



The Ohio Chamber of Commerce presents...

## 10 Things Employers Should Know About H.R. 3962 (House Bill)

**10. Restricts Consumer Driven Health Care Options-** The bill makes changes to flexible spending arrangements (FSA), health reimbursement arrangements (HRA) and health savings accounts (HSA). Individuals would no longer be able to use an FSA, HSA, or HRA to purchase over-the-counter medicine, limits the amount a person can put into an FSA to \$2500 and increases the penalty for “non-qualified” medical expenses from 10% to 20% of the distributed amount.

**9. Forced Minimum Benefits-** H.R. 3962 creates an “essential benefits” package that limits annual cost-sharing to a maximum \$5,000 for individuals and \$10,000 for families, requires 100% coverage for preventive services, and prohibits annual or lifetime limits on coverage. The bill also creates the Health Benefits Advisory Council, chaired by the Surgeon General, that will set additional requirements about specific services to be covered by the essential benefits package. Employer coverage, individual coverage and public option- must meet the “essential benefits” levels to qualify as acceptable coverage.

**8. Individual Mandate-** Requires ALL individuals to obtain health insurance or pay a 2.5% penalty. Prohibits coverage purchased through the individual market from qualifying as acceptable coverage unless it is grandfathered coverage. Grandfathered coverage in this bill means it was in existence prior to the start of the exchange, it does not accept any new enrollees (except dependents) and the issuer does not change any of its terms or conditions, including benefits, premiums and cost-sharing.

**7. High Risk Pool-** Establishes a temporary national high-risk pool to provide health coverage to individuals with high risk or pre-existing medical conditions. Qualifications include: individuals who have been denied coverage, offered unaffordable coverage, have an eligible medical condition or who have been uninsured for at least six months.

**6. Indefinite COBRA Period-** Individuals currently eligible for COBRA coverage can keep COBRA coverage until the Exchange is established or they obtain acceptable coverage. This means COBRA eligible individuals can stay on employer plans until 2013.

**5. Prohibits Benefit Reductions-** Prohibits employers from reducing retiree benefits unless reductions also apply to current employees.

**4. New Government Subsidies-** Individuals and families with annual income up to 400% of poverty level, or \$88,200 for a family of four, would get sliding-scale subsidies to help them buy coverage. The subsidies would begin in 2013.

**3. The Surtax-** Levies an additional 5.4% tax on individuals and small business owners filing taxes as an individual making more than \$500,000 or couples and small business owners making more than \$1,000,000.



The Ohio Chamber of Commerce presents...

**2. Government-run, public option-** Creates a government-run health care option that has the power to “set” provider reimbursement rates much lower than private insurers can. This enables costs to be kept artificially low within the public plan and unfairly compete with private insurers, ultimately leading to a single government run plan- courtesy of the American taxpayers.

**1. Employer Mandate-** The bill requires all employers with more than \$500,000 in annual payroll to provide coverage to employees. The coverage must meet the “essential benefits” requirements or will not qualify as “acceptable coverage.” Employers must also pay AT LEAST 72.5% of premiums for employees AND 65% of premiums for dependents to avoid the penalty. The penalty is:

- 8% of payroll for businesses with more than \$750,000 in annual payroll
- 6% of payroll for businesses with annual payroll between \$670,000 and \$750,000
- 4% of payroll for businesses with annual payroll between \$585,000 and \$670,000
- 2% of payroll for businesses with annual payroll between \$500,000 and \$585,000
- Exempts all businesses with less than \$500,000 in annual payroll