

Health Care Reform Provisions Effective in 2011

GROUP MARKET		
Provision	Effective Date	Grandfather rules apply ⁽¹⁾
Increases the tax on distributions from a Health Savings Account or an Archer MSA that are not used for qualified medical expenses to 20% (prior 10% for HSA and 15% for MSA).	Distributions made on or after January 1, 2011	N/A
A national voluntary insurance program will be established for purchasing Community Living Assistance Services and Support (CLASS). The program will be provided through payroll deductions and all will be automatically enrolled in the program unless they choose to opt-out.	POSTPONED Estimated to be January 1, 2013	N/A
The costs for OTC drugs (other than insulin or doctor prescribed medication) cannot be reimbursed through an HRA or Health FSA nor can they be reimbursed on a tax-free basis through an HSA or MSA.	Expenses incurred on or after January 1, 2011	N/A
Employers that employed on average 100 or fewer employees in the preceding two years are permitted to establish a "simple cafeteria plan". In exchange for satisfying minimum participation and contribution requirements, these plans will be treated as meeting the non-discrimination requirements that would otherwise apply to the cafeteria plan.	Taxable years beginning on or after January 1, 2011	N/A
Disclose the value of the employer-sponsored health insurance coverage on the W-2. If an employee receives health insurance covered under multiple plans, the employer must disclose the aggregate value of all health coverage but exclude all contributions to HSAs, Archer MSAs and salary reduction contributions to FSAs.	POSTPONED until benefits payable during taxable years: Beginning on or after January 1, 2012 for employers that issue 250 or more W-2s; Beginning on or after January 1, 2013 for employers that issue fewer than 250 W-2s	N/A
Federal grants to be available for up to 5 years to small employers (less than 100) that establish comprehensive workplace wellness programs. It will not apply to a wellness program prior to March 23, 2010.	January 1, 2011	N/A
A new annual non-deductible fee on pharmaceutical manufacturers and importers of branded prescription drugs (including certain biological products).	Payable in 2011 with respect to sales in 2010.	N/A

⁽¹⁾ Grandfather health plans – Individuals and employer group plans that wish to keep their current policy on a grandfathered basis would only be able to do so if the only plan changes made were to add or delete new employees and any new dependents.