



# Legislative Brief

## Congress Passes Landmark Health Care Reform Bill

On March 21, 2010, the U.S. House of Representatives passed major health care reform legislation, the Patient Protection and Affordable Care Act. The legislation was previously passed by the U.S. Senate in December 2009 and was signed into law by President Obama on March 23, 2010.

In addition to the main bill, the House also passed a budget reconciliation bill. The Health Care and Education Reconciliation Act of 2010 includes changes to the main bill sought by the House. These changes must now be passed by majority vote in the Senate, with any amendments agreed to by the House, and signed by the President before they take effect.

### How Health Care Reform Will Affect Your Business

Although the reform package has yet to be finalized, major changes are looming. Some of the package's provisions that will affect employers include:

- **Employer Mandates.** Effective in 2014, most employers with 50 or more employees must offer coverage to employees. Employers who do not do so may be subject to hefty penalties. The benefit plans offered will also have to meet certain requirements.
- **Individual Mandates.** Citizens and legal residents will be required to have a certain level of health coverage, or pay a tax penalty. These rules could restrict the usage of high deductible health plans and will decrease the chance that your employees will decline coverage under your plan.
- **Coverage Subsidies.** Small employers that provide health insurance for employees will be eligible for a tax credit. Also, employers who provide insurance to retirees over age 55 who are not eligible for Medicare are eligible for a temporary reinsurance program.
- **Health Benefit Exchanges.** In 2014, state exchanges will be established for small businesses and individuals to shop for health insurance. Larger businesses will be able purchase coverage in the exchanges in the future.
- **Insurance Reforms.** These reforms require policies to provide dependent coverage for children up to age 26. They prohibit lifetime coverage limits, rescission of coverage except in cases of fraud, and imposing pre-existing condition exclusions on children. Many of these provisions will take effect in 2010. They may affect your benefits and how you administer your benefit programs.

### Morris & Garritano Can Help You Get Ready for Changes

Health care reform will almost certainly involve sweeping changes to the benefits you provide your employees and how you provide them. However, it will most likely affect each business differently. Morris & Garritano can review your company's benefits to help you prepare for the changing landscape. We can work with you to maximize the value of your employee benefits and minimize your costs and risk. We will keep on top of developments regarding health care and keep you informed.

Please contact your Morris & Garritano representative with any questions.

*This Morris & Garritano Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.*