

CLIENT ALERT

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ON MARCH 23, 2010, PRESIDENT OBAMA SIGNED THE PATIENT PROTECTION AND AFFORDABLE CARE ACT INTO LAW. THIS IS COMPREHENSIVE HEALTH REFORM THAT WILL HAVE AN IMMEDIATE AND LONG TERM EFFECT ON EMPLOYEE BENEFITS.

SOME OF THE CHANGES THAT WILL OCCUR IN 2010 FOR EMPLOYER GROUPS ARE:

Small Business Tax Credits

Offers tax credits to small businesses beginning in 2010 to make employee coverage more affordable. Tax credits of up to 35 percent of premiums will be immediately available to firms that choose to offer coverage. The full credit will be available to firms with 10 or fewer employees with average annual wages of \$25,000, while firms with up to 25 or fewer employees and average annual wages of up to \$50,000 will also be eligible for the credit. *Effective calendar year 2010.* Later, when Exchanges are operational, tax credits will be up to 50 percent of premiums

No Pre-existing Coverage Exclusions for Children

Prohibits health insurers from excluding coverage of pre-existing conditions for children under the age of 19. *Effective six months after enactment, applies to all employer plans.* (This provision will apply for all people in 2014).

Patient Protections

Protects patients' choice of doctors by allowing plan members to pick any participating primary care provider, prohibiting insurers from requiring prior authorization before a woman sees an ob-gyn, and ensuring access to emergency care. This provision applies to all new plans. *Effective six months after enactment.*

Re-insurance for Retiree Health Benefit Plans

Creates immediate access to re-insurance for employer health plans providing coverage for early retirees, helping to protect coverage while reducing premiums for employers and retirees. *Effective 90 days after enactment.*

Extension of Coverage for Young Adults

Requires insurers to permit children to stay on family policies until age 26. *Effective six months after enactment, applies to all plans in the individual market, new employer plans, and existing employer plans if a young adult is not eligible for employer coverage.*

Free Preventive Benefits

Requires coverage for preventive and wellness benefits in all new plans and exempts these benefits from deductibles and other cost-sharing requirements in public and private insurance coverage. *Effective six months after enactment.*

No Lifetime Limits on Coverage

Prohibits insurers from imposing lifetime limits on benefits. *Effective six months after enactment, applies to all plans.*

Regulated Annual Limits on Coverage

Tightly regulates plans' use of annual limits to ensure access to needed care in all group plans and all new individual plans. These tight restrictions will be defined by the Secretary of Health and Human Services. *Effective six months after enactment, applies to new plans in the individual market and all employer plans.* (When the Exchanges are operational in 2014, the use of annual limits will be banned for new plans in the individual market and all employer plans.)

Protection from Rescissions of Existing Coverage

Stops insurers from rescinding insurance when claims are filed, except in cases of fraud or intentional misrepresentation of material fact. *Effective six months after enactment, applies to all new and existing plans.*

Prohibits Discrimination Based on Salary

Prohibits new group health plans from establishing any eligibility rules for health care coverage that have the effect of discriminating in favor of higher wage employees. *Effective six months after enactment.*

Public Access to Comparable Information on Insurance Options

Enables creation of a new website to provide information on and facilitate informed consumer choice of insurance options. *Effective not later than July 1, 2010.*

Health Insurance Consumer Information

Provides assistance to States in establishing offices of health insurance consumer assistance or health insurance ombudsman programs to assist individuals with the filing of complaints and appeals, enrollment in a health plan, and, eventually, to assist consumers with resolving problems with tax credit eligibility. *Effective Fiscal Year 2010.*

Appeals Process

Requires all new health plans to implement an effective process for appeals of coverage determinations and claims. And, states will provide an external appeals process to ensure an independent review. *Effective six months after enactment.*

Increasing the Number of Primary Care Providers

Provides new investment in training programs to increase the number of primary care doctors, nurses, and public health professionals. *Effective Fiscal Year 2010.*

THE LONG TERM CHANGES...

Include eliminating pre-existing conditions exclusions for all people, financial penalties for employers who do not offer a group plan, maximums to flexible spending accounts, no coverage under FSA's for over the counter drugs, additional taxes for those earning \$250,000 or more per year, small business exchanges for combined purchasing power, taxation on "high-end" plans.....the list goes on. We have chosen not to go into these in great depth as changes may well be made in the upcoming years.

HELPFUL WEBSITES....

<http://www.thompson.house.gov/pdf/HCRTimeline.pdf> - comprehensive timeline

<http://www.healthreformwatch.com/2010/03/22/the-health-care-reform-bill-text-summaries-amendments-provisions-at-a-glance/> - A Web Log of the Seton Hall University School of Law, Health Law & Policy Program

<http://naic.org/> - National Association of Insurance Commissioners

<http://www.ahip.org/> - America's Health Insurance Plan

<http://www.kff.org/healthreform/8061.cfm> - Summarizes the law and provides a timeline

<http://www.healthreform.gov/> - Official US government site provides ongoing news and information about health care reform as well as the ability to click on a specific state

<http://dpc.senate.gov/healthreformbill/healthbill65.pdf>

<http://docs.house.gov/energycommerce/WHATHCRDOESFORYOU.pdf>

<http://www.speaker.gov/newsroom/legislation?id=0361> – Speaker of the House's Website

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