Legislative Brief

Health Care Reform: Upcoming HR Implications

The landmark health care reform bills that were passed this year will undoubtedly affect how businesses provide and administer health care benefits to their employees. This leads to substantial implications for human resources professionals including everything from compliance to reporting to specific employee coverage.

Although many provisions of the legislation will not take effect until 2014, the employer requirement to provide rest breaks and accommodations for nursing mothers takes effect immediately. There are also a number of requirements that will take effect 90 days after enactment, on Sept. 23, 2010, and more following on Jan. 1, 2011. Because of this, HR professionals must understand the coming changes and be prepared to communicate those that affect employees in the coming months:

Changes in Upcoming Months

- Available tax credits for small businesses to assist in premium cost
- Access to high-risk health insurance pool for those with pre-existing conditions
- Prohibitions on lifetime benefit spending limits and restrictions on annual limits
- Prohibition on rescissions of coverage, except in cases of fraud or intentional misrepresentation
- Certain care required to be covered with no cost-sharing requirements under new plans, including preventive care
- Allowing dependents to remain on parents' policies up to age 26
- Elimination of pre-existing condition exclusions for children
- Reinsurance program for early retirees and their spouses, surviving spouses and dependents
- Nondiscrimination rules regarding highly compensated individuals applicable to new fully-insured plans
- New appeals process required for new plans
- Changes to Medicare and Medicaid

Changes as of January 1, 2011

- Ability to enroll employees in the CLASS Act federal long-term care insurance
- Employer requirement to report the value of health benefits on W-2s
- Penalty tax on individuals for spending HSA or Archer MSA funds on non-qualified medical expenses increases to 20 percent
- Over-the-counter medications no longer a qualified medical expense for FSAs, HSAs, HRAs or Archer MSAs without a prescription, unless insulin
- Grants for small employers that establish wellness programs
- Changes to Medicare and Medicaid