



Health Care Reform Update



September 13, 2012

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As you know, the Patient Protection and Affordable Care Act (PPACA) was signed into law on March 23, 2010. Since that time SIHO has been sending periodic e-news regarding the provisions of the bill. In order to provide structure, the following timeline will be included with each newsletter; In addition, each newsletter will provide clear and pertinent information about a selected few topics from this timeline **and will be highlighted in red.**

Immediately

- Grandfather Status
- **Small Business Health Insurance Tax Credit**
- Reinsurance Program for Early Retiree Health Coverage (June 1, 2010)
- High-Risk Pool Coverage (July 1, 2010)
- Health Insurance Informational Portals (July 1, 2010)

Plan Years Starting on or after September 23, 2010

- Dependent Coverage through Age 26
- No Pre-Existing Condition Exclusions for Children
- No Lifetime Benefit Limits and "Restricted" Annual Limits
- No Rescissions (except Fraud)
- All Emergency Services Covered In-Network*
- No Cost Sharing for Specific Preventive Services*

Note: *Indicates provision does not immediately apply to Grandfathered Group Health Plans.

2011-2013

- Increased tax on HSA and MSA Withdrawals not used for Medical Expenses
- Public Long-Term Care Program
- Medical Loss Ratio (MLR) Requirements
- Comparative Effectiveness Studies Begin
- **Form W-2 Reporting Requirements**
- Additional Medicare Tax Levied onto High Income Individuals

2014 and Beyond

- Exchanges
- Annual Taxes on Private Health Insurers
- Monetary Penalties for any Individual Failing to Purchase Coverage
- Expanded Medicaid and Tax Credits for Low Income Individuals
- Employer Responsibility Requirements and Free Choice Vouchers
- Guarantee Issue and Guarantee Renewal
- Pre-Existing Exclusions, Annual Limits, and Lifetime Limits Eliminated
- Restricted Underwriting Factors
- Wellness Program Changes
- Excise Tax (2018)

Small Business Health Care Tax Credit

Small employers may be eligible for a tax credit if they have with fewer than 25 full-time equivalent employees, pay an average wage of less than \$50,000 a year, and pay at least half of the employee health insurance premiums, according to the IRS.

“For tax years 2010 through 2013, the maximum credit is 35 percent for small business employers and 25 percent for small, tax-exempt employers such as charities,” according to the IRS. “An enhanced version of the credit will be effective beginning on January 1, 2014.”

Small business employers that did not owe taxes during the year are still eligible and can carry the credit back or forward to other tax years.

To read more about the Small Business Tax Credit or to find the forms for attempting to claim the credit, click on the link below.

[Small Business Tax Credit](#)

Form W-2 Reporting Requirements

The Patient Protection and Affordable Care Act (PPACA) requires employers to report the cost of coverage under an employer-sponsored health plan on an employee's Form W-2 for the preceding year. This reporting is for informational purposes only, to show employees the value of their health care benefits in order to be more informed consumers. Employers who filed fewer than 250 Form W-2s in 2011 are exempt from the requirement to report the cost of coverage for their employees for 2012.

“Employers that provide ‘applicable employer-sponsored coverage’ under a group health plan are subject to the reporting requirement,” according to IRS.gov. “This includes businesses, tax-exempt organization, and federal, state and local government entities.”

The amount reported on the W-2 should include both the employer-paid portion and the portion paid by the employee. The reporting is for informational purposes only and will provide employees with useful and comparable consumer information on the cost of their health care coverage, according to the IRS.

Click on the link below for additional information.

[Form W-2 Reporting Requirements](#)