

# Health Care Reform Timeline

Presented by Cherry, Bekaert & Holland



Effective Year	Provision	Notes
2010	Insurer Regulations on Providing Coverage	<ul style="list-style-type: none"> <li>Insurers to cover children regardless of preexisting condition, adult children to age 26, place no lifetime limits on coverage</li> </ul>
	Economic Substance Doctrine Codification	<ul style="list-style-type: none"> <li>Modification of the economic substance basis</li> <li>Penalties of 20% to 40% in effect for non-compliance</li> </ul>
	Excise Tax on Indoor Tanning Services	<ul style="list-style-type: none"> <li>Starting July 1, 2010, a 10% tax levied indoor tanning services</li> </ul>
	Tax Credit for Investments in New Health Care Therapies	<ul style="list-style-type: none"> <li>A two-year temporary credit available for investments in new therapeutic discovery projects in 2009 and 2010</li> </ul>
	Tax Credits for Small Businesses Offering Health Insurance	<ul style="list-style-type: none"> <li>Up to 35% of the employer contributions for qualifying businesses</li> </ul>
	Adoption Credit Extended	<ul style="list-style-type: none"> <li>Credit for child adoption increased to \$13,170 in 2010, indexed for inflation in 2011 (refundable in 2010 and 2011)</li> </ul>
2011	Annual Fee Imposition on Pharmaceutical Industry	<ul style="list-style-type: none"> <li>Manufacturers and importers of pharmaceuticals owe non-deductible fee, starting at \$2.5b, to be apportioned by market share</li> <li>Companies with no more than \$5m in branded sales are exempt</li> </ul>
	Medical Expense Definition Changes	<ul style="list-style-type: none"> <li>Definitions for qualified medical expenses altered as they relate to FSAs, HSAs, and Archer MSAs (certain medications exempt)</li> </ul>
	Nonqualified HSA & MSA Distributions Penalty Increases	<ul style="list-style-type: none"> <li>Penalty increases from 10% to 20% for HSAs</li> <li>Penalty Increases from 15% to 20% for MSAs</li> </ul>
	Employers Must Report Health Care Plan Values on W-2	<ul style="list-style-type: none"> <li>Employers must disclose the aggregate cost of each employee's health care benefits on his or her W-2 form</li> </ul>
2012	Corporate Information Reporting	<ul style="list-style-type: none"> <li>Businesses paying \$600 or more annually for property and services must file informational returns with provider and with IRS</li> </ul>
2013	Medicare Tax for High-Income Individuals Increases	<ul style="list-style-type: none"> <li>0.9% increase in earned income tax</li> <li>Applied to earned income over \$200,000 for individuals, \$250,000 for families</li> </ul>
	Medicare Contribution Surtax for High-Income Individuals	<ul style="list-style-type: none"> <li>3.8% contribution on unearned income</li> <li>Applies to MAGI over \$200,000 for individuals, \$250,000 for families (excludes retirement accounts)</li> </ul>
	Excise Tax on Medical Device Sales	<ul style="list-style-type: none"> <li>2.3% excise tax added to medical device manufacturers and importers</li> <li>Excludes retail items such as eyeglasses and hearing aids</li> </ul>
	FSA Contributions Limited	<ul style="list-style-type: none"> <li>Caps at \$2,500, indexed for CPI 2014 and later</li> </ul>
	Executive Compensation Deduction Limited	<ul style="list-style-type: none"> <li>Health Care Provider executives remuneration deduction caps at \$500,000</li> </ul>
	Deduction for Medicare Part D Ends	<ul style="list-style-type: none"> <li>No subsidy expense deductions for qualified employers</li> </ul>
2014	Individuals Required to Obtain Healthcare or Pay Penalty	<ul style="list-style-type: none"> <li>Must have minimum essential health coverage or pay penalties based on percentage of yearly income (phased-in over 3 years)</li> </ul>
	Employer Penalty for Not Providing Coverage	<ul style="list-style-type: none"> <li>Employers with more than 50 employees could pay up to \$2,000 per employee annually, after the first 30 employees</li> </ul>
	Annual Fee Imposition on Health Care Provider Industry	<ul style="list-style-type: none"> <li>Health care providers pay non-deductible fee of \$8b</li> <li>Apportioned by market share, certain groups exempt</li> </ul>
	Corporate Estimated Payments	<ul style="list-style-type: none"> <li>Corps with assets over \$1b must increase the estimated tax payments factor by 15.75% for July, August and September payment due dates</li> </ul>
	Employers Must Report Health Coverage Information	<ul style="list-style-type: none"> <li>Must file returns with the IRS including info about employer, waiting period, employees, coverage plans, and premiums (penalties for non-compliance)</li> </ul>
2018	Health Insurer Excise Tax on High-Cost Plans	<ul style="list-style-type: none"> <li>40% non-deductible excise tax imposed for plans over \$10,200 individual, \$27,500 family (higher limits for retirees)</li> </ul>



## The Firm of Choice.

Stay current on all health care reform issues by following CB&H online.

[www.cbh.com](http://www.cbh.com) | [economy.cbh.com](http://economy.cbh.com)

© 2010 Cherry, Bekaert & Holland, L.L.P.