

Healthcare Reform Update for: **SJVIA**

www.gallagherbenefits.com

November 9, 2012

Healthcare Reform - What's Happened



- ❖ Adult children coverage to age 26
- ❖ No lifetime or annual limits
- ❖ No pre-existing condition for dependents under 19
- ❖ Preventive care coverage
- ❖ Slight dip in cost trend

Post Supreme Court Ruling

Business as usual:

- Summary of Benefits and Coverage (SBC)
 - **New Hires & Next Open Enrollment**
- W-2 Reporting on value of health coverage
 - **Report aggregate cost of employer sponsored coverage in 2012**
- New Fees & Taxes - CER Fee & Medicare Tax on High Earners
 - **CER paid by carriers / Medicare tax increase on earners over \$200,000 single and \$250,000 joint filers**
- \$2,500 FSA Limit
 - **Maximum for unreimbursed health expenses beginning in 2013**
- Exchange Notification
 - **Notice still being developed to be sent by Member Entity in March 2013**
- Minimum Loss Ratio Rebates
 - **Claims to premium ratios – 85% large group; 80% small group**
- Women's Preventive Services
 - **Impacts Plans beginning on 1/1/2013**



2014: The Year of Big Changes (Maybe?)

- Early retiree reinsurance
- High-risk pools

- OTC drug reimbursements
- HSA penalties
- Employee notification requirements

- Comparative Effectiveness Research Fee
- FSA limits to \$2,500
- Itemized medical expense deduction changes
- Medicare tax increase
- Part D drug subsidy deduction eliminated
- Employee Exchange notification

