

FORD & HARRISON LLP

HEALTH CARE REFORM CHART

EFFECTIVE DATE	PROVISION*	APPLICATION TO LARGER EMPLOYER	APPLICATION TO SMALL EMPLOYER**	PRACTICAL CONSIDERATIONS
2010 - 2011				
per regulations to be issued by DOL	Auto-enrollment	<ul style="list-style-type: none"> Employers with 200 or more full-time employees that offer 1 or more health plans must automatically enroll all new full-time employees and continue the enrollment of current employees Must provide opt-out notice 	N/A	<ul style="list-style-type: none"> Preempts State laws relating to payroll to the extent necessary to allow auto-enrollment
2010	Adoption Assistance	<ul style="list-style-type: none"> Increases non-taxable adoption assistance to \$13,170 Expires after 12/31/11 	<ul style="list-style-type: none"> Increases non-taxable adoption assistance to \$13,170 Expires after 12/31/11 	
Per guidance from HHS to be issued as soon as possible after 3/23/10	Risk Adjustment	N/A	<ul style="list-style-type: none"> Each State shall assess a fee on fully insured health plans and insurers if the actuarial risk of the plan or coverage is too low and provide payment if the actuarial risk is above a certain level; measured annually based on the average actuarial risk of participants in all plans within the State Does not apply to grandfathered Plans 	
Plans beginning on or after 9/23/10	Lifetime limits	<ul style="list-style-type: none"> No lifetime limits in health plans except for per beneficiary lifetime limits on specific covered benefits that are not "essential health benefits" 	<ul style="list-style-type: none"> No lifetime limits in health plans except for per beneficiary lifetime limits on specific covered benefits that are not "essential health benefits" 	<ul style="list-style-type: none"> Federal law and/or state law may prohibit specific benefit lifetime limits Some lower lifetime limits on a per beneficiary basis may violate the ADA
Plans beginning on or after 9/23/10 but before 1/1/14	Annual limits	<ul style="list-style-type: none"> Only restricted annual limits may be imposed under health plans, except for per beneficiary annual limits on specific covered benefits that are not "essential benefits" HHS will define what is a "restricted annual limit" 	<ul style="list-style-type: none"> Only restricted annual limits may be imposed under health plans, except for per beneficiary annual limits on specific covered benefits that are not "essential benefits" HHS will define what is a "restricted annual limit" 	<ul style="list-style-type: none"> Federal law and/or state law may prohibit specific benefit lifetime limits Some lower lifetime limits on a per beneficiary basis may violate the ADA

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Plan years beginning on or after 9/23/10	Rescission	<ul style="list-style-type: none"> Health coverage cannot be cancelled for a participant except for fraud or intentional misrepresentation 	<ul style="list-style-type: none"> Health coverage cannot be cancelled for a participant except for fraud or intentional misrepresentation 	<ul style="list-style-type: none"> Generally only applies to individual health insurance Does not prevent employer from terminating the plan
Plan years beginning on or after 9/23/10	Preventive Care	<ul style="list-style-type: none"> Health plans must provide coverage for certain evidence-based preventive care, certain immunizations, and certain additional preventive care and screenings for women Such coverage must be provided on a first dollar basis (no cost share with participants – co-pays, coinsurance, etc.) <u>Does not apply to “grandfathered” Plans</u> (i.e. plans in existence as of 3/23/10) 	<ul style="list-style-type: none"> Health plans must provide coverage for certain evidence-based preventive care, certain immunizations, and certain additional preventive care and screenings for women Such coverage must be provided on a first dollar basis (no cost share with participants – co-pays, coinsurance, etc.) <u>Does not apply to “grandfathered” Plans</u> (i.e. plans in existence as of 3/23/10) 	<ul style="list-style-type: none"> Consider how this may impact certain wellness incentives (ex: incentives such as co-pay waivers to encourage annual exams, etc.)
Plan years beginning on or after 9/23/10	Dependent Coverage	<ul style="list-style-type: none"> Health plans that offer dependent coverage must cover children up through age 26 Grandfathered group health plans not required to cover adult child up through age 26 if such dependent is eligible for other eligible employer-sponsored coverage (this rule does not apply for plan years beginning on or after 1/1/14) 	<ul style="list-style-type: none"> Health plans that offer dependent coverage must cover children up to age 26 Grandfathered group health plans not required to cover adult child up to age 26 if such dependent is eligible for other eligible employer-sponsored coverage (this rule does not apply for plan years beginning on or after 1/1/14) 	<ul style="list-style-type: none"> Possible increased plan costs Consider implementing specific verification requirements IRC §105 amended so coverage of adult child not taxable Consider revised premium structure for adult dependents; unitized pricing
Plan years beginning on or after 9/23/10	Non-discrimination Based on Salary	<ul style="list-style-type: none"> Extends non-discrimination requirements under IRC Section 105(h) to fully-insured health plans <u>Does not apply to grandfathered Plans</u> 	<ul style="list-style-type: none"> Extends non-discrimination requirements under IRC Section 105(h) to fully-insured health plans <u>Does not apply to grandfathered Plans</u> 	
No later than 1/1/11	Premium Rebate	<ul style="list-style-type: none"> Insurers of group health plans must provide certain reports to HHS regarding loss ratios and must provide a premium rebate to participants if the loss ratio is below 85% 	<ul style="list-style-type: none"> Insurers of group health plans must provide certain reports to HHS regarding loss ratios and must provide a premium rebate to participants if the loss ratio is below 80% for small group market (generally 100 employees or less) 	<ul style="list-style-type: none"> Insurers will report the relevant information on loss ratios to HHS who will post such information on its website; employers should ensure participants receive applicable rebate as part of its fiduciary duty.

