating limits need for pre-65 retiree programs.</i>
50	Low Income Premium Subsidy in the Exchange	Medicaid eligibility expanded to 133% of FPL. Subsidies available between 133% and 400% of FPL. Employees are only eligible for subsidies if employer coverage is below minimum value or contributions are unaffordable.		<i>With generous subsidies to low income, employers might not want to duplicate these efforts with salary-based cost-sharing.</i>

Taxes

51	Tax on Indoor Tanning Services	10% tax on indoor tanning services, starting in July, 2010.	July, 2010	<i>No effect on employer plans.</i>
52	Pharmacy Manufacturer Tax	\$2.5B in 2011 increasing to \$4.2B in 2018; \$2.8B in 2019+	2011	<i>Increased cost-shifting.</i>
53	Comparative Effectiveness Research	Tax on insured and self-funded plans of \$1/participant/yr first year; \$2 second year; indexed thereafter.	Plan years ending after Sept. 30, 2012	<i>Application of tax unclear.</i>
54	Income Tax Provisions	Itemized medical deduction threshold increased from 7.5% to 10%.	2013	<i>Even greater pressure to offer tax-advantaged compensation and benefits.</i>
55	Medicare Hospital Insurance Tax	Tax rate increased from 1.45% to 2.35% for high income. 3.8% tax on net investment income. (Income in excess of \$250K joint filers; \$200K others)		<i>Increased cost-shifting.</i>
56	Medical Device Excise Tax	2.3% excise tax.	2014	<i>Increased cost-shifting.</i>
57	Health Insurance Industry Tax	\$8B in 2014 increasing to \$14.3B in 2018; trended after 2018		
58	Exchange Reinsurance Program	\$25B tax on insurers and TPAs from 2014 to 2016		

Collectively Bargained Coverage

59	Coverage Maintained Under CBA	Must comply with requirements under <i>Provisions Applying to Employer Plans</i> . For insured coverage maintained under a CBA ratified before March 23, 2010, cannot lose grandfather status until last CBA terminates. No delayed loss of grandfather status for self-funded plans.	Plan years beginning on and after September 23, 2010	<i>Employers required to implement health reform with the same effective dates as non-union plans.</i>
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CLASS Act

60	Voluntary Long-term Care Program	Government run program. HHS suspended implementation stating "...we have not identified a way to make CLASS work at this time."	Implementation suspended.	<i>No employer impact.</i>
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