

HEALTHCARE REFORM UPDATE *By Maura Kelly Koehler*

Healthcare Reform legislation remains a heated topic in the US, as local, state, and federal officials continue to debate the merits and shortcomings of President Obama's Patient Protection and Affordable Care Act of 2010. The mandated healthcare reform regulations will greatly impact small and large employers' financial and business practices. While some regulations have already been implemented, upcoming statutes remain under much scrutiny.

Local business leaders weigh in. According to Gene Barr, VP, Governmental and Public Affairs of the PA Chamber of Business and Industry: "Making health insurance affordable for all begins with real reforms—reforms that protect doctors from frivolous lawsuits, change the way we pay providers to incentivize quality and not quantity, unleash small businesses to pool their purchasing power on their own and to look for more affordable policies in other states, and making serious efforts to crack down on fraud and abuse...I am hopeful that Congress will make it a priority to repeal the most objectionable provisions like the employer mandate as it did with the onerous 1099 reporting requirement... ." (www.pachamber.org).

Joan Verplanck, President of the NJ Chamber of Commerce, agrees that healthcare reform is definitely needed but opposes many of the proposed regulations. "Whether a full understanding of the impact on patient care, viability of our hospitals, and cost to the nation can be demonstrated over a single summer remains to be seen." (www.njchamber.com). The Board's biggest concern is the creation of a new government run insurance plan, since they favor a system where patients and their doctors make joint healthcare decisions.

Despite ongoing deliberations, many healthcare reform regulations remain intact, and the below timeline shows employers upcoming key requirements and their deadlines. For more detailed information on healthcare reform, go to <http://www.healthcare.gov>.

Current Health Care Reform Timeline 2011—2014 *(for more details, visit www.shrm.org/healthcare)*

2011

- Over-the-counter medications no longer eligible for FSA reimbursement without a prescription
- Excise tax for nonmedical HSA and Archer MSA distributions increases to 20%
- Certain small employers' cafeteria plans may qualify as "simple cafeteria plans" exempt from the general discrimination rules

2012

- March 23, 2012 is the deadline to communicate explanation of coverage to plan participants

2013

- FSA contributions are capped at \$2,500 per year
- High wage earners must pay an additional 0.9% Medicare tax on earnings in excess of \$250,000 for joint returns and \$200,000 in all other cases.
- Employers must notify employees about state health insurance exchanges.

2014

- Employers offering health coverage must offer a free health voucher for employees who choose to purchase through exchanges.
- "Play-or pay" penalty tax becomes effective.
- State health insurance exchanges must be open for business.

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