



Health Care Reform

Navigating the Road to 2014

HEALTH CARE REFORM WAS SIGNED INTO LAW BY PRESIDENT OBAMA ON MARCH 30, 2010.

With over 2,000 pages of new legislation, Health Care Reform will affect virtually every corner of the health care industry, including several short and long term changes that will impact you.

Following is a high-level timeline as well as some answers to commonly asked questions.

HIGH-LEVEL TIMELINE The following chart lists changes that will take place over the next four years. Because this legislation is continually evolving and being defined, some details may be subject to change.

CHANGES TO EXPECT THROUGH 2014:

2010-2011*

2011

2013

2014

- » **Dependent children** up to age 26 will be eligible for coverage if they do not have access to other coverage.
- » Health insurance plans will not be able to exclude **dependent children** (to age 19) from coverage based on **pre-existing conditions**.
- » **Lifetime limits** will be eliminated and **annual limits** may be restricted.

- » **Over-the-counter drugs not prescribed by a doctor will no longer be eligible for payment** under any health care Flexible Spending Account, Health Savings Account or Health Reimbursement Arrangement.
- » **Your W2 tax form** from your employer will include the value of your benefit plans. However, this amount will not be taxed.
- » If you have a **Health Savings Account**, distributions for non-qualified expenses will be charged a 20% penalty (currently 10%).

- » If you have a health care **Flexible Spending Account**, your total contribution will be limited to \$2,500 per year.

- » **Individuals will be required to have health coverage** or pay a penalty.
- » States will be required to create **health insurance exchanges** where individuals and small employers will be able to purchase insurance.
- » Health insurance offered by your employer must be "affordable." If deemed unaffordable, you will be eligible for **assistance in purchasing insurance** through state **health insurance exchanges**.
- » Health insurance plans will not be able to exclude **anyone** from coverage based on **pre-existing conditions**.

HEALTH CARE REFORM

Q & A

Q: I DON'T HAVE HEALTH INSURANCE. WILL I BE REQUIRED TO GET IT, AND WHAT HAPPENS IF I DON'T?

A: Today, you are not required to have health insurance. Under Health Care Reform, all Americans must either have insurance or pay a penalty by the year 2014.

Q: CAN I COVER MY CHILDREN UP TO AGE 26?

A: If you have an adult child younger than age 26, your child may still be covered by your health insurance if your child's employer does not offer health coverage. Your employer will inform you when this will take effect as well as how to enroll your eligible child(ren).

Q: HOW WILL THIS IMPACT THE HEALTH INSURANCE BENEFITS MY EMPLOYER OFFERS?

A: Health Care Reform has several requirements for all health insurance plans – and their timing varies. The requirements include covering eligible dependent children to age 26, eliminating lifetime and annual limits, and defining how long the waiting period can be for new hires. Your employer's plan may already include some or all of these requirements, so changes to plans will vary.

Q: WILL MY EMPLOYER STILL OFFER HEALTH INSURANCE BENEFITS? DO I HAVE A CHOICE TO ENROLL IN OTHER HEALTH INSURANCE PLANS?

A: In 2014, your employer will either need to offer a "qualified health plan" or pay a penalty. To be considered a "qualified health plan," your employer's plan must cover a certain percent of your medical expenses, and your contribution cannot exceed a certain percent of your income. Also in 2014, state health insurance exchanges will be available for you to purchase individual insurance.

Q: CAN I BE DENIED HEALTH INSURANCE IF I HAVE A PRE-EXISTING CONDITION?

A: Today, most employer health plans do not limit benefits if you have a pre-existing condition. Beginning in 2014, Health Care Reform will make it illegal for any health insurance plan (including individual plans) to use pre-existing conditions as a basis for denying coverage.

Q: WILL MY FLEXIBLE SPENDING ACCOUNT (FSA) BE AFFECTED?

A: Health care Flexible Spending Accounts (FSAs), which allow you to set aside money tax-free to pay for medical expenses, may be affected in two ways:

In 2011: You will no longer be able to use your health care FSA for reimbursement of over-the-counter drugs. This also applies to any Health Savings Accounts and Health Reimbursement Accounts.

In 2013: The maximum amount you will be able to contribute to your health care FSA will be limited to \$2,500 per year.

Q: DOES HEALTH CARE REFORM MEAN FREE INSURANCE FOR EVERYONE?

A: No. Health Care Reform requires all individuals to have health insurance or pay a penalty starting in 2014. If you are not offered a "qualified health plan" through your employer, beginning in 2014 you may qualify for assistance to buy insurance through the state health insurance exchange.



THIS DOCUMENT REPRESENTS LAURUS STRATEGIES' CURRENT ASSESSMENT OF THE LEGISLATION. WE WILL CONTINUE TO REVIEW AND CLARIFY ON AN ONGOING BASIS.

