

KNOW YOUR EMPLOYEE BENEFITS



Benefit and insurance issues important to you—brought to you by the benefits specialists at Pilot Employee Benefits.

Health Care Reform: The Who, What and When

Here is a look at some of the major health care reform provisions that you will see over the next decade.

2010

Employers: Small businesses can receive tax credits if purchasing insurance for employees.

Insurers: Cannot impose pre-existing condition exclusions on coverage for children. Must cover preventive services without copays. Cannot remove coverage when a person becomes ill. Cannot impose lifetime coverage limits.

Uninsured: Individuals with pre-existing conditions receive immediate access to coverage through a high-risk pool. Dependent children can remain on parents' plans until age 26.

Early retirees: Employers will be able to participate in a reinsurance program to help provide coverage for retirees and their spouses, surviving spouses and dependents over age 55 and not eligible for Medicare.

Medicare Part D enrollees: A \$250 rebate check received for those entering the "doughnut hole" gap in coverage in 2010. Rebate payable by April 1, 2011.

2011

Insurers: Required to spend at least 80 percent of premiums on medical services.

Medicare Part D enrollees: Receive a 50 percent discount on brand-name prescription drugs when in doughnut hole coverage

gap.

Those with health care savings accounts: Federal tax on those who spend health care savings account money on ineligible medical expenses increases to 20 percent.

Over-the-counter drugs: Except for insulin OTC drugs without a prescription are not reimbursable from an FSA or HRA, and are not a tax-free reimbursement from an HSA.

W-2: The value of your health coverage must be disclosed on your W-2 form.

2012-2013

Taxpayers: Medicare payroll taxes increase to 2.35 percent for individuals earning more than \$200,000 and families earning more than \$250,000.

Those with flexible savings accounts: A federal limit of \$2,500 for individual pretax contributions per year.

2014

Employers: Companies with 50 or more employees must provide affordable coverage or pay a penalty.

Insurers: Prohibited from refusing to sell or renew policies. Cannot deny coverage for adults with pre-existing conditions. Limits ability to set prices on the basis of sex, health status or other factors. Prohibited from imposing annual limits.

Uninsured: Most Americans required to buy health insurance or pay fines of \$95 per individual

and up to \$285 per family. Families will pay half the amount for children. Families can receive subsidies to buy insurance if they earn no greater than four times the federal poverty level (about \$88,000 per year for a family of four). Individuals and small businesses can buy packages through state exchanges.

2015

Uninsured: Penalties for not carrying insurance increase to \$325 per individual and up to \$975 per family. Families will pay half the amount for children.

2016

Uninsured: Penalties for not carrying insurance increase to \$695 per individual and up to \$2,250 per family or 2.5 percent of taxable family income – whichever is greater. Families will pay half the amount for children.

2018

Taxpayers: A 40 percent excise tax imposed on high-cost employer-provided policies (\$10,200 for individual coverage or \$27,500 for family coverage).

2020

Medicare Part D Enrollees: Prescription drug coverage gap eliminated.

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