Employers

Patient Protection and Affordable Care Act, Pub. L. No. 111-148 ("PPACA")
Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152 ("Recon.")

Provision	Description	Effective Date(s)	CBO 10-Year Score
Provisions Imposing New Requirements on Employers			
Penalties for Employers PPACA §§ 1511-1515, 10106, as amended by Recon. § 1003	Imposes penalties on employers with an average of at least 50 full-time employees if at least one full-time employee receives a premium credit through a state Health Insurance Exchange. For the purposes of PPACA § 1513, full-time employees are defined as those working 30 or more hours per week, excluding those full-time seasonal employees who work fewer than 120 days during the year. The hours worked by part-time employees (i.e., those working fewer than 30 hours per week) are included in the calculation of a large employer, on a monthly basis, by dividing their total number of monthly hours worked by 120. For the purpose of calculating penalties, part-time hours and part-time employees are not included.	January 1, 2014	Saves $52 billion from employer penalty payments; overall savings included in estimate for expanding health insurance coverage

06.23.11 18284042 v18
18284042 v19

Health Care Reform Legislation Summary

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	An employer must file a return with the Internal Revenue Service, providing the name of each individual for whom it provides the opportunity to enroll in coverage, the length of any waiting period, the number of months that coverage was available, the monthly premium for the lowest-cost option, the plan's share of covered health care expenses paid for, the number of full-time employees, the number of months employees were covered, if any, and any other information required by the Secretary of Health and Human Services (HHS). The monthly penalty assessed to employers who do not offer coverage will be equal to the number of full-time employees minus 30 multiplied by 1/12 of $2,000 for any applicable month. After 2014, the penalty amount will be indexed by a premium adjustment percentage for the calendar year. The monthly penalty assessed to employers who offer coverage will be equal to the number of full-time employees multiplied by 1/12 of $3,000 for any applicable month. Individuals who are not offered employer-sponsored coverage may obtain premium credits for health care coverage through an Exchange if they are not eligible for Medicaid or other programs and their annual income does not exceed 400 percent of the federal poverty level.		

Health Care Reform Legislation Summary

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	Individuals who are offered employer-sponsored coverage can only obtain premium credits for exchange coverage if they meet the above criteria, they are not enrolled in their employer's coverage and their employer's coverage meets either of the following criteria: the individual's required contribution toward the plan premium would exceed 9.5 percent of their household income, or the plan pays for less than 60 percent, on average, of covered health care expenses.		
Automatic Enrollment PPACA § 1511	Employers with more than 200 full-time employees that offer coverage must automatically enroll new full-time employees in one of the plans offered and continue enrollment of current employees. Automatic enrollment programs must provide employees with adequate notice and an opportunity to opt out. The Department of Labor is promulgating regulations to define "full-time employee" for the purposes of PPACA § 1511.	Date of enactment	Saves $52 billion from employer penalty payments; overall savings included in estimate for expanding health insurance coverage
Free Choice Vouchers PPACA § 10108	Any employer offering minimum essential coverage and contributing any amount to provide coverage to employees must offer "free choice" vouchers for employees whose health care costs represent between 8 percent and 9.8 percent of the employees' annual household income, whose annual household income does not exceed 400	January 1, 2014	Not scored

Health Care Reform Legislation Summary

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	percent of the federal poverty level and who do not participate in any of the employer's plans.		
Credit for Employee Health Insurance Expenses of Small Businesses PPACA §§ 1421, 10105	Employers with fewer than 10 employees receive a tax credit for their non-elective contributions to employee health plans. Employers with between 10 and 25 employees receive a graduated credit that diminishes as the average number of covered employees approaches 25. Does not apply if annual average salary of all employees exceeds $50,000 (ceiling subject to annual cost-of-living adjustments starting in 2014) or if the employer's non-elective contributions are less than 50 percent of the plan cost.	January 1, 2011	Costs $40 billion
Small Business Health Insurance Exchange PPACA §§ 1301-13	Creates state Small Business Health Options Program ("SHOP Exchange") through which small businesses can purchase health insurance through "qualified health plans."	January 1, 2014	Costs of $358 billion bundled into estimated costs of Health Insurance Exchanges
Employer Requirement to Inform Employees of Coverage Options PPACA § 1512	Employers must provide information about benefit plans available in an Exchange, tax implications if the employer provides less than 60 percent of the health care contribution and tax implications if the employee opts to select an Exchange benefits plan rather than the employer-sponsored one.	March 1, 2013	Not scored

