

GETTING READY FOR HEALTH CARE REFORM'S BENEFIT PLAN IMPACT

As many of you by now have read or heard in the news, Health Care Reform, signed on March 23rd, 2010 by the President, is one of the largest sweeping pieces of legislation in decades. Some of the elements become effective for Capital Health in 2011, while other provisions will take event in later years.

With much more detail and clarification still emerging, and government guidance anticipated in the coming months to ensure all employers such as Capital are compliant, we would like to share those key pieces likely to impact Capital's benefit programs.

Dependent Coverage to Age 26- This highly profiled provision will allow dependents lacking access to other employer based coverage the ability to be covered under Capital's health plan. There will be no student, residence or marital status requirement and will be a tax-exempt benefit to the employee.

Dependents on Cobra or not currently covered under Capital's plan will be allowed to enroll effective January 1, 2011. More detail on the enrollment process will be communicated later this year.

Elimination of Lifetime Plan Maximums-Also effective January 1, 2011 the Capital Care Medical Plan will no longer have a lifetime benefit limit (currently set at 2 million dollars).

Health Care Flexible Spending Accounts- Participants enrolled in a health care flexible spending account (FSA) will no longer be able to receive reimbursement for non-prescribed over the counter (OTC) medications.

Form W-2 Reporting for 2011 health coverage-Plan sponsor's such as Capital Health will be required to report the value of employer provided health coverage on an employees W-2 (this will be issued in January of 2012 for the 2011 plan year). Although not a taxable event, more guidance is expected next year on how this will appear on an employee's W-2 form.

More information will be communicated in the coming months and in particular during the open enrollment period in October. It will therefore be more important than ever for you to read this information and take any necessary actions.