



HEALTH REFORM IMPLEMENTATION TIMELINE

PATIENT PROTECTION & AFFORDABLE CARE ACT

On March 23, 2010 President Obama signed into law the Patient Protection and Affordable Care Act (PPACA), which contains a number of elements that affect small business. This HealthPass policy brief broadly outlines the implementation timeline for key small business-related provisions.

SMALL BUSINESS HEALTH REFORM IMPLEMENTATION TIMELINE

<p>Implemented Items</p>	<ul style="list-style-type: none"> • Small Business Health Care Tax Credit (2010): Small businesses with less than 25 employees and average annual wages of less than \$50,000 will be eligible to apply for tax credits to help them afford coverage that will be worth up to 35% of premium costs. • Dependent Children up to Age 26 (2010): Extends dependent coverage to both unmarried and married children up to age 26 for all individual and group health plans. • Prohibition on Lifetime Limits (2010): Individual and group health plans prohibited from imposing lifetime limits on the dollar amount of coverage. • Pre-existing Condition (2010): Requires insurers to cover pre-existing conditions in children. • Medical Loss Ratio (2010): Requires health plans to report their medical loss ratios (MLR), and provide rebates if it falls short of the requirement. Small group plans must achieve at least an 80% MLR. • Rescission of Coverage (2011): Prohibits insurers from rescinding coverage except in cases of fraud. • Savings Account Withdrawals (2011): Increases the tax penalty for HAS and Archer MSA withdrawals that are not for qualified medical expenses up to 20%. • Summary of Benefits & Coverage (2012): All health insurance policies must be accompanied by a 4-page standardized glossary and summary of benefits.
<p>2013</p>	<ul style="list-style-type: none"> • Open Enrollment For SHOP Exchange: On October 1, 2013, small business owners will be able to purchase health coverage within the SHOP marketplace. • Flexible Spending Account (FSA) Contributions: Limits FSA contributions for medical expenses to \$2,500 per year • Increased Medicare Taxes: Increases the Medicare Part A (hospital insurance) tax on high-earners by 0.9% (from 1.45% to 2.35%) on earnings over \$200,000 for individuals and \$250,000 for married couples filing jointly and imposes a 3.8% assessment on unearned income for higher-income taxpayers. Medicare wage tax increases to 2.35% (0.9% increase). • Administrative Simplification: Insurers must adopt a standardized method of billing to reduce both paperwork and overhead costs for the business owner.
<p>2014</p>	<ul style="list-style-type: none"> • Individual Responsibility: With exceptions, requires all US citizens to have qualifying health coverage. Those who don't will be subject to federal financial penalties. • Small Business Health Care Tax Credit Expansion: From 2014 to 2016, the tax credit will expand to 50%. The same qualifications remain that were in place since 2010. • Health Insurance Exchanges: Creates state-based American Health Benefit Exchanges for individuals and Small Business Health Options Program (SHOP) Exchanges for small businesses. • Employer Responsibility: Employers with fewer than 50 employees are exempt from penalties for not providing coverage or for providing coverage that is unaffordable for employees. • Employer Wellness Program Incentives: Employers may offer employees incentives of up to 30% of the cost of their coverage if they meet the health targets defined by the employer. • Deductible Limits: Small group plan deductibles become limited to \$2,000 for individuals and \$4,000 for families. • Prohibition on Annual Limit: After a phase-out process beginning in 2010, this year marks the first year that there are no annual dollar limitations on most covered benefits for both individual and groups plans.
<p>2016</p>	<ul style="list-style-type: none"> • Expansion of Exchange Coverage: Employers with up to 100 employees will be able to purchase coverage through SHOP exchanges
<p>2018</p>	<ul style="list-style-type: none"> • Excise Tax on High-Cost Health Plans: Imposes a 40% excise tax on health plans that exceed \$10,200 (single) or \$27,500 (family). The tax threshold increases to \$11,850 (single) and \$30,950 (family) for retirees and employees in high risk professions