



This summary chart includes the key HR provisions included in the new health care reform law, the Patient Protection and Affordable Care Act, P.L. 111-148.

April 29, 2010

Provision	P.L. 111-148, the Patient Protection and Affordable Care Act
Individual Responsibility	<p>The law requires U.S. citizens to maintain minimum essential coverage beginning in 2014. Individuals who do not purchase coverage will pay the greater of \$95 in 2014, \$325 in 2015 and \$695 in 2016, or an alternative penalty as a percentage of income equal to 1.0% in 2014, 2.0% in 2015, and to 2.5% for 2016 and subsequent years to make the assessment more progressive. Families will pay half the amount for children up to a cap of \$2,250 for the entire family. After 2016, dollar amounts will increase by the annual cost of living adjustment.</p>
Employer Responsibility	<p>No requirement to offer coverage, but all employers with more than 50 full-time employees that do not offer coverage (and have at least one full-time employee receiving a tax credit) would be required to pay a “free rider” penalty equal to \$2,000 per full-time employee, effective January 1, 2014. The first 30 employees, however, would be excluded from this calculation. Full-time employees are defined as those working 30 hours a week or more, assessed on a monthly basis.</p> <p>Unaffordable Coverage: Employers offering “unaffordable” coverage would be assessed a \$3,000 penalty for each full-time employee that receives a subsidy and purchases coverage through an exchange. Coverage is considered “unaffordable” if the employee’s premium exceeds</p>

	<p>9.5 percent of family income. Employer health care coverage must have an actuarial value of at least 60 percent or penalties are assessed.</p>
Employer Responsibility	<p>Waiting Periods: No “free rider” penalty for employees in a waiting period, but the length of the waiting period could not exceed 90 days beginning in 2014.</p> <p>Automatic Enrollment: Requires employers with more than 200 employees to automatically enroll employees into health insurance plans offered by the employer, allowing for an employee opt-out. Effective date is unclear, although the congressional intent appears to be 2014.</p> <p>W-2 Reporting: Must include aggregate cost of employer-sponsored health coverage on annual Form W-2 in 2011.</p>
Small Employer Tax Credits	<p>In 2011, small employers with fewer than 25 “full-time equivalent” employees are eligible for a tax credit equal to a portion of the employer’s cost to provide health insurance.</p>
Free Choice Voucher	<p>Requires employers that offer coverage to provide a free choice voucher to employees with incomes less than 400% FPL whose share of the premium is between 8 – 9.8% of their income and who choose to enroll in a plan in the exchange, effective January 1, 2014. The voucher amount is equal to what the employer would have paid to provide coverage to the employee under the employer’s plan.</p> <p>Employers providing free choice vouchers will not be subject to penalties for employees that receive premium credits in the exchange.</p>
Insurance Market Reforms	<p>By 2011, (six months after enactment), all existing health plans (including grandfathered plans) must prohibit lifetime limits and recessions, restrict annual limits, and provide coverage for dependent children (married or not) until the age of 26 (although not applicable if adult child is eligible for employer coverage before 2014.)</p> <p>Grandfathered plans (those in existence as of March 23, 2010), are exempt from many of the new</p>

	health reform requirements (i.e. appeals process, coverage of clinical trials, limits on cost sharing, etc.) Collectively bargained plans in effect on the date of enactment are grandfathered until the date on which the last of the collective bargaining agreements relating to the coverage terminates.
Employee Retirement Income Security Act (ERISA)	Retains state regulation of insured health plans and federal regulation of self-insured plans. Allows states to obtain limited waivers of federal health-related laws and regulations to pursue state reform initiatives, but the waivers do not apply to ERISA covered plans.
Health Care Flexible Spending Accounts	Caps FSA contributions at \$2,500 beginning in 2013. Excludes over-the-counter medications without a doctor's prescription as reimbursable expenses under FSAs, HRAs, MSAs and HSAs in 2011. Increases penalties on non-medical HSA and MSA distributions to 20 percent in 2011.
Wellness Provisions	Beginning in 2014, allows employers to offer premium discounts and other awards for up to 30 percent of the total premium to individuals who satisfy a health standard and includes provisions to ensure that discriminatory practices do not occur. The Secretary of HHS would have the authority to issue regulations to allow financial incentives up to 50 percent. Provides grants for up to five years to small employers that establish wellness programs.
Transparency and Quality Improvements	Provides access to Medicare claims data for use in measuring provider performance. Establishes a value-based purchasing program for hospitals starting in 2013 and makes improvements to the physician quality reporting initiative.
Excise Tax	Beginning in 2018, assess a 40% excise tax on insured and self-insured group health coverage that is above a threshold of \$10,200 for single coverage and \$27,500 for family plans (or employee +1). Excludes stand alone dental and vision benefits from the excise tax calculation. The tax would apply to the amount of the premium in excess of the threshold. The threshold would be indexed at CPI-U plus one percentage point in 2019 and CPI-U in 2020. Threshold amounts for individuals in high-risk professions are increased to \$11,850 for individual

	coverage and \$30,950 for family coverage. Includes an adjustment for plans that have higher than average costs due to the age or gender of their workers.
Medicare HI Tax	Increases the Medicare Hospital Insurance withholding requirement by 0.9 percent for individuals (only) earning more than \$200,000 and joint-filers over \$250,000.
Retiree Health Care	Eliminates the deduction for the subsidy for employers who maintain prescription drug plans for their Medicare Part D eligible retirees beginning in 2013.
Government Long-Term Care Insurance Program (CLASS Act)	Beginning in 2011, employers that choose to participate in this new long-term care insurance program may automatically enroll employees and facilitate payroll deductions.
Nursing Mothers Provisions	Requires employers with 50 or more employees to furnish a “reasonable break time for an employee to express breast milk for her nursing child.” Employers must also provide a place where the employee can express breast milk. The place must be somewhere other than a bathroom and must be “shielded from view and free from intrusion from coworkers and the public.” These provisions appear to be effective immediately, although further regulatory guidance is needed.