



## 2010 FEDERAL HEALTH REFORM EMPLOYER PROVISIONS

President Obama signed comprehensive health reform, the Patient Protection and Affordable Care Act on March 23, and the Health Care and Education Reconciliation Act of 2010, on March 30, 2010.

Employers will be assessed penalties if their employees receive premium tax credits, effective January 1, 2014.

Employer Size	Provisions
Employers with more than 50 employees that does not offer coverage and have at least one full-time employee receiving a premium tax credit.	Will be assessed \$2,000 per full-time employee. Excludes the first 30 employees from the assessment.
Employers with more than 50 employees that offers coverage but has at least one full-time employee receiving a premium tax credit	Will be assessed the lesser of \$3,000 for each employee receiving a premium credit OR \$2,000 for each full-time employee.
Employers with fewer than 50 employees	Exempt from penalty.
Employers with more than 200 employees	Requires employers to automatically enroll employees into health insurance plans offered by the employer. Employee may opt out.
All employers that offer coverage	Required to offer a free choice voucher to employees with incomes below 400 percent of the federal poverty level and whose share of the premium is between 8 percent and 9.8 percent of their income. The free choice voucher allows these employees to enroll in coverage through the Exchange.

*Premium Tax Credit Note:* Employees whose employers offer coverage are not eligible for premium tax credits unless the employer plan does not have an actuarial clause of at least 60 percent OR if the employee's share of the premium exceeds 9.5 percent of income.

### **Small Business Tax Credits**

The measure also provides small employers with 25 employees or less and average annual wages of less than \$50,000 that purchase health insurance with a tax credit.

### **Early Retiree Reinsurance Program**

The measures create a temporary reinsurance program for employers providing health insurance coverage to retirees over age 55 who are not eligible for Medicare. The program will reimburse employers or insurers for 80 percent of retiree claims between \$15,000 and \$90,000. Payments from the reinsurance program will be used to lower the costs for enrollees in the employer plan. \$5 billion was appropriated for this purpose. This provision is in effect from June 1, 2010 through January 1, 2014.

The Health and Human Services Secretary issued guidance on the Early Retiree Reinsurance Program on May 4, 2010.

- **Who can participate?** Both self-funded and insured plans can apply, including plans sponsored by private entities, state and local governments, nonprofits, religious entities, unions and other employers.
- **How do employers participate?** Employers can apply for the program through the Department of Health and Human Services (HHS). Applications will be available by the end of June.
- **What is HHS's role?** HHS will be developing and approving applications. HHS has already issued regulations.
- **What will employers be expected to do?** Employers will be expected to document claims and implement programs and procedures that have the potential to generate cost savings for participants with chronic and high-cost conditions.