

MAJOR PROVISIONS* OF FEDERAL HEALTH CARE REFORM PACKAGE

Employer Responsibilities (beginning 2014):

- Employers with 50 or more employees that have AT LEAST ONE employee receiving the premium tax credit created under the bill will pay a penalty. The penalty will be:
 - For employers **NOT** providing health care coverage: \$2,000 per full-time employee (FTE)
 - First 30 FTEs will be exempt from penalty
 - For employers that **DO PROVIDE** coverage: \$3000 per FTE receiving the premium tax credit OR \$2000 per FTE whichever is less
 - Full-Time Employees (FTEs) are defined as employees who work 30 hours or more per week and part time employees are factored in using full time equivalents.
- Employers may require employees to wait up to 90 days for access to employer-sponsored plan.
- Dependents can stay on employer plan up to age 26 (Note: Ohio law starting in July 2010 allows dependents to stay on coverage up to age 28 this applies to all health plans except self-insured)

“Cadillac” Excise Tax (beginning 2018):

- Levies a 40 percent excise tax on high-cost plans valued at more than \$10,200 for individual and \$27,500 for family coverage
- Delays the tax until 2018 Excludes dental and vision coverage from the calculations of health costs that are subject to the tax
- Indexes the tax thresholds by the consumer price index (CPI) plus 1 percent in 2019, and by CPI alone in 2020 and after

Individual Responsibilities (beginning 2014):

- Requires all individuals to have insurance or pay a penalty
 - Flat fee penalty is \$325 in 2015, \$695 in 2016.
 - Income based penalties will start at 1% in 2014 and increase to 2.5% in 2016.
 - Individuals generally will pay the greater of the fixed dollar penalty or the percent of income penalty
- Bill contains exemptions for individuals without health insurance whose income is below the filing level for income tax purposes.

Medicare Hospital Insurance Tax (beginning 2013):

- Individuals with wages above \$200,000 (single return) or \$250,000 (joint return) would be subject to an additional 0.9 percent tax on wages in excess of the thresholds. This is only applicable to the employee wages – employer part of Medicare payroll tax remains the same.
- Individuals with total taxable income above \$200,000 (single return) or \$250,000 (joint return) would be subject to a 3.8 percent tax on unearned income above the thresholds.

Medicaid Expansion (beginning 2014):

- Expands Medicaid to 133% of federal poverty level
 - This includes individuals earning up to \$12,270 and families of four up to \$24,983
- Federal government will pay for newly eligible individuals as follows:
 - 100% thru 2017
 - 95% thru 2019
 - 90% thereafter

*This outline represents the basic provisions contained in the health care reform package. More detail about the bills and related provisions are forthcoming.