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Plan years beginning on or after 9/23/10	Appeals Process	<ul style="list-style-type: none"> Health plans must implement an internal and external appeals process HHS to issue guidance on internal and external appeals process <u>Does not apply to grandfathered Plans</u> 	<ul style="list-style-type: none"> Health plans must implement an internal and external appeals process HHS to issue guidance on internal and external appeals process <u>Does not apply to grandfathered Plans</u> 	<ul style="list-style-type: none"> Internal review process must follow DOL claims procedure – no change for self-funded plans External review process for fully insured plans must follow state law process, or if none, HHS Guidance External review process for self-funded plans must follow HHS guidance
Plan years beginning on or after 9/23/10	Patient Protections	<ul style="list-style-type: none"> Health plans that require or allow designation of a primary care provider must allow the participant to choose any participating provider who is available Health plans must comply with certain access requirements for emergency services and OB-GYN care <u>Does not apply to grandfathered Plans</u> 	<ul style="list-style-type: none"> Health plans that require or allow designation of a primary care provider must allow the participant to choose any participating provider who is available Health plans must comply with certain access requirements for emergency services and OB-GYN care <u>Does not apply to grandfathered Plans</u> 	
3/23/10	Premium Review	<ul style="list-style-type: none"> HHS and States will begin conducting a review of fully-insured plan premium increases and will require justification of “unreasonable” premium increases prior to the effective date of the increase <u>Does not apply to grandfathered Plans</u> 	<ul style="list-style-type: none"> HHS and States will begin conducting a review of fully-insured plan premium increases and will require justification of “unreasonable” premium increases prior to the effective date of the increase <u>Does not apply to grandfathered Plans</u> 	<ul style="list-style-type: none"> “Unreasonable” premium increase and acceptable justification for such an increase are not defined May result in lower health plan premium increases
Per HHS regulations to be issued no later than 6/21/10	Prohibition on Incentives to Enroll in High Risk Pool	<ul style="list-style-type: none"> Employers, health plans and insurers are prohibited from encouraging individuals to disenroll from the plan to elect high risk pool coverage Violators must reimburse the high risk pool program 	<ul style="list-style-type: none"> Employers, health plans and insurers are prohibited from encouraging individuals to disenroll from the plan to elect high risk pool coverage Violators must reimburse the high risk pool program 	<ul style="list-style-type: none"> HHS to issue guidance on the type of activities or actions that would violate this rule High risk pools will be established by 6/21/10

