

Key Health Care Reform Issues for Employers

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The federal health care reform law will have a substantial impact on employers. Here are the main issues that employers will want to be aware of:

1. Keeping the same coverage

Employers will be able to avoid some of the law's requirements by keeping their coverage the same after the law's effective date (March 23, 2010). Unfortunately, it is very unclear at this time what kinds of minor changes will alter coverage, or keep it the same; this will be clarified in later regulation. Changes that must be made to all plans include:

- waiting periods for coverage must be less than 90 days;
- no lifetime benefit maximum limits;
- dependent coverage for adult children up to age 26; and
- no annual limits on certain types of benefits (unless permitted by later-issued regulation).

2. New benefit and other plan changes

If an employer does not keep its coverage the same, employers will need to make additional changes such as:

- extending 100 percent coverage for preventive care;
- removing any prior authorization requirement or increased cost-sharing for emergency services (regardless of whether the services are provided in or out of network);
- no pre-existing limitation for children under age 19; and
- coverage of routine patient costs in clinical trials for life-threatening diseases.

3. FSA/HRA/HSA changes

The law also will require changes to these types of accounts. In 2011, employees will no longer be able to receive pre-tax reimbursements from their FSA, HRA or HSA for non-prescribed over-the-counter medications, and the excise tax for nonqualified HSA withdrawals will increase from 10 percent to 20 percent. In 2013, employee contributions to FSAs will be capped at \$2,500 annually, with the cap adjusted annually to the Consumer Price Index.

4. Employee notification of value of coverage and exchange information

Effective in 2011, employers will need to start reporting the value of the employer-sponsored coverage to employees on their W-2s. And in March 2013, employers will need to begin notifying employees about state exchanges and the availability of premium subsidies and free choice vouchers, all of which will be available beginning in 2014.