Health Care Reform Legislation Summary

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Voluntary Employer Participation in Community Living Assistance Services and Supports (CLASS) Act Program Premium Collection PPACA §§ 8002, 10801	Secretary of HHS may create a system under which employers automatically enroll employees in CLASS Act program, a national voluntary insurance program for purchasing community living assistance services.	January 1, 2011	Savings of $70.2 million bundled into score for Community Living Assistance Services and Supports
Protections for Employees PPACA § 1558	Allows aggrieved employees to bring actions for discharge, discrimination or retaliation against them for receiving a health care credit or subsidy or for "whistle-blowing" activities that disclose an employer's potential violations of PPACA regulations.	March 23, 2010	Included in estimate for expanding health insurance coverage
Elimination of Tax Deduction for Medicare Part D Subsidy PPACA § 9012, as amended by Recon. § 1407	Eliminates tax-free subsidy for employers subject to a corporate income tax who provide retiree drug benefits that are at least equal in value to the Part D benefit.	January 1, 2013	Saves $4.5 billion
Excise Tax on High-Cost Employer-Sponsored Health Coverage PPACA § 9001, as amended by Recon. § 1401	Employees who receive health care benefits from employer with an annual value greater than $10,200 for individuals or $27,500 for dual or family coverage (i.e., "Cadillac plans") are taxed at 40 percent of the excess amount. Certain "high risk" professions, retirees and employees in "high cost" states have higher benefit thresholds, as do "multiemployer plans" (as defined in 26 C.F.R. § 1.414(f)-1).	January 1, 2018	Saves $32 billion

Health Care Reform Legislation Summary

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Inclusion of Cost of Employer-Sponsored Health Coverage on W-2 PPACA § 9002	Employers must disclose employer contributions to health care on W-2s.	Tax year starting January 2011	$0
Provisions Impacting Design of Employer-Sponsored Plans			
Cost-Sharing Limits PPACA § 1302	Group health plans offered to "small employers" (defined as employers with fewer than 100 employees; after 2014, states may change definition to fewer than 50 employees) cannot have deductibles that exceed $2,000 for single coverage and $4,000 for any other coverage, subject to annual cost-of-living adjustment after 2014.	Plan years starting 2014	Included in estimate for expanding health insurance coverage
SIMPLE Cafeteria Plans for Small Businesses PPACA § 9022	Employees with fewer than 100 employees may establish "savings incentive match plan for employees" (SIMPLE) Cafeteria Plans for employees and must contribute an allowance equal to a uniform percentage (of at least 2 percent of the employee's compensation for the plan year) or the lesser of 6 percent of the employee's compensation for the plan year or twice the amount that the employee elects to apply pre-tax towards qualified benefits.	Tax year starting January 2011	$0

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Reinsurance for Early Retirees PPACA § 1102	Creates a framework for providing extended insurance coverage for employer-based plans covering retirees who are not yet eligible for Medicare/Social Security. Secretary of HHS will reimburse such plans for 80 percent of costs on a claim above $15,000, but less than $90,000, through the year 2014.	Within ninety days of enactment	Costs $5 billion
Limitation on Health Flexible Spending Accounts (FSAs) Under Cafeteria Plans PPACA §§ 9005, 10902; Recon. § 1403	Caps the amount an employer may allow an employee to set aside, pre-tax, to an FSA at $2500 for cafeteria plans to remain qualified.	Tax year starting January 2013	Saves $13 billion
Provisions Impacting Employers That Have Administrative Responsibility for Group Health Plans			
Individual Mandate PPACA §§ 1501-02, as amended by Recon. § 1002	Requires individuals to either obtain "minimum essential coverage" by purchasing insurance or obtaining coverage from an employer or pay a yearly fine. To ensure individuals have coverage, group health plans must report identifying information to the Secretary of HHS.	January 1, 2014	Saves $17 billion through penalty payments

Health Care Reform Legislation Summary

Provision	Description	Effective Date(s)	CBO 10-Year Score
Reporting Requirements PPACA § 1001(5) creates new PHSA § 2717	Requires group health plans to submit an annual report to the Secretary of HHS and to enrollees describing how benefits and coverage improve health outcomes, prevent hospital readmissions, improve patient safety and implement wellness and prevention programs.	Reporting requirements must be developed no later than March 23, 2012	Included in estimate for expanding health insurance coverage
Insurance Cost Controls PPACA §§ 1001, 10101(f) creates new Public Health Service Act (PHSA) § 2718	Requires group health plans to report annually on incurred losses in relation to earned premiums and total premium revenue spent on reimbursement for clinical services, activities that improve health care quality and all other non-claims costs. Requires group health plans to provide an annual rebate to enrollees if the ratio of premium revenue spent on reimbursement for clinical services and efforts to improve health care quality to total premium revenue is less than 85 percent for large group markets or 80 percent for small and individual markets.	Reporting for plan years beginning on or after March 23, 2010; rebates begin no later than January 1, 2011	Not scored