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No later than 6/21/10	Temporary Reinsurance for Early Retirees	<ul style="list-style-type: none"> • HHS shall establish a program to reimburse the health plan 80% of approved annual claims for expenses related to an early retiree's medical expenses between \$15k and \$90k • Program expires 1/1/14 or when \$5 billion in funding runs out 	<ul style="list-style-type: none"> • Generally not applicable unless provide early retiree medical benefits 	<ul style="list-style-type: none"> • Can't go to general assets of Employer • May be used to offset employer or retiree costs • Employer must apply for reimbursement
Plan years beginning on or after 9/23/10	Pre-existing Condition Exclusions	<ul style="list-style-type: none"> • No pre-existing condition exclusions for covered children under 19 	<ul style="list-style-type: none"> • No pre-existing condition exclusions for covered children under 19 	
3/23/10	Grandfathered Plans	<ul style="list-style-type: none"> • Health plans in effect on 3/23/10 are exempt from certain health care reform provisions • Applies to new employees and family who enroll in grandfathered plan • Family members of current employees who are covered by the grandfathered plan can be added to the grandfathered plan • Plans maintained pursuant to a CBA in effect on 3/23/10 are grandfathered until the last CBA related to the plan expires 	<ul style="list-style-type: none"> • Health plans in effect on 3/23/10 are exempt from certain health care reform provisions • Applies to new employees and family who enroll in grandfathered plan • Family members of current employees who are covered by the grandfathered plan can be added to the grandfathered plan • Plans maintained pursuant to a CBA in effect on 3/23/10 are grandfathered until the last CBA related to the plan expires 	<ul style="list-style-type: none"> • Unclear if a significant modification of a grandfathered plan will remove the grandfathered status • Unclear if "new employee" means any employee (regardless of hire date) whenever he first enrolls in the plan
2010-2013	Small Employer Credit	N/A	<ul style="list-style-type: none"> • Employers with less than 25 full-time equivalent employees and average annual wages of less than \$50k receive tax credit equal to a percentage of employer contributions which must be at least 50% of the premium for qualified health plan • Credit maximum is 35% (25% for tax-exempt employer) for employer with 10 or less full-time equivalent employees and average annual wages less than \$25k 	<ul style="list-style-type: none"> • Tax credit available for 2010 • Additional information on IRS website (www.irs.gov)

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3/23/10	Employee Protections	<ul style="list-style-type: none"> • Individual shall not be subjected to discrimination, excluded from or denied any benefits under any health program or activity receiving federal financial assistance <ul style="list-style-type: none"> - enforcement under applicable federal law (i.e. Title VII of Civil Rights Act, etc.) • Prohibition of discharge or discrimination against employee with respect to privileges of employment because exercising any right under PPACA <ul style="list-style-type: none"> - rights cannot be waived 	<ul style="list-style-type: none"> • Individual shall not be subjected to discrimination, excluded from or denied any benefits under any health program or activity receiving federal financial assistance <ul style="list-style-type: none"> - enforcement under applicable federal law (i.e. Title VII Civil Rights Act, etc.) • Prohibition of discharge or discrimination against employee with respect to privileges of employment because exercising any right under PPACA <ul style="list-style-type: none"> - rights cannot be waived 	
3/23/10	Break Time for Nursing Mothers	<ul style="list-style-type: none"> • Must provide reasonable break time to allow nursing mothers to express breast milk for child up to age 1 • Must provide location (other than bathroom) for such purpose) • Not required to pay for such break time 	<ul style="list-style-type: none"> • If less than 50 employees, then employer not required to comply if it will cause undue hardship; otherwise same requirements as for large employers 	<ul style="list-style-type: none"> • Undue hardship standard unclear • Does not preempt State law with more protections
2011	CLASS Act	<ul style="list-style-type: none"> • Employers may elect to automatically enroll employees in this government run long-term care insurance program • Employers may allow premium payments through payroll deduction 	<ul style="list-style-type: none"> • Employers may elect to automatically enroll employees in this government run long-term care insurance program • Employers may allow premium payments through payroll deduction 	
Tax years beginning on or after 1/1/11	W-2 Reporting	<ul style="list-style-type: none"> • Must disclose the value of employer-provided health coverage on the employer's W-2 excluding salary reduction amounts to health FSAs, HSAs and MSAs 	<ul style="list-style-type: none"> • Must disclose the value of employer-provided health coverage on the employer's W-2 excluding salary reduction amounts to health FSAs, HSAs and MSAs 	<ul style="list-style-type: none"> • Coordinate with payroll to track required information
Tax years beginning on or after 1/1/11	Over-the-Counter Drugs	<ul style="list-style-type: none"> • Over-the-counter medicines not eligible for reimbursement under health FSAs, HRAs or HSAs without a prescription or is insulin 	<ul style="list-style-type: none"> • Over-the-counter medicines not eligible for reimbursement under health FSAs, HRAs or HSAs without a prescription or is insulin 	
1/1/11	HSA Distributions	<ul style="list-style-type: none"> • Ineligible distributions from an HSA subject to 20% excise tax (up from 10%) 	<ul style="list-style-type: none"> • Ineligible distributions from an HSA subject to 20% excise tax (up from 10%) 	

