

Health Care Reform Has Passed! Now, What Do You Tell Employees?

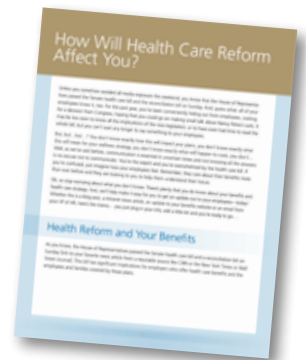
March 24, 2010

Congress made history Sunday, March 21, 2010, as the house passed both the Senate-passed health care reform bill and changes to the Senate bill in a separate budget reconciliation bill called, Health Care and Educational Reconciliation Act of 2010. Shortly after the historic vote, Obama said, "This legislation will not fix everything that ails our health care system, but it moves us decisively in the right direction."

Employees are left wondering: How does health care reform affect me? Will my coverage change? Will I lose coverage? Will I pay more? While it would be nice to wait until you have analyzed all aspects of health care reform and made a careful assessment of the implications of the new legislation, you need to communicate to your employees NOW. What should you do?

Communicate to employees right away...today, if possible

Easier said than done? Not really, because here's a ready-to-send memo template (<http://www.benzcommunications.com/blog/what-to-tell-your-employees-about-health-reform>) you can use, compliments of our colleague, Jennifer Benz of Benz Communications. Just customize the memo where indicated and you're ready to roll.



Once you've had an opportunity to get a better grasp on how health care reform affects your organization and your employees/retirees, create communication that explains:

- **How your organization's benefits might change.** See "Key Provisions of Health Care Reform" for a summary of changes that may impact your benefit plans and employees.
- **Where to find trustworthy online resources.** There is a plethora of misinformation about health care reform. Help employees educate themselves about the facts of health care reform by listing trustworthy online resources, such as recent news reports from CNN, MSNBC, the Washington Post and New York Times. The Kaiser Family Foundation (www.kff.org) provides an online tool that allows users to quickly compare the White House/Congressional Leadership Reconciliation Bill approved by the House on March 21, 2010, with the Senate bill both chambers passed and with last year's House-passed bill. The Foundation also offers detailed descriptions of the Medicare and Medicaid provisions.

629 Eisenhower Street

Yadkinville, NC 27055

Office 336.849.4045

Cell 336.287.5791

Fax 336.232.1701

kdillon@pebblelakeinc.com

- **How to access the resources already available through your organization** to help employees stay healthy and hold down their health care costs, such as preventive care benefits, health care flexible spending accounts, and wellness programs.

This may be the right time to leverage social media to get messages out quickly and cheaply and to find out what's on employees' minds. For example, you could set up a blog focused on health care reform, a discussion board, or any other two-way channel.

Key Provisions of Health Care Reform

Here are a few of the employer-related provisions that are part of the final legislation for "grandfathered plans" (existing group health plans):

- Early retirement reinsurance program. Beginning 90 days after enactment, the federal government will launch a temporary reinsurance program to reimburse employer plans for 80% of the cost of benefits provided to retirees age 55 through 64 in excess of \$15,000 and below \$90,000. This program will end by 2014 or when the limited funding of \$5 billion is exhausted.
- A stopgap measure that allows dependent children up to age 26 (regardless of whether they qualify as the employee's tax dependent) to stay on their parents' health plans. For group health care plans only, prior to 2014, this provision would apply only if the adult child does not have access to other employer-sponsored health coverage. (The reconciliation bill also assures that this coverage can be provided tax-free.)
- No preexisting conditions for children under age 19.
- No cancellation of health coverage, except in the case of fraud (primarily an individual insurance policy issue).
- No lifetime limits.
- The reconciliation bill would phase out the Medicare Part D coverage cap completely by 2020. In 2010, beneficiaries who are in a prescription drug plan and who reach the coverage gap ("donut hole") will receive a one-time rebate of \$250, as well as a reinsurance program for pre-Medicare retirees.
- Requirement to satisfy the nondiscrimination rules of Internal Revenue Code Section 105(h), previously applicable only to self-insured plans.

Beginning in 2011, these provisions take effect:

- The costs of over-the-counter medicines will not be eligible for reimbursement from a health care flexible spending account (FSA), health savings account (HSA) or health reimbursement arrangement (HRA) unless prescribed by a health care provider.
- Drug manufacturers will be required to provide a 50% discount to Medicare Part D beneficiaries on brand name drugs and biologics in the donut hole coverage gap.
- Medicare Part D premiums will be set higher than the standard level for those with incomes above \$85,000 for individuals and \$170,000 for couples.

Just like pebbles
thrown into a still lake,
communication creates
ripples that spread
out endlessly.

Let Pebble Lake
help you harness the
power of the ripple effect.

Make a splash.
Create ripples.

Call us today.
336.849.4045

- Employers will be required to disclose the value of each employee's health coverage on the employee's annual Form W-2 that is filed with the IRS (starting with the Form W-2 covering the year 2011).
- The law will impose new annual fees on pharmaceutical manufacturers, expected to be passed on to employers and other payers, according to a schedule.

Beginning in 2013:

- Contributions to a health FSA made through pretax salary reduction will be capped at \$2,500 per year, indexed to the CPI.
- Individual taxpayers will be able to deduct only the portion of medical expenses that exceed 10% of their adjusted gross income (currently 7.5% of income), deferred to 2017 for those age 65 and older.

Beginning in 2014, plans will be prohibited from having:

- Annual limits on essential health care benefits.
- Preexisting condition exclusions.
- Waiting periods in excess of 90 days.

Beginning in 2018, the excise tax on high-cost plans would begin (delayed from 2013 to 2018 under the reconciliation bill).

About Us

Pebble Lake Consulting & Coaching, Inc. is boutique employee communication firm with years of experience, a portfolio of award-winning work, and only senior consultants on staff. We'd love to help you create engaging, effective and cost-efficient health care reform communication—or any other communication you want to develop. Contact us today for an initial consultation at no charge! Call **336-849-4045** or email **kdillon@pebblelakeinc.com**. Be sure to visit our Web site at **www.pebblelakeinc.com**.

Just like pebbles
thrown into a still lake,
communication creates
ripples that spread
out endlessly.

Let Pebble Lake
help you harness the
power of the ripple effect.

Make a splash.
Create ripples.
Call us today.
336.849.4045