Health Care Reform Legislation Summary

Provision	Description	Effective Date(s)	CBO 10-Year Score
Appeals Process PPACA § 10101(g) creates new PHSA § 2719	Requires group health plans and health insurance issuers offering group or individual insurance coverage (but not health plans where an individual was already enrolled on the date of enactment ("grandfathered plans")) to implement and provide notice of an internal appeals process for claims and coverage determinations. Insurers must also implement an effective external review process that meets certain minimum standards.	September 23, 2010	Not scored
Prohibition on Rescissions PPACA § 1001, as amended by Recon. § 2301, creates new PHSA § 2712	Prohibits a group health plan, a health insurance issuer offering group or individual health insurance and grandfathered plans from rescinding coverage except in cases of fraud.	September 23, 2010	Included in estimate for expanding health insurance coverage
Annual and Lifetime Limits PPACA § 10101(a), as amended by Recon. § 2301, creates new PHSA § 2711	Prohibits a group health plan, a health insurance issuer offering group or individual health insurance and grandfathered plans from placing annual or lifetime limits on the dollar value of benefits for any beneficiary.	Lifetime limits prohibited for all plans starting September 23, 2010; annual limits restricted for all plans from September 23, 2010 to January 1, 2014 and prohibited after January 1, 2104	Not scored
Coverage of Preventive Health Services PPACA § 1001, creates new PHSA § 2713	A group health plan and a health insurance issuer offering group or individual health insurance but not a grandfathered plan must offer coverage for certain preventive services approved by the U.S. Preventive Services Task Force, immunizations recommended by the	September 23, 2010	Included in estimate for expanding health insurance coverage

Health Care Reform Legislation Summary

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	Advisory Committee on Immunization Practices and screening and preventive services for infants, children and adolescents. Prohibits imposing any cost-sharing for the above services.		
Dependent Coverage PPACA § 1001, as amended by Recon. § 2301, creates new PHSA § 2714	Requires a group health plan, a health insurance issuer offering group or individual health insurance and grandfathered plans to provide coverage for a beneficiary's dependent child who is under 26 and unable to obtain coverage from an employer.	September 23, 2010	Included in estimate for expanding health insurance coverage
Patient Protections PPACA § 10101(h) creates new PHSA § 2719A	Group health plans that allow for designation of a primary care provider are prohibited from placing restrictions on such designation. Group health plans that offer benefits for emergency services are prohibited from requiring prior authorization and must apply in-network cost-sharing requirements for emergency services to services rendered by participating or nonparticipating providers. Prohibits group health plans from requiring authorization or referrals for obstetrical and gynecological care if provided by a participating health care professional.	September 23, 2010	Not scored

Health Care Reform Legislation Summary

Provision	Description	Effective Date(s)	CBO 10-Year Score
Prohibition on Discrimination Based on Salary PPACA § 10101(d) creates new PHSA § 2716	Imposes significant taxes on an employer that offers a group health plan that discriminates in favor of the employer's more highly compensated employees.	September 23, 2010	Not scored
Pre-Existing Conditions PPACA § 1201, as amended by Recon. § 2301, creates new PHSA § 2704-05	Prohibits a group health plan, a health insurance issuer offering group or individual health insurance and grandfathered health care plans from denying coverage or establishing eligibility rules based on health status or medical conditions. Employer wellness/disease prevention programs do not generally violate this provision.	January 1, 2014; September 23, 2010 for enrollees under age 19	Included in estimate for expanding health insurance coverage
Guaranteed Availability of Coverage PPACA § 1201 creates new PHSA §§ 2702-03	Health insurance issuers offering coverage in the individual or group market must accept every employer and individual that applies for coverage and must guarantee renewability of coverage.	January 1, 2014	Included in estimate for expanding health insurance coverage
Nondiscrimination Against Health Care Providers PPACA § 1201 creates new PHSA § 2706	Prohibits a group health plan and a health insurance issuer offering group or individual health insurance from discriminating against health care providers with respect to participation or coverage under the plan.	January 1, 2014	Included in estimate for expanding health insurance coverage

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Prohibition on Excessive Waiting Periods PPACA § 1201 creates new PHSA § 2708	Prohibits group health plans, health insurance issuers offering group or individual insurance and grandfathered plans from applying waiting periods that exceed 90 days.	January 1, 2014	Included in estimate for expanding health insurance coverage
Coverage for Individuals Participating in Clinical Trials PPACA § 10103(c) creates new PHSA § 2709	Requires a group health plan and a health insurance issuer offering group or individual health insurance to provide coverage for routine patient costs for items and services furnished in connection with participation in approved clinical trials. Plans may not deny an enrollee access to an approved trial or discriminate against the enrollee for participating in such a trial. Approved clinical trials are limited to trials conducted in relation to cancer or another life-threatening disease that are federally funded or conducted under an investigational new drug application or to a drug trial that is exempt from an investigational new drug application.	January 1, 2014	Not scored

Health Care Reform Legislation Summary

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Standardization of Insurance Documents PPACA § 1001 creates new PHSA § 2715	Requires Secretary of HHS to develop national standardized information forms for group health plans and health insurance issuers offering group or individual health insurance coverage to use when providing information on benefits and coverage. The summary of benefits and coverage must include definitions of standard insurance and medical terms; a description of coverage (including cost sharing for specific benefits, limitations on coverage, co-payment obligations, renewability of coverage and examples of common benefit scenarios); a statement if the plan provides minimum essential coverage and whether coverage is not less than 60 percent of total allowed costs; and a contact number and Internet address where individuals can obtain a copy of the policy.	Standards must be developed one year after enactment; plans must include the standardized information two years after enactment.	Not scored