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1/1/11	Cafeteria Plan Safe Harbor Rules	N/A	<ul style="list-style-type: none"> • Employers who employed an average of 100 or fewer employees during either of the 2 preceding years may establish a cafeteria plan that is deemed to meet nondiscrimination requirements if: <ul style="list-style-type: none"> - all non-excludable employees are eligible to participate - certain minimum employer contribution requirements are met 	
2011 - 2015	Comprehensive Workplace Wellness Programs	N/A	<ul style="list-style-type: none"> • Establishes 5-yr grant program awarded by HHS to "eligible employers" to establish comprehensive workplace wellness programs • Eligible employer means employer <ul style="list-style-type: none"> - with less than 100 employees who work 25 or more hours/wk and - has no workplace wellness program as of 3/23/10 • Workplace wellness program must be available to all employees and include: <ul style="list-style-type: none"> - health awareness initiatives - efforts to maximize employee engagement - initiatives to change unhealthy behaviors - supportive environment efforts 	<ul style="list-style-type: none"> • Employers must apply for funding • Funding is limited to \$200M for the entire program
2012 - 2013				
No later than 3/23/12	Uniform Explanation of Coverage	<ul style="list-style-type: none"> • Requirement to provide participants a HHS-approved summary of benefits and coverage explanation prior to enrollment, re-enrollment, or prior to delivery of the certificate of coverage • Material modifications notice due no later than 60 days prior to the change • \$1k per willful violation • Plan sponsor or insurance company required to submit certain information to HHS 	<ul style="list-style-type: none"> • Requirement to provide participants a HHS-approved summary of benefits and coverage explanation prior to enrollment, re-enrollment, or prior to delivery of the certificate of coverage • Material modifications notice due no later than 60 days prior to the change • \$1k per willful violation • Plan sponsor or insurance company required to submit certain information to HHS 	<ul style="list-style-type: none"> • Most companies already provide benefit summaries that may meet requirements • Probably will be able to provide electronically • Requirement is in addition to SPD and SMM requirements under ERISA

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Per HHS regulations to be issued no later than 3/23/12	Quality of Care Reports	<ul style="list-style-type: none"> Health plans must submit annual reports to HHS and enrollees during open enrollment on whether the plan satisfies certain quality of care measures developed by HHS <u>Does not apply to grandfathered Plans</u> HHS to develop appropriate penalties 	<ul style="list-style-type: none"> Health plans must submit annual reports to HHS and enrollees during open enrollment on whether the plan satisfies certain quality of care measures developed by HHS <u>Does not apply to grandfathered Plans</u> HHS to develop appropriate penalties 	
3/1/13	Notice of Coverage Options	<ul style="list-style-type: none"> Must notify employees at the time of hire, or by 3/1/13 for current employees, of the following: <ul style="list-style-type: none"> existence of an Exchange possibility of a subsidy if employer contributes less than 60% of cost of employer plan (except under free choice voucher rules) and employee purchases a policy through an Exchange 	<ul style="list-style-type: none"> Must notify employees at the time of hire, or by 3/1/13 for current employees, of the following: <ul style="list-style-type: none"> existence of an Exchange possibility of a subsidy if employer contributes less than 60% of cost of employer plan (except under free choice voucher rules) and employee purchases a policy through an Exchange 	
Plan years ending after 9/30/12	Research Fee	<ul style="list-style-type: none"> \$2 (\$1 for plan years ending in 2013) indexed annually times average number of covered lives; does not apply to plans covering only excepted benefits Expires for plan years ending after 9/30/19 	<ul style="list-style-type: none"> \$2 (\$1 for plan years ending in 2013) indexed annually times average number of covered lives; does not apply to plans covering only excepted benefits Expires for plan years ending after 9/30/19 	<ul style="list-style-type: none"> Assessed annually Fee is paid by <ul style="list-style-type: none"> insurer for fully insured plans plan sponsor for self-funded plans
1/1/13	FSA Limit	<ul style="list-style-type: none"> Health FSA contributions by an employee are limited to \$2500 	<ul style="list-style-type: none"> Health FSA contributions by an employee are limited to \$2500 	<ul style="list-style-type: none"> Does not limit employer contributions
1/1/13	Medicare Retiree Part D Subsidy	<ul style="list-style-type: none"> Elimination of the tax deduction previously allowed for amounts attributable to Medicare Part D subsidy 	Generally not applicable	<ul style="list-style-type: none"> Tax reporting implications under FAS 109 and 106
1/1/13	Hospital Insurance Tax	<ul style="list-style-type: none"> Imposes FICA and SECA additional tax of 0.9% on the wages of an individual above \$200k or \$250k (if filing joint tax return) Imposes 3.8% tax on such individual's net investment income 	<ul style="list-style-type: none"> Imposes FICA and SECA additional tax of 0.9% on the wages of an individual above \$200k or \$250k (if filing joint tax return) Imposes 3.8% tax on such individual's net investment income 	<ul style="list-style-type: none"> Adjust payroll accordingly to withhold the correct amounts
Tax years beginning 1/1/13	Limit on Deductible Compensation	<ul style="list-style-type: none"> Caps the employee compensation deduction amount at \$500K under IRC §162(m) for certain health insurance providers 	<ul style="list-style-type: none"> Caps the employee compensation deduction amount at \$500K under IRC §162(m) for certain health insurance providers 	<ul style="list-style-type: none"> Cap applies to amounts paid on or after 1/1/13 but for services performed on or after 1/1/10