6/23/10

9/23/10

1/1/11

1/1/12

1/1/13

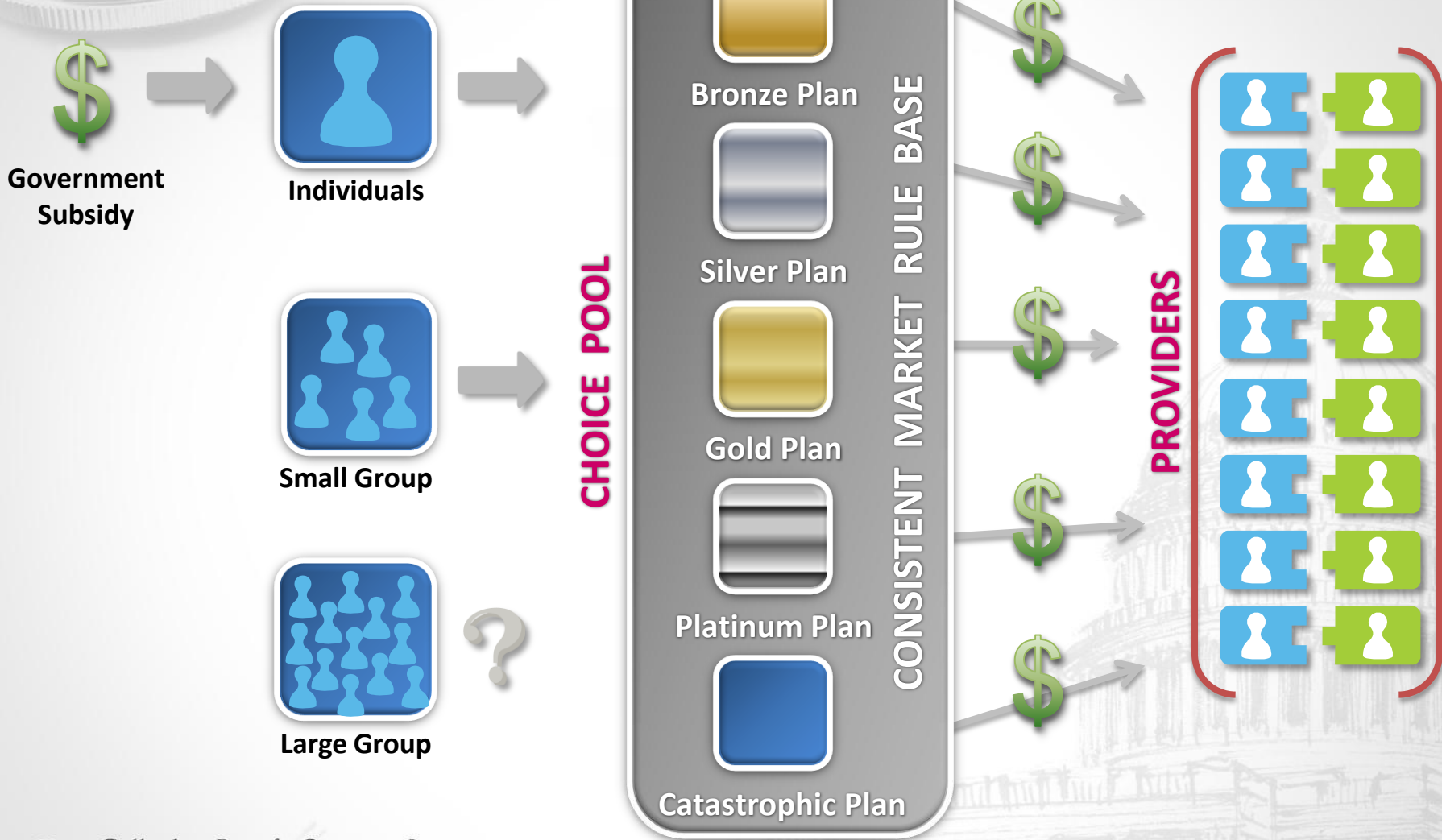
1/1/14+

- Coverage expansion mandates
- Patient protections

- W-2 Reporting
- “CLASS” LTC program (Suspended)
- Summary of Benefits & Coverage

- Employer and individual mandates
- Insurance exchanges
- Patient protections
- “Cadillac” excise tax (2018)
- Reinsurance & insurer fees

