First Administrators Inc

Health Care Reform

Affordable Care Act (ACA) Provisions for Large Group (101+)

Including, but not limited to the following:	Grandfathered	Non-Grandfathered
2010		
Annual limits restricted on "Essential Health Benefits" to: • $750K for Plan Years after Sept. 23, 2010. • $1.25 million for Plan Years after Sept. 23, 2011. • $2 million for Plan Years after Sept. 23, 2012. • Grandfathered plans may retain annual limits that existed prior to March 23, 2010.	X	X
Dependent coverage • Young adult dependents covered up to age 26. • Grandfathered groups do not have to offer enrollment to dependents if they are eligible for coverage through other employer-based plans (extended to grandfathered plans in 2014).	X	X
Emergency services • Pre-authorization/referrals prohibited.	N/A	X
Emergency services non-network coverage[1] • Covered services paid at the in-network benefit level.	N/A	X
Internal and external appeals procedures • Must be compliant with internal and external appeals procedures. • Ongoing process for self-funded groups.	N/A	X
Lifetime limits on "Essential Health Benefits" are prohibited.	X	X
Non-discrimination testing required • Fully insured market. • Rules have been delayed indefinitely, no change in previous rules for self-funded market.	N/A	X
No rescissions • Except for fraud and intentional misrepresentation.	X	X
OB/GYN referral/pre-authorization prohibited	N/A	X
Pre-existing condition limitations for any covered member under age 19 is prohibited (everyone in 2014).	X	X
Preventive services • Recommended preventive services as defined in ACA must be covered with no cost share (when delivered in-network).	N/A	X
2011		
Health Savings Account (HSA) non-qualified distributions • Penalty increased from 10 percent to 20 percent, plus income tax. • Effective date: first Plan Year after 2011.	X	X
Medical loss ratio (MLR) • 85 percent for large groups. • Not applicable to self-funded groups.	X	X
Over-the-counter (OTC) drugs • No longer reimbursable under Flexible Spending Account (FSA), Health Savings Account (HSA), Health Reimbursment Account (HRA), or Medical Savings Account (MSA) unless prescribed by a doctor. Insulin will continue to be reimbursed even without a prescription. • Effective for expenses incurred after Dec. 31, 2010.	X	X

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Including, but not limited to the following:	Grandfathered	Non-Grandfathered
2012		
Patient-Centered Outcomes Research Institute (PCORI) fee • $1 per member, per year. Increases to $2 in 2013 — see below.	X	X
Summary of Benefits and Coverage • Effective date: Sept. 23, 2012. • 60-days prior notice to members for material modifications. • Must be issued upon application or distribution of renewal materials, within 90-days for "special enrollment," within 30-days of the new plan year if the policy is auto-renewed, and upon request to any participants or beneficiaries.	X	X
Women's preventive services • Plans must cover certain women's preventive services. • Effective date: first Plan Year on or after Aug. 1, 2012.	N/A	X
2013		
Elimination of retiree prescription drug tax deduction	X	X
FSA medical limit • Limit will be capped at $2,500 for Plan Years starting after Dec. 31, 2012.	X	X
Notice of Exchange to group employees • Anticipated summer/fall 2013.	X	X
Patient-Centered Outcomes Research Institute (PCORI) fee increase • $2 per member, per year.	X	X
W2 reporting • Value of employer-sponsored coverage. • Reported for the 2012 tax year. • For groups with 250+ employee lives.	X	X
2014		
Annual Health Insurer Fee • Fees to start in 2014 and will increase year after year.	X	X
Annual limits on "Essential Health Benefits" is prohibited.	X	X
Auto-enrollment (2014-2015) • Employers with > 200 full-time employees.	X	X
Dependent coverage • Young adult dependents covered up to age 26; even for those with employer coverage.	X	X
Employer shared responsibility (Penalties) • Employers with 50 or more full-time equivalent employees will be subject to a penalty if one of the following is true: o No coverage penalty – does not offer access to minimum essential coverage AND if any full-time employee receives a premium tax credit on the exchange. o Inadequate coverage – offers employer-sponsored coverage that does not meet minimum value requirements of at least 60 percent actuarial value AND employee contribution is more than 9.5 percent of employee's annual household income.[2]	X	X
Mandatory coverage for clinical trials	N/A	X
No waiting periods over 90 days	X	X
Out-of-pocket cost-sharing limits • Must comply with HSA compatible high-deductible health plan cost-sharing limits.	N/A	X
Pre-existing condition limitations • No one is denied coverage due to pre-existing conditions.	X	X
Transitional reinsurance program (2014-2016)	X	X
2015		
Employer reporting requirements • Reported for the 2014 tax year.	X	X

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2017		
Large group health benefit exchange participation • State may elect to expand SHOP to include large group. • Based on State decision.	N/A	X
2018		
Excise "Cadillac" tax	X	X
TBD – Quality of Care Reporting	N/A	X

[1] Self-funded ERISA groups may need to add.

[2] The IRS has proposed a "safe harbor" to make it easier for employers to determine whether the health coverage they offer is "affordable." The safe harbor would use 9.5 percent of wages the employer paid to an employee, instead of the employee's household income, as the standard for affordability. Source: http://www.nlrg.com/employment-law-legal-research/bid/80506/EMPLOYMENT-LAW-UPDATE-Supreme-Court-Upholds-ACA-What-Employers-Must-Do-Now.