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2014 - 2018				
1/1/14	Annual Limits	<ul style="list-style-type: none"> No annual limits in health plans except for per beneficiary annual limits on specific covered benefits that are not "essential health benefits" 	<ul style="list-style-type: none"> No annual limits in health plans except for per beneficiary annual limits on specific covered benefits that are not "essential health benefits" 	<ul style="list-style-type: none"> Federal law and/or state law may prohibit specific benefit lifetime limits Some lower lifetime limits on a per beneficiary basis may violate the ADA
Prior to 1/1/14 4/1/14 Prior to 1/1/16	Standards for Electronic Transactions	<ul style="list-style-type: none"> Health plans must implement and certify to HHS compliance with applicable transaction standards for electronic funds transfers, eligibility, health claim status, and health care remittance and advice Employers subject to the regulations who fail to comply incur penalty of \$1 per covered life on the plan per day with annual max of \$20/person or \$40/person for knowing violation by providing inaccurate or incomplete information Health plans must implement and certify to HHS compliance with applicable transaction standards for health claims, enrollment and disenrollment, premium payment, health claims attachments, and referral certification and authorization 	<ul style="list-style-type: none"> Health plans must implement and certify to HHS compliance with applicable transaction standards for electronic funds transfers, eligibility, health claim status, and health care remittance and advice Employers subject to the regulations who fail to comply incur penalty of \$1 per covered life on the plan per day with annual max of \$20/person or \$40/person for knowing violation by providing inaccurate or incomplete information Health plans must implement and certify to HHS compliance with applicable transaction standards for health claims, enrollment and disenrollment, premium payment, health claims attachments, and referral certification and authorization 	<ul style="list-style-type: none"> Ensure compliance with HIPAA Privacy and Security Rule requirements when implementing this provision
Plan years beginning on or after 1/1/14	Pre-Existing Condition Exclusions	<ul style="list-style-type: none"> No pre-existing condition exclusions for anyone 	<ul style="list-style-type: none"> No pre-existing condition exclusions for anyone 	
Plan years beginning on or after 1/1/14	Guaranteed Issue and Renewal	<ul style="list-style-type: none"> Generally not applicable since large groups rarely experience this problem, but technically, insurers must write policies for large groups and must renew <u>Does not apply to grandfathered Plans</u> 	<ul style="list-style-type: none"> Insurers must accept every employer that applies for coverage in the State where the insurer writes policies for health coverage and must renew/continue such coverage at the plan sponsor's option <u>Does not apply to grandfathered Plans</u> 	<ul style="list-style-type: none"> Appears to eliminate the ability to cancel or refuse to renew coverage due to a failure to meet minimum contribution or participation requirements

