

FEDERAL HEALTH CARE REFORM LAW

An Executive Summary of the Patient Protection and Affordable Care Act

This white paper is based on information available in October 2011 and is subject to change. The timeline assumes that the employer's plan is a calendar-year plan.

2010

All Plans:

- Temporary insurance-premium tax credit for small employers

2011

All Plans

- No lifetime dollar limit on essential health benefits, and phase-out of annual dollar limit on essential health benefits
- No retroactive cancellation of coverage
- Adult children eligible up to age 26, unless eligible for another employer's plan (grandfathered plans)
- No pre-existing condition exclusion for anyone under age 19
- Over-the-counter drugs not payable from health flexible spending account (FSA), health savings account (HSA) or health reimbursement arrangement without doctor's prescription
- Penalty of 20 percent for non-medical distribution from HSAs
- Insurance refund if medical loss ratio is less than 85 percent (80 percent for small plans)
- Temporary wellness program grants to small employers
- SIMPLE cafeteria plans available

Non-grandfathered plans only

- Adult children eligible up to age 26, even if eligible for another employer's plan
- Preventive care coverage available without cost-sharing
- Non-discrimination requirement for insured plans (pending issuance of regulations)
- Designation of primary care providers (pediatricians and OB/GYN)
- Coverage of emergency services without preauthorization and at in-network charges

2012

All Plans

- Form W-2 for 2012 discloses value of non-taxable healthcare coverage
- Begin distributing Summary of Benefit Coverage and Uniform Glossary

Non-grandfathered plans only

- Expansion of internal and external appeals procedures

2013

All Plans

- Health FSAs limited to \$2,500 in annual benefits
- Headcount tax of \$2 (\$1 in first year) for each covered life
- Medicare payroll tax increase for highly paid employees
- Written notice to employees about insurance exchanges
- Phase-in of real-time eligibility confirmation with insurance carriers, administrators, hospitals, and doctors

2014

All Plans

- Employer “play or pay” mandate begins
- Individual mandate begins – tax penalty if no coverage
- Insurance exchanges begin; small employers (50 or 100 employees, depending on the exchange) may purchase coverage
- Waiting periods may not exceed 90 days
- Automatic enrollment of employees in plan as default election (for groups 200+)
- Wellness program incentives increased from 20 percent to 30 percent
- No pre-existing condition exclusion for anyone
- Adult children eligible up to age 26, even if eligible for another employer’s plan

Non-grandfathered plans only

- Clinical trials covered
- Annual deductible cannot exceed \$2,000 for single coverage or \$4,000 for family coverage; unclear if restriction applies only to small group market
- Maximum out-of-pocket expense for participants cannot exceed limits that apply to HSA-qualifying high-deductible health plans

2017

All Plans

- All employers may purchase coverage through an insurance exchange

2018

All Plans

- Excise tax on high-cost plans
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