



# GOVERNOR'S OFFICE FOR CONSUMER HEALTH ASSISTANCE

## *SMALL BUSINESS NEWSLETTER*

**AUGUST 2010**

## HEALTH CARE REFORM UPDATE

Since the Patient Protection and Affordable Health Care Act (PPAHCA) was signed into law in March 2010, much has been written about how the various provisions will affect individuals, insurers, healthcare providers and small businesses. Below are highlights of some of the provisions of the Act that directly impact small businesses starting in 2010. While there is concern about the legality of this legislation, until a final decision is made, the following is critical information.

### 2010

#### **TAX CREDIT FOR EMPLOYERS WHO PROVIDE HEALTHCARE COVERAGE FOR THEIR EMPLOYEES**

Beginning with tax year 2010 and going through 2013, small business owners and certain non-profit (501-C) organizations who provide health care coverage for their employees may be eligible for a tax credit of up to 35 percent. An estimated 29,600 Nevada Small Businesses may be eligible for the tax credit this year. *-Source: FamiliesUSA*

Eligibility requirements are as follows:

- An employer must have less than 25 full-time equivalent (FTE) employees for the tax year; part-time employees may be included. Two part-time employees count as one FTE for purposes of calculating the credit.
- The average annual wage per employee must be less than \$50,000, and;
- The employer must pay at least 50% of their employees' health insurance premiums.

For further details contact your tax professional or log onto "IRS.gov" *-Source: IRS.gov*

#### **CHILDREN MAY REMAIN ON THEIR PARENTS' HEALTH PLAN UNTIL AGE 26**

Effective September 23rd, insurers who provide coverage for dependent children through a parent's group or individual plan will be required to provide that coverage through the child's 26th birthday, EVEN IF:

- The child no longer lives with the parents, or
- Is not a dependent on the parent's tax return, or
- Is no longer a student.

The provision applies to married or unmarried dependents although, that same coverage does not apply to THEIR spouse or dependents. Some insurers have already begun to allow coverage before the effective date of September 23rd to help avoid coverage gaps.

#### **EARLY RETIREES BENEFIT FROM THE EARLY RETIREE REINSURANCE PROGRAM**

The Early Retiree Reinsurance Program became effective in June of this year. The program provides coverage for people ages 55 through 64 who retire early but are not yet qualified for Medicare. Access to the program would be obtained through the employer and/or their group plan. An employer must submit an application to the Department of Health and Human Services and be approved before any claims can be processed. Once approved, however, claims dating back to June 1, 2010 will be accepted.

#### **HEALTH COVERAGE FOR THOSE WITH PRE-EXISTING CONDITIONS**

Effective almost immediately after the Act was signed into law, a provision to provide access to uninsured individuals with pre-existing conditions took effect. While Nevada does not have its own "High Risk" plan, those who are eligible will be able to sign up for the Federal Pre-Existing Condition Insurance Plan (PCIP). The Plan will provide a wide range of health benefits including primary care, specialty care, hospital care, and prescription drugs. To be eligible for coverage under the PCIP:

- You must be a U.S. Citizen or legal resident
- You must have been uninsured for at least 6 months
- You must have been denied coverage by an insurance company due to a pre-existing condition within the past year.

Eligible individuals may visit [www.healthcare.gov](http://www.healthcare.gov) to obtain more information and to apply, or call: 1-866-717-5826.



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## HEALTH CARE REFORM UPDATE...(continued)

### 2011

#### REPORTING REQUIREMENTS FOR EMPLOYERS

Beginning in the 2011 tax year, employers will be required to report the "aggregate cost" of employer-sponsored health coverage on an employee's W-2. At the end of each tax year an employer will need to: 1) Determine what "applicable" employer-sponsored coverage was provided to each employee; 2) Calculate the "aggregate cost" of that coverage for each employee; and 3) Record that "aggregate cost" on each employee's W-2. **Contributions to HSAs and FSAs are excluded.**

#### LIMITS IMPOSED ON HEALTH SAVINGS ACCOUNTS/FLEXIBLE SPENDING ACCOUNTS

Employees who participate in Health Savings Accounts (HSA) or Flexible Spending Accounts (FSA) will no longer be able to use those funds to purchase prescribed items. This includes over the counter medications but excludes insulin. The penalty for using these funds for non-qualified purchases will increase to 20%.

#### EMPLOYEES CAN ENROLL IN A PLAN TO OFFSET LONG-TERM CARE NEEDS

Procedures will be in place whereby employers may choose to participate in a community living assistance services and support (CLASS) program. Employees of these participating employers will be automatically enrolled in a long-term care plan for which payroll deduction may occur. Employees may choose to opt-out of the program. For those who choose to enroll, there is a five year vesting period after which he/she will receive a daily benefit to cover costs of assistance with major life activities such as bathing, eating, or dressing. Regulations on standards for this benefit will be published by October 2012.

### 2012 and beyond

One of the more significant provisions that made it into the Health Care Reform Act has nothing to do with health care at all. Beginning in 2012, businesses will be required to send a Form 1099 for every business to business transaction of \$600 or more. By 2014, Every U.S. Citizen and legal resident will be required to have health insurance. At the same time, Insurance exchanges via the internet will be in place for small businesses and individuals to purchase coverage. Development of these exchanges begins this year. More information on these and other major provisions will be provided in future editions of this newsletter.

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: The Governor's Office for Consumer Health Assistance was established to pro-  
: vide a single point of contact for health care consumers to assist them in under-  
: standing their rights and responsibilities under Nevada law, health care plans and,  
: workers' compensation policies. The Office is dedicated to providing assistance  
: through information, counseling, education, and advocacy. The mission of the  
: Small Business Health Information and Education Program is to inform and edu-  
: cate small business employers about health care benefit options to enable them  
: to make informed decisions on behalf of their employees. If you're a small busi-  
: ness owner who needs information on health plans, workers compensation, or the  
: new health care reform law or, if you already provide insurance for your employ-  
: ees and who provides group health insurance to your employees and you're en-  
: countering problems such as claim denials, delays in benefits, or billing issues  
: that can't be resolved, **call us today at 702-486-3587 or Toll-Free at 1-888-333-  
: 1597!**  
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