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Plan years beginning on or after 1/1/14	Wellness Program Rules	<ul style="list-style-type: none"> Increases the maximum incentive amount for wellness programs from 20% to 30% of the COBRA cost of coverage; otherwise same rules as under HIPAA <u>Does not apply to grandfathered Plans</u> 	<ul style="list-style-type: none"> Increases the maximum incentive amount for wellness programs from 20% to 30% of the COBRA cost of coverage; otherwise same rules as under HIPAA <u>Does not apply to grandfathered Plans</u> 	
Plan years beginning on or after 1/1/14	Required Coverage	N/A	<ul style="list-style-type: none"> Fully insured plans offered must include the "essential health benefits package" 	<ul style="list-style-type: none"> "Essential health benefits" will be defined by HHS but will include: <ul style="list-style-type: none"> - emergency services - hospitalization - maternity and newborn care - prescription drug coverage - lab services - ambulatory patient services - rehab services - mental health and substance abuse services - pediatric services (including dental and vision care) - chronic disease management - preventive care and wellness
Plan years beginning on or after 1/1/14	Cost-Sharing	<ul style="list-style-type: none"> Group health plans must limit the annual out-of-pocket maximum to the limit imposed on HSA-compatible HDHPs; deductibles not to exceed \$2K/single, \$4K/family 	<ul style="list-style-type: none"> Group health plans must limit the annual out-of-pocket maximum to the limit imposed on HSA-compatible HDHPs; deductibles not to exceed \$2K/single, \$4K/family 	
Plan years beginning on or after 1/1/14	Waiting Period Limitations	<ul style="list-style-type: none"> No waiting period of more than 90 days 	<ul style="list-style-type: none"> No waiting period of more than 90 days 	
1/1/14	Exchange Plans	N/A	<ul style="list-style-type: none"> May offer coverage through an Exchange if offered to all full-time employees; small employer generally 100 or fewer employees, but State may limit to 50 or fewer until 2016 Exchange coverage offered by employer may be paid through cafeteria plan; otherwise Exchange coverage cannot be paid through the cafeteria plan 	
1/1/17		<ul style="list-style-type: none"> States may allow large employers to offer health coverage through an Exchange 	N/A	

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Plan years beginning on or after 1/1/14	Reinsurance Program Payment	<ul style="list-style-type: none"> Requirement of insurers and TPAs on behalf of group health plans to contribute a certain amount to the State reinsurance program each plan year between 1/1/14 and 12/31/16 	<ul style="list-style-type: none"> Requirement of insurers and TPAs on behalf of group health plans to contribute a certain amount to the State reinsurance program each plan year between 1/1/14 and 12/31/16 	<ul style="list-style-type: none"> Possible cost shifting to employers
Plan years beginning on or after 1/1/14	Clinical Trials	<ul style="list-style-type: none"> Must allow coverage for qualified individuals participation in clinical trials 	<ul style="list-style-type: none"> Must allow coverage for qualified individuals participation in clinical trials 	
2014 – 2016	Payment Adjustment System	N/A	<ul style="list-style-type: none"> HHS program where HHS pays the plan (or the plan pays HHS) a certain percentage of amounts above (or below in case of payments to HHS) the “target amount” of allowable costs Applies only to qualified health plans as defined in the PPACA 	
1/1/14	Reporting Requirements Under IRC §6055	<ul style="list-style-type: none"> Requirement to report certain information to IRS and to covered individuals annually regarding minimum essential coverage provided including the amount paid by the employer Penalty of \$50 per return not to exceed \$250k for all returns in calendar year that were not filed with IRS Penalty of \$50 per return not to exceed \$100k for all returns not provided to the individual 	<ul style="list-style-type: none"> Requirement to report certain information to IRS and to covered individuals annually regarding minimum essential coverage provided including the amount paid by the employer Penalty of \$50 per return not to exceed \$250k for all returns in calendar year that were not filed with IRS Penalty of \$50 per return not to exceed 100k for all returns not provided to the individual 	<ul style="list-style-type: none"> Notice/information must be provided to each covered individual, not just each employee
1/1/14	Reporting Requirements under IRC §6056	<ul style="list-style-type: none"> Employers with at least 50 full-time employees during the preceding calendar year must report to the IRS and each covered full-time employee certain information related to the health plan Penalties (see entry on Reporting Requirements above) IRS may combine the form used for this reporting Requirement and the reporting requirement above 	<ul style="list-style-type: none"> Not applicable to employers with less than 50 employees, but see other section herein on “reporting requirements” with similar language applicable to small employers 	

