



# legislativeUPDATE

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## Delays in Healthcare Reform Enforcement Would Be Welcome

With the re-election of the President, the future of the healthcare reform law for employers and employees is clear. Employers must continue to implement the provisions and employees can expect the benefit and plan rule changes to continue. However, one possible area of continued uncertainty is the 2014 implementation timeline.

Last Friday, only three short days after President Obama's re-election, the administration granted extra time for states to set up the new health insurance exchanges. States must still announce their intention by November 16 if they plan to set up their own health insurance exchanges, but they now have until December 14 to indicate how their exchange will operate. States also now have an additional three months, until February 15, 2013, to say whether they would prefer to set up an exchange in partnership with the federal government. Note however, that these extended deadlines do not change the official January 1, 2014 start date for exchanges to begin offering federally subsidized coverage in all 50 states.

As to the employer mandate set to begin in 2014, some employer groups are asking President Obama to delay enforcement until the agencies issue final rules on key issues including non-calendar year plans' compliance start date, full-time employees, seasonal employees, what constitutes an offer of coverage, and requirements to offer coverage to dependents. Because of the delay in the government's finalization of these rules, many employers will have little time to incorporate these requirements into their planning, budgeting, and implementation of benefits for 2014.

The White House remains committed to providing exchanges on schedule which means that starting next October, Americans will be able to enroll in health plans for coverage starting in January 2014. To keep on track, many regulations implementing the healthcare law are likely to be released shortly, including:

- The "essential health benefits" definition, which may affect some employer plan annual dollar limits on specific benefits
- Guidance on the March notice that employers must provide to employees regarding exchange coverage and premium tax credit eligibility
- Employer reporting/disclosure requirements for exchange tax credit eligibility determinations
- Patient-Centered Outcomes Research Institute (PCORI) trust fund fees
- Temporary reinsurance program contribution rate(s)
- Employer mandate details, including how plans can meet the minimum value requirement

- and whether employers need to offer coverage to dependents
- Details on the joint, state-based and federally-run insurance exchanges

Keep in mind too that several new changes in the law are set to take effect in the coming months that will have an impact on employers and ultimately their employees:

- Women's preventive services under non-grandfathered plans
- W-2 reporting for healthcare costs
- Increased Medicare payroll tax by 0.9% on high-income earners
- Elimination of employer deduction for Medicare Part D subsidy
- FSA limitations to \$2500 per year
- Excise tax (2.3%) on medical device manufacturers and importers (could drive up cost of medical devices increasing cost of coverage under employer plans)
- Medical expense deduction floor increases to 10%
- Reductions in Medicare payments for select hospital readmissions
- Expanded coverage of preventive services by Medicaid

Even without delays, it will still take several years for the healthcare reform regulations and guidelines to be fully implemented. Conner Strong & Buckelew will continue to follow the ever-changing landscape and also develop tools and resources to assist plan sponsors with compliance. Should you have questions about this or any aspect of healthcare reform, contact your Conner Strong & Buckelew account representative toll free at 1-877-861-3220. For a complete list of Legislative Updates issued by Conner Strong & Buckelew, visit our online [Resource Center](#).



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