



**Benefit Plan  
Administrators**

# UpFront

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## **PPACA TAX CREDIT AVAILABLE TO SMALL BUSINESSES**

Small businesses may qualify for a new tax credit this year as part of the recently passed Patient Protection and Affordable Care Act (PPACA). To be eligible, a small business or tax-exempt organization must pay employee health insurance premiums in 2010, have fewer than 25 employees (more if you have part-time employees) and less than \$50,000 in average wages.

Eligible small employers could qualify for a credit worth up to 35 percent of premiums paid in 2010, and tax-exempt organizations could qualify for a credit worth 25 percent of premiums paid.

For more information, visit [www.irs.gov](http://www.irs.gov). We encourage you to consult your tax professional to see if you qualify for this credit.

## **UPDATE ON 'GRANDFATHERED' HEALTH PLAN STATUS**

During the health reform debate, President Obama assured Americans that if they liked their health plan, they could keep it.

The interim final rules on "grandfathered" health plans that were published June 17 relate to that promise. Grandfathered health plans are exempt from some provisions of PPACA. Plans that were in effect when the health reform bill was passed March 23 are eligible to retain their grandfathered status.

Plans can lose their grandfathered status by making changes to certain aspects of the plan, like cutting benefits or increasing coinsurance for the plan participant, among others. Plans can still retain their grandfathered status when they make changes, such as adding enrollees.

Even grandfathered plans are subject to some provisions of the health reform legislation. For example, all group plans must remove lifetime and annual dollar limits on coverage, must extend coverage to adult children who are not eligible for coverage under their own employer's plan up to age 26 and cannot impose waiting periods on children under 19 for pre-existing conditions.

For more information, see the fact sheet at [http://healthreform.gov/newsroom/keeping\\_the\\_health\\_plan\\_you\\_have.html](http://healthreform.gov/newsroom/keeping_the_health_plan_you_have.html) and the Q&A at <http://www.healthreform.gov/about/grandfathering.html>, both from HHS.

If you have questions, please contact our office.

## **SEND YOUR EMPLOYEES A CHIPRA NOTICE**

The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) requires employers to provide a disclosure notice to employees regarding its group health plans. Under CHIPRA, any employer who maintains a group health plan in a state that provides group health plan premium assistance under Medicaid or the Children's Health Insurance Program (CHIP) must provide certain notification of such premium assistance opportunities to each employee residing in those states.

For more information and to view the Model Employer CHIP Notice, visit [www.dol.gov/ebsa](http://www.dol.gov/ebsa). If you have questions, please contact our office.

## **IRS EXCISE TAX REQUIREMENTS ANNOUNCED**

When the Health Insurance Portability and Accountability Act (HIPAA), Consolidated Omnibus Budget Reconciliation Act (COBRA) and other employee benefit laws were enacted, each included an excise tax penalty for violating the provision. Until now, employers did not have guidance on how to report those violations or how to pay the excise tax. The U.S. Department of Treasury has issued final regulations requiring sponsors of group health plans to self-report and pay an excise tax for failure to comply with various federal mandates.

These federal mandates include, but are not limited to:

- COBRA
- HIPAA
- GINA (Genetic Information Nondiscrimination Act)
- Mental Health Parity

Please visit <http://www.irs.gov/instructions/i8928/ch01.html> for additional information and instructions on completing Form 8928. The form can be found at [www.irs.gov/pub/irs-pdf/f8928.pdf](http://www.irs.gov/pub/irs-pdf/f8928.pdf).

## **EMPLOYERS PLAN TO PROVIDE HEALTH COVERAGE**

Most employers will wait to make changes to their employee health plans until mandated under PPACA, according to a survey conducted by the International Foundation of Employee Benefit Plans. Of the 1,000 employers surveyed, 87 percent said they believe they will continue to offer the benefits because benefits help to attract and retain employees, as well as keep the company competitive.

Only 20 percent of employers will adopt early the provision requiring coverage for adult children younger than age 26. About 42 percent of employers will also extend dental coverage to adult children, and 32 percent will to extend vision benefits.

Eighty-six percent of employers whose plans currently include lifetime maximum provisions on essential benefits will wait until the law forces them to make the change.

PPACA provides a one-time federal reinsurance program for employers who currently offer medical benefits to retirees. As a result, 52 percent of employers who offer those benefits hope to participate in the reinsurance program.

In the next 12 months, 61 percent of employers that offer medical benefits to retirees will review their health plan benefit strategies for early retirees (55-64 years old).

Many employers are looking for ways to contain costs. One-fourth of those surveyed plan to add or promote high-deductible health plans in the next 12 months. Many employers will focus on account-based plans linked to health savings accounts. Nearly half of those surveyed said they are considering redesigning high-value health plans that would be affected by the excise “Cadillac” tax. Sixty-six percent of employers will take advantage of PPACA’s provision that will offer increased levels of financial incentives to employees who participate in employer-provided wellness programs.

Employers will need to communicate health plan changes to their employees; 51 percent will use e-mail, 49 percent will use special written communication pieces and 42 percent will use their company’s website.

## **WHAT EMPLOYEES SAY ABOUT HEALTH CARE**

Hewitt Associates and the National Business Group on Health conducted a survey of employees and dependents to find their views and behaviors relating to health care, employer-sponsored health benefit plans, and employer-sponsored wellness programs.

A few key findings of the survey include:

- Employees know how to get healthy, but many aren’t taking action.
- Skepticism, confusion and cost questions get in the way of healthy actions.
- Program participation is generally low, but satisfaction is high.
- Internal motivators can be just as effective as financial ones.
- Targeted and personalized communication is most compelling.
- It’s all about affordability when evaluating future coverage.

To view the entire survey, *Employee Health Care Mindset: Views, Behaviors, and Solutions*, visit [www.hewittassociates.com](http://www.hewittassociates.com).

## **ADULTS WITH DEPRESSION MORE LIKELY TO SMOKE**

In every age and gender group, adults with depression are more likely to smoke than those without depression, according to a report from the April 2010 National Center for Health Statistics’ (NCHS) *Data Brief*.

According to the report, since 1964, when the Surgeon General’s first Report on Smoking and Health was released, cigarette smoking among adults in the United States has been reduced by one-half. However, 21 percent of the adult population still smokes.

About 7 percent of adults ages 20 and older had depression in 2005–2008.

Below are key findings from National Health and Nutrition Examination Surveys conducted from 2005–2008.

- Adults ages 20 and older with depression were more likely to be cigarette smokers than those without depression.
- Women with depression had smoking rates similar to men with depression, while women without depression smoked less than men.
- The percentage of adults who were smokers increased as depression severity increased.
- Among adult smokers, those with depression smoked more heavily than those without depression. They were more likely to smoke their first cigarette within five minutes of awakening and to smoke more than one pack of cigarettes per day.
- Adults with depression were less likely to quit smoking than those without depression.