

2010 Health Care Reform Act: Critical Tax and Insurance Ramifications for You, Your Business and Your Clients

Location: Crