

Law imposes health-care regulations and potential penalties.



ON MARCH 22, 2010, President Obama signed into law the Patient Protection and Affordable Care Act (PPACA), which aims to provide

health insurance to all Americans regardless of their ability to pay. The law imposes many new regulations on employers and introduces financial penalties for failure to comply.

Some PPACA provisions apply immediately, while others aren't effective until 2014. Here are some PPACA highlights that apply to credit unions immediately:

- ▶ **Small businesses** (25 or fewer employees) will be eligible to receive a sizable tax credit to help them provide coverage to all employees;
- ▶ **Companies** with more than 200 employees must automatically enroll all full-time employees in their group health insurance plans before the end of 2010, although regulations are expected to clarify this requirement; and
- ▶ **Employers** of all sizes must accommodate mothers with children younger than one year old by allowing them a reasonable amount of time, as well as a venue other than a bathroom, to express breast milk. Businesses with fewer than 50 workers, however, aren't bound by this provision if they can show that compliance would cause an undue burden.

The law doesn't define "undue burden," although the term will most likely be explained in regulations. Employers will bear the evidentiary burden of proving that an undue burden exists if they seek to avoid compliance with this accommodation requirement.

PPACA Compliance Requires Patience

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Beginning in 2011, every employer must disclose the monetary value of each employee's health benefits on that employee's W-2 tax form. While this increases administrative work, it will help employees better appreciate the sizeable amount employers pay on their behalf for health insurance.

Dependent children will be eligible for coverage under their parents' health-care plans up to age 26, effective Jan. 1, 2011, for calendar year plans.

Beginning in 2012, all employers must provide a 1099 form to outside providers that provide services in excess of \$600 per year. Also, 2012 will begin a tax of \$1 for every employee covered under an employer's plan (increasing to \$2 per enrollee in 2013) to fund health-related research. This tax sunsets after 2019.

This year will roll out a uniform explanation-of-coverage document that insurance issuers and sponsors of self-insured plans must provide to all enrollees, detailing an overview of their benefits and coverage.

In 2013, employers must inform employees that a health insurance exchange program exists and that some employees may qualify for federal assistance in obtaining health care if their income doesn't reach a certain level or if the employer's plan is deemed "unaffordable" to that employee. Employers also will be required to inform employees that if they accept federal assistance for health-care coverage, they may lose the employer's contribution to their health-care plan.

In 2014, companies with 50 or more full-time employees (FTEs) that don't provide health-care



coverage to all FTEs by January 1 face a fine of \$2,000 for each such employee

(although the first 30 FTEs are exempted) if one or more of these employees uses government-subsidized health-care benefits. If, for example, your credit union employs 75 FTEs, one of whom receives subsidized insurance coverage, you'd pay the \$2,000 fine for 45 employees (\$90,000).

PPACA imposes many new regulatory challenges for employers. Guidance and regulations are promised to help employers meet their compliance obligations.

Third-party plan administrators and benefits consultants already offer assistance, and the Credit Union National Association will provide educational programs to help credit unions meet these requirements. Many credit unions will appoint their own administrative employees to become in-house experts on the health-care reform changes.

The good news is that credit unions have a proven record of adapting to new regulations. Most of all, credit unions are still about people helping people, and health-care reform is consistent with this philosophy. ☺

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