

President Signs Sweeping New Health Care Reform Law

Will Have Impact on Employers, Employees and Health Plans

March 25, 2010

As passed, the new Patient Protection and Affordable Care Act makes significant changes to how health care is provided in this country and to the requirements for insurance coverage for it.

Generally speaking, the new law will impact employers, employees and health plans maintained by employers in various ways, although the most significant changes are not slated to go into effect until 2014.

The new health care reform law affects many different areas--from mandated health insurance coverage to flexible spending arrangements to health savings accounts. Examples of some of the major provisions include:

- With certain exceptions, starting in 2014, penalties will be imposed on individuals unless they maintain a minimum level of health insurance coverage. Subsidies and tax credits are made available, depending on income level, to help offset the cost of obtaining coverage, and the oft-discussed "insurance exchanges" will be established to promote lower cost insurance risk pools.
- Large employers--defined in the law currently as those with 50 or more employees--would be required, starting in 2014, to either provide health insurance coverage or pay a fee for each full-time employee, unless certain other exceptions are met.
- A tax credit for certain health care-related costs will be available for small businesses.
- New taxes would be imposed on high wage-earners.
- New limitations apply to contributions to flexible spending accounts and new penalties apply to improper expenditures from health savings accounts.

Immediate changes, with less impact on employer-provided benefit plans, include the elimination of lifetime caps on health insurance benefits, a Medicare prescription drug subsidy, and provisions allowing adult children to remain on their parents' insurance plans through the age of 26.

In addition to the items discussed above, the new law requires additional reporting, forms compliance, and provides for other taxes. As a result, we anticipate that employers will need to make changes to their health plans (including their health plan documents), and possibly to certain benefits-related employment practices as well.

The new health care reform law is complex in many respects. And more than 10 states have already filed a federal lawsuit to challenge the constitutionality of the new law. These factors, along with the Congress' immediate consideration of additional legislation to change certain aspects of the health care bill already passed, require employers to continually monitor the situation.

Miller Canfield will continue to provide updates as the scope of the law and its employer mandates become clear. If you have any immediate questions about the new health care reform law or its impact on your business or health plans, contact your Miller Canfield attorney. You may also contact:

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