Exchanges - 2014



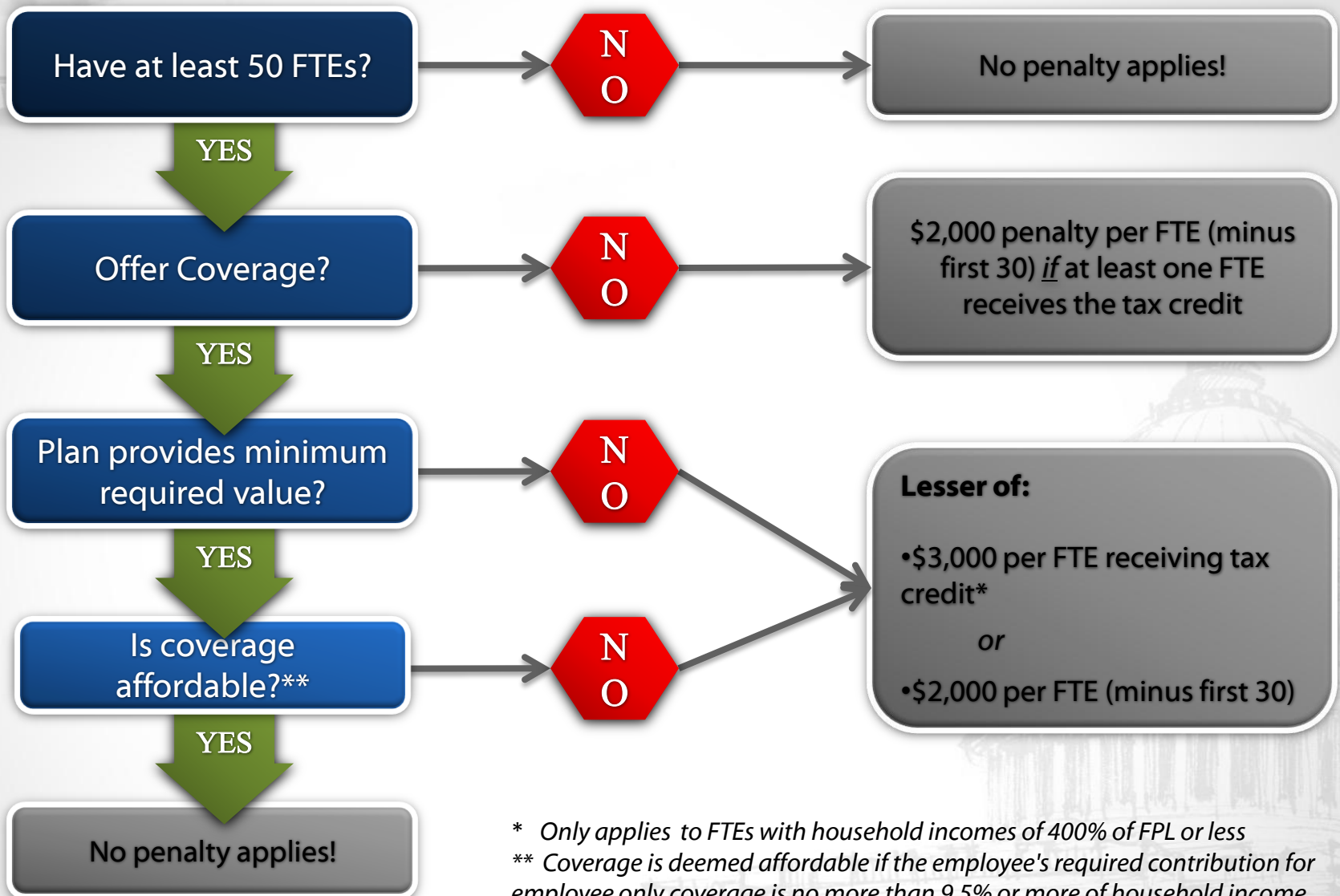
California's Health Benefit Exchange

- » Independent public entity
- » **2010:** \$1 million planning grant
- » **August 2011:** \$39 million Level I federal grant for Exchange implementation
- » **August 2011:** Five member board appointed by Governor and Legislature
- » **June 2012:** \$196.4 million additional Level 1 grant to fund implementation through June 2013
- » **January 2013:** Certification by HHS
- » **July 2013:** Enroll starting summer of 2013
- » **January 2014:** 1st effective date for coverage
- » **January 2015:** Exchange required to be financially self-supporting.



www.healthexchange.ca.gov

Employer Shared Responsibility



* Only applies to FTEs with household incomes of 400% of FPL or less

** Coverage is deemed affordable if the employee's required contribution for employee only coverage is no more than 9.5% or more of household income regardless of the employee's required contribution to coverage eligible dependents.



“Cadillac” Tax – 2018



COBRA Rate \geq \$10,200 for individual or
\$27,500 for family



= 40% of plan value that
exceeds threshold



Online Healthcare Reform Resources

GBShealthcarereform.com



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Healthcare Reform

Healthcare Reform

The dramatic change to the healthcare landscape ushered in by the passage of the Patient Protection and Affordable Care Act (PPACA) may present a daunting challenge in understanding the myriad of potential impacts to you and your employees, while achieving your business objectives. As with most major legislation, the interpretation and implementation of the regulations may bring legal challenges which can result in new or modified requirements.

GBS' team approach and market-leading financial and analytical modeling tools will guide you through the Healthcare Reform labyrinth. As your guide and advisor, we will work with you to understand the strategic, financial, and operational impacts today and in the future.



TIMELINE
Timeline of key changes for employers over the next few years. [Read Our Timeline](#)



NEWSLETTERS
GBS' Healthcare Reform Update Newsletters keep you up-to-date on all significant topics on Healthcare Reform. [Read Our Newsletters](#)



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An extensive list of Frequently Asked Questions on Healthcare Reform. [Read Our FAQs](#)



WEBINARS
On-demand webinars offering updates on hot topics, review on major provisions, and more. [View Our Webinars](#)



UPDATES
Keeping track of Healthcare Reform requirements and official guidance is a challenge. Our Updates section provides a list of major Healthcare Reform provisions,



TOOLS & RESOURCES
GBS' proprietary suite of tools will help you assess and manage the financial, strategic and operational impact of Healthcare Reform. Links to available Resources on the



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