

MidAmerica Health Care Reform Bulletin

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INTRODUCTION

With the bulk of the healthcare reform statutes being implemented in 2014, there are many questions and misconceptions being bantered about the marketplace. In an effort to address the questions and concerns as well as keep you apprised of developments as they occur, MidAmerica is pleased to present a monthly newsletter which we hope you will find informative and useful. We would like this bulletin to be as interactive as possible, so we invite your questions and concerns and will do our best to address them. As always, if you have specific questions you wish to have addressed immediately, please do not hesitate to contact us for a more expedient response.

New Nondiscrimination Requirements and Its Impact on Retiree Only Plans

Beginning in 2012, healthcare reform expanded the nondiscrimination rules set forth in §105(h) to apply to fully insured medical plans as well as self-insured health plans. However, there are two very important caveats to point out:

- The IRS recognized the difficulty in applying the § 105(h) rules as written to fully insured medical plans. As a result, there is a non-enforcement period which extends to an undetermined date in the future until the IRS releases guidance on the application of the rules. The IRS has indicated the guidance will be prospective which will allow any plans affected by the guidance to make corrective action.
- Retiree only plans are exempt from the expansion of the § 105(h) rules.

So how may this affect your Premium Reimbursement Arrangement?

Many PRA plans are written in such a way where contributions are made on behalf of all or a select group of retirees to provide for reimbursement of premium expenses in retirement. The exemption for retiree only plans preserves the ability to continue writing this type of plan.

Patient Centered Outcome Research Institute (PCORI) Fees

We recently sent out a bulletin regarding a new fee created by healthcare reform called the Patient Centered Outcome Research Institute (PCORI) fee. For the first year the fee is assessed (i.e., policy and plan years ending on or after October 1, 2012 and before October 1, 2013), the fee is \$1 multiplied by the average number of covered lives. For plan years ending after October 1, 2013, and before October 1, 2014, the fee is increased to \$2 per participant per year. Each plan year thereafter, the fee is indexed according to the increase in per capita national health expenditures as determined by the Department of Health and Human Services. Please note, this fee expires for any plan year end after October 1, 2019.

For plan years ending before January 1, 2013, the first payment is due by July 31, 2013. We will be reaching out to these clients shortly to discuss this matter further. For plan years ending after January 1, 2013, the first payment is not due until July 31, 2014. We are still consulting with legal experts regarding the definition of participant to ensure an accurate fee calculation.

ABOUT THE AUTHOR



Trent Teesdale, MidAmerica's Director of Operations, has ten years of experience administering HRA, FSA, and retirement plans, and has obtained CEBS (Certified Employee Benefits Specialist), GBA (Group Benefits Administrator) and RPA (Retirement Plan Administrator) designations. He continues to work closely with our legal counsel, Groom Law Group of Washington, D.C., concerning the impact of health care reforms on health & welfare plans for the benefit of our clients.

What questions or concerns do you have about the Affordable Care Act's impact on you?

We invite you to email Trent at trent.teesdale@midamerica.biz



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