



## **NEW BURDENS ON EMPLOYERS IN H.R. 3962**

- All employers with total payroll over \$500,000 will be required to provide “Qualified Health Benefits” for their employees and their dependents or pay a pay-roll tax on a sliding scale of up to 8% of payroll.
- Employers will be required to pay 72.5% of premiums for their employees and further required to provide dependent coverage (and pay 65% of the premiums)
- Allow individuals (dependents of employees) who are under 27 to remain on an employer’s plan.
- Shortens the time that plans can look back for pre-existing conditions from 6 months to 30 days and shortens the time plans may exclude coverage from 12 months to 3 months.
- No lifetime limits on coverage for all health plans.
- New provider network adequacy requirements on all health plans.
- New minimum actuarial value requirements on all health coverage.
- After 5 years, all plans will also be required to meet the “qualified health plan” definition – ERISA plans will no longer have design flexibility.
- Expansion of COBRA coverage until insurance exchanges are implemented.
- New premium tax on all participants in fully-insured and self-insured plans to fund comparative effectiveness research program. (new tax)
- Eliminates deduction for expenses that can be allocated to the Medicare Part D subsidy.
- Employers are prohibited from making changes to their retiree health benefits, unless health plan is also changed for active beneficiaries.
- Limits maximum amount that an employee can save in a Flexible Spending Account to \$2,500, indexed to inflation.
- Increases the penalty from non-qualified distributions from Health Savings Accounts to 20 percent (from 10 percent).
- Flexible Spending Accounts (FSAs), Health Spending Accounts (HSAs) and Health Reimbursement Arrangements (HRAs) will no longer be eligible for over-the-counter medical purchases, except with a physician’s consent.
- Mental health parity required for ALL employers (including 50 and under which were carved out).
- New onerous record keeping requirements on employers.