

## The Cost of Health Care Reform

The continued rising cost of health insurance is an ongoing issue for New York State businesses, and school districts are no exception. In addition to State budget challenges, the impacts of the Patient Protection and Affordable Care Act (PPACA), our federal health care legislation, continue to roll out over the next several years. While there have been some positive legislative changes to the reform, it is important to understand the reform timeline and the potential impacts to coverage and costs.

The challenge is staying up to date on new definitions, guidance and legislative changes. For example, in 2011 there was legislation that repealed the expanded Form 1099 reporting requirements for all payments of \$600 to any company in the course of trade or business. This was considered a victory for the business community, but it is only one of the administratively cumbersome and potentially costly provisions that need to be watched.

A few key dates and changes to be aware of include:

### 2011 Changes

- **Health Savings Accounts (HSA)** – Tax for non-qualified medical expense distributions increases to 20%.
- **Over-the-Counter Drugs** – Effective January 1, 2011 OTC drugs are not reimbursable medical expenses under Health Savings Accounts, Flexible Spending Accounts and Health Reimbursement Accounts. As of July 2011, there is pending legislation to repeal this provision.

### 2012 Changes

- **W-2 Reporting** – Large Employers must report the aggregate cost of employer sponsored group health coverage, beginning with W-2s issued for 2012. Large employers are defined for this purpose as those that are required to file more than 250 W-2 forms. If you file less than 250 forms, you are not required to report the cost of health coverage prior to January 2014. Employers can voluntarily begin reporting this cost on 2011 W-2 forms.
- **Standard Summary of Benefits** – All group plans (including self-insured plans) will be required to provide a summary of benefits and explanation of coverage to all employees when they initially apply for coverage and during renewals. The summary of benefits will have to meeting specific criteria, final guidance and definitions have not yet been issued.

### 2013 Changes

- **New federal premium tax** – There will be a new tax on fully insured and self-funded group health plans. The purpose is to fund a new comparative effectiveness research

program created by this legislation. It imposes a fee, or tax, of \$2.00 per covered individual.

- **Flexible Spending Accounts (FSA)** – FSA contributions for medical expenses will have a limit of \$2,500 per year. The allowable maximum will be indexed annually.

These are just a few of the changes that will occur over the next several years. We encourage you to stay informed as this legislation rolls out.

**CONTACT US TODAY OR LINK TO OUR WEBSITE TO LEARN MORE ABOUT THE IMPACTS OF HEALTHCARE REFORM**

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Go to our website [www.ebsrmsco.com](http://www.ebsrmsco.com), then click on the “Health Care Reform” link for a more detailed timeline and information.

For additional Federal and State information please visit:

Federal Health Care Reform Website

[www.healthcare.gov](http://www.healthcare.gov)

New York State Health Care Reform Website

[www.healthcarereform.ny.gov](http://www.healthcarereform.ny.gov)