

## Health Care Reform & Benefits Administration

“a few facts and thoughts worth consideration”

Health Care Reform has moved to the implementation stage with several important items happening quickly. To follow are just a few you should be aware of as it relates to Benefit Plan Administration.

- I. After December 31, 2010 OTC medicines for FSA/HRA/HSA are ineligible unless there is a prescription or letter of medical necessity, or if it is for insulin. OTC health related supplies continue to be eligible. Employees should take this into consideration when making contributions. The legislation to cap FSA contributions to \$2500 per year does not begin until 2013.
- II. Effective 1/1/2011, the tax on distributions from a health savings account that are not used for qualified medical expenses increases from 10% to 20%. Cheating is getting more expensive.
- III. SIMPLE CAFETERIA PLANS are available for years beginning 1/1/2011:
  - Safe harbor is available to eligible small employers (100 or fewer eligible employees)
  - Special rules apply for new and growing employers
  - Employers must meet specified contribution, eligibility, participation requirements
  - By design, these employers are treated as “meeting nondiscrimination rules for cafeteria plans”
- IV. Periodic audits of health care rolls are a good idea. Think about requiring more proof of dependents’ eligibility ... marriage licenses, court documents, birth or adoption certificates, etc. Under the new law, employers cannot remove ineligible dependents retroactively and require the repayment of benefits paid. Employers that wish to drop ineligible dependents must provide 30 days notice before ending coverage going forward. An ineligible dependent who slips through the cracks may wind up costing a lot of money.
- V. The White House has launched a new website which will make it easier for us to find health care coverage and find out how the new rules may affect us. The website is [HealthCare.gov](http://HealthCare.gov).

Benefit Advantage is a Third Party Administrator for Cobra, Flexible Spending Account (FSA) and Health Reimbursement Arrangement (HRA) administration. We also provide broad Benefit Administration services including Open Enrollment, Benefits Tracking, Dependent Eligibility Verification, etc. Please feel free to contact us if we might be of service.

Mark S. Zelinski  
President  
Benefit Advantage, Inc.  
[mark.zelinski@benadvan.com](mailto:mark.zelinski@benadvan.com)  
920-339-0351 Ext. 126