NAVIGATING HEALTHCARE REFORM

January 9, 2014

ACA In The News: The ACA Timeline

If you think the Affordable Care Act (ACA) required countless changes to individual and employer plans, you are right.

The following is a brief summary of the most meaningful changes* by year of implementation. Take special note of the changes occurring this year.

2010	▪ **Extended Coverage for Young Adults** - Group health plans and health insurance issuers offering group or individual health insurance coverage must provide dependent coverage for children, including adult children, up to **age 26**. There is no requirement to cover the child or spouse of a dependent child. This requirement applies to grandfathered and non-grandfathered plans. (However, grandfathered plans need not cover adult children who are eligible for other employer-sponsored coverage, such as coverage through their own employer, until 2014.) The ACA also added a new tax provision related to health insurance coverage for these adult children. Effective March 30, 2010, amounts spent on medical care for an eligible adult child can generally be excluded from taxable income. ▪ **Eliminated Pre-existing Condition Exclusions for Children** - Group health plans and health insurance issuers may not impose pre-existing condition exclusions on coverage for children **under age 19**. This provision applies to all employer plans and new plans in the individual market. (This provision will also apply to adults in 2014.) ▪ **Coverage of Preventive Care Services** - Group health plans and health insurance issuers offering group or individual health insurance coverage must provide coverage for certain preventive care services without cost-sharing (for example, deductibles, copayments or coinsurance). Grandfathered plans are exempt from this requirement. ▪ **Lifetime and Annual Limits** - Group health plans and health insurance issuers offering group or individual health insurance coverage may not impose lifetime limits or unreasonable annual limits on the dollar value of essential health benefits. This requirement applies to all plans, although plans were allowed to request a waiver of the annual limit requirement through HHS. (All annual limits will also be prohibited beginning in 2014.) ▪ **Improved Claims and Appeals Process** - Group health plans and health insurance issuers offering group or individual health insurance coverage must implement an effective process for benefit claims and appeals of coverage determinations. A plan or issuer's internal claims and appeals process must comply with the claims procedure regulation issued by the Department of Labor (DOL) in 2001.
2011	▪ **Improved Medical Loss Ratios** - Health insurance issuers offering group or individual health insurance coverage (including grandfathered health plans) must annually report on the share of premium dollars spent on health care and provide consumer rebates for excessive medical loss ratios. (These rebates are based on loss ratio of geographical area and are not client specific.) ▪ **Standardized the Definition of Qualified Medical Expenses** - The ACA changed the definition of "qualified medical expenses" for health savings accounts (HSAs), health flexible spending accounts (FSAs) and health reimbursement arrangements (HRAs) to the definition used for the itemized tax deduction. This means that expenses for over-the-counter (OTC) medicines and drugs may not be reimbursed by these plans unless they are accompanied by a prescription. There is an exception for insulin. Also, OTC medical supplies and devices may continue to be reimbursed without a prescription.

**All changes do not apply to all plans. Certain plans may be exempt from some components of ACA as a result of grandfathered status, religious beliefs and/or government approved exemptions. If you have questions regarding your coverage, please contact your carrier.*

2011 (Cont.)	▪ **Increased Tax on Withdrawals from HSAs** - The ACA law increased the additional tax on HSA withdrawals prior to age 65 that are not used for qualified medical expenses from 10 to 20 percent.
2012	▪ **Additional Preventive Care Services for Women** - Beginning in 2010, non-grandfathered group health plans and health insurance issuers offering group or individual non-grandfathered health insurance coverage were required to provide coverage for preventive care services without cost-sharing requirements. Effective for **plan years beginning on or after August 1, 2012**, these required preventive care services also include specific services for women, including contraceptives and contraceptive counseling. Exceptions to the contraceptive coverage requirement apply to religious employers. ▪ **Uniform Summary of Benefits and Coverage** - All non-grandfathered and grandfathered health plans must provide a uniform summary of the plan's benefits and coverage to participants. The summary must be written in easily understood language and is limited to four double-sided pages. (These documents can be provided electronically and are often distributed at Open Enrollment or when newly eligible for benefits.) ▪ **Reporting Health Coverage Costs on Form W-2** - The ACA requires employers to disclose the value of the health coverage provided by the employer to each employee on the employee's annual Form W-2. This requirement was effective, but optional, for the 2011 tax year and is mandatory for later years for employers who file more than 250 Form W-2s during the tax year. For all other employers, it is optional.
2013	▪ **Limiting Health Flexible Savings Account Contributions** - Effective for plan years beginning after December 31, 2012, the ACA limits the amount of salary reduction contributions to health FSAs to **$2,500 per year**. On October 31, 2013, the IRS announced that the health FSA limit will remain unchanged at $2,500 for the taxable years beginning in 2014. ▪ **Employee Notice of Exchanges** - Employers should provide a notice to employees regarding the availability of the health care reform insurance exchanges by October 1, 2013 (including new hires going forward). On September 11, 2013, the DOL issued a FAQ on the penalties for failing to provide an Exchange Notice. In this FAQ, the DOL stated that there is no fine or penalty under the ACA for failing to provide the notice.
2014	▪ **Individual Coverage Mandate** - The ACA requires most individuals to obtain acceptable health insurance coverage or pay a penalty, beginning in 2014. The penalty will start at $95 per person for 2014 and increase each year. Families will pay half the penalty amount for children, up to a cap of three times the adult penalty for that year. Individuals may be eligible for an exemption from the penalty if they cannot obtain affordable coverage. ▪ **Guaranteed Issue and Renewability -** Health insurance issuers offering health insurance coverage in the individual or group market must accept every employer and individual in the state that applies for coverage and must renew or continue to enforce the coverage at the option of the plan sponsor or the individual. (However this requirement does not address the cost that may be applied.) ▪ **Pre-existing Condition Exclusions -** Effective January 1, 2014, group health plans and health insurance issuers may not impose pre-existing condition exclusions on any covered individual, regardless of the individual's age. For group plans, this change needs to occur no later than their 2014 renewal. ▪ **Annual Limits -** Restricted annual limits will be permitted until 2014. However, in 2014, the plans and issuers may not impose annual limits on the coverage of essential health benefits. ▪ **Excessive Waiting Periods -** Group health plans and health insurance issuers offering group or individual health insurance coverage will not be able to require a waiting period of more than 90 days as of their 2014 renewal date. ▪ **Comprehensive Benefits Coverage -** Health insurance issuers that offer health insurance coverage in the individual or small group market will be required to provide the essential benefits package required of plans sold in the health insurance exchanges. This requirement does not apply to grandfathered plans.

For more information on the plan requirements included in ACA, visit www.healthcare.gov and http://cciio.cms.gov.

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