

Public Employees Local 71 Trust Fund

Questions and Answers: Health Care Reform Act

Q: Will the recent health care reform bill affect my health trust benefits?

A: Yes. The Patient Protection and Affordable Care Act (PPACA) as amended by the Health Care and Education Reconciliation Act (Reconciliation Act) will require the Trust to modify its health plan and the mandated benefits will impact health plan costs. The Trust is awaiting further regulation from the Department of Labor, IRS and/or Department of Health and Human Services in order to determine how the law will be implemented. Until regulations are issued, there are many outstanding questions.

Q: What changes should I expect in the next two years?

A: First, the Trust will no longer be able to reimburse participants for certain over-the-counter items through the Health Flexible Spending Account, starting January 1, 2011. Only prescribed drugs and insulin will be reimbursable.

The next changes will go into effect on July 1, 2011, which is the beginning of the first plan year after October 23, 2010. We anticipate the following changes will be made:

- Dependents will be covered up to age 26.
- No preexisting condition exclusions will be allowed for participants under age 19.
- Lifetime limits and annual limits on essential benefits will not be allowed.
- 100% coverage will be required for some preventive care services.
- No preauthorization will be required for obstetrical or gynecological care.
- Possible changes to the appeals process may be necessary.

Q: Will the Trust make any other plan changes?

A: Future changes may be required. For example, in 2013, cost sharing will be limited, preexisting exclusions and limitations for all participants will be prohibited, and other benefits may be mandated. Until the regulations are issued, we cannot determine exactly which plan provisions will be affected or what changes the Trust will make.

Q: Will there be any changes to HCRA?

A: Yes, on January 1, 2011, the Trust will no longer be able to reimburse participants for certain over-the-counter items through the Health Flexible Spending Account. Only prescribed drugs and insulin will be reimbursable. In 2013, the maximum will be capped at \$2,500.

Q: When will the "Cadillac tax" be implemented? Will it affect the Trust plan?

A: In 2018, an excise tax will apply to the cost of health coverage that annually exceeds \$10,200 (single) and \$27,500 (family). We have many questions about how the costs will be calculated and applied. Therefore, it is difficult to determine whether the tax will apply to the Trust plan immediately.