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EFFECTIVE DATE	PROVISION*	APPLICATION TO LARGER EMPLOYER	APPLICATION TO SMALL EMPLOYER**	PRACTICAL CONSIDERATIONS
1/1/14	Employer Penalties	<ul style="list-style-type: none"> • Applicable Employer (50 or more full-time employees) who does not offer any full-time employees health coverage <ul style="list-style-type: none"> - subject to a monthly penalty of \$167 times each full-time employee after 30 employees - penalty applies for any month in which at least 1 full-time employee enrolls in and receives a tax subsidy for Exchange coverage • Applicable Employer who offers unaffordable coverage to full-time employees <ul style="list-style-type: none"> - subject to a monthly penalty of \$250 times number of employees enrolled and receiving a subsidy for Exchange coverage - penalty applies for any month in which at least 1 full-time employee enrolls in and receives a tax subsidy for Exchange coverage 	<ul style="list-style-type: none"> • Not applicable to employers with less than 50 employees • Not applicable to employers with less than 50 employees 	<ul style="list-style-type: none"> • Full-time employee generally means 30 hrs/week • The hours of non full-time employees are taken into account in determining if an employer has 50 or more employees • No penalty imposed if Free Choice Voucher provided
1/1/14	Free Choice Vouchers	<ul style="list-style-type: none"> • Employer must provide cash voucher if <ul style="list-style-type: none"> - required contribution for minimum essential coverage through an employer plan is between 8% and 9.8% of adjusted gross income - employee's household income is less than 400% of poverty level - employee does not participate on employer plan • Voucher amount <ul style="list-style-type: none"> - the most generous amount employer would have contributed for employer plan coverage paid to the Exchange as credit toward the Exchange plan elected by the employee with difference paid to employee - not income to employee • No "Employer Penalty" if free choice voucher provided 	<ul style="list-style-type: none"> • Employer must provide cash voucher if <ul style="list-style-type: none"> - required contribution for minimum essential coverage through an employer plan is between 8% and 9.8% of adjusted gross income - employee's household income is less than 400% of poverty level - employee does not participate on employer plan • Voucher amount <ul style="list-style-type: none"> - the most generous amount employer would have contributed for employer plan coverage - paid to the Exchange as credit toward the Exchange plan elected by the employee with difference paid to employee - not income to employee • No "Employer Penalty" if free choice voucher provided 	<ul style="list-style-type: none"> • Unclear if vouchers will be required or allowed for retiree health coverage

FORD & HARRISON LLP HEALTH CARE REFORM CHART

EFFECTIVE DATE	PROVISION*	APPLICATION TO LARGER EMPLOYER	APPLICATION TO SMALL EMPLOYER**	PRACTICAL CONSIDERATIONS
2014	Small Employer Credit	N/A	<ul style="list-style-type: none"> • Employers with less than 25 full-time equivalent employees and average annual wages of less than \$50k receive tax credit equal to a percentage of employer contributions which must be at least 50% of the premium for qualified health plan • Credit maximum is 50% (35% for tax-exempt employer) for employer with 10 or less full-time equivalent employees and average annual wages less than \$25k 	<ul style="list-style-type: none"> • Additional information on IRS website (www.irs.gov)
2018	"Cadillac Plan" Tax	<ul style="list-style-type: none"> • Imposes 40% excise tax on the value of coverage in excess of \$10,200 (individual coverage and \$27,500/family coverage (\$11,800 and \$30,950 for retirees and employees in high risk jobs); indexed annually • Family coverage threshold (\$27,500 or \$30,950) applies to single and family coverage under a multiemployer plan • Coverage subject to the tax include the value of all of the following: <ul style="list-style-type: none"> - total premium for employer-provided accident and health coverage - employer and employee contributions to health FSA - employer and employee salary reduction contributions to HSA • Employer must calculate the tax and notify the coverage providers of the share each is responsible for 	<ul style="list-style-type: none"> • Imposes 40% excise tax on the value of coverage in excess of \$10,200 (individual coverage and \$27,500/family coverage (\$11,800 and \$30,950 for retirees and employees in high risk jobs); indexed annually • Family coverage threshold (\$27,500 or \$30,950) applies to single and family coverage under a multiemployer plan • Coverage subject to the tax include the value of all of the following: <ul style="list-style-type: none"> - total premium for employer-provided accident and health coverage - employer and employee contributions to health FSA - employer and employee salary reduction contributions to HAS • Employer must calculate the tax and notify the coverage providers of the share each is responsible for 	<ul style="list-style-type: none"> • Some employers may want an actuary to calculate the tax

This Health Care Reform Chart provides a summary of significant provisions under the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010. It is intended to be informational and does not constitute legal advice and no action should be taken by your organization in reliance on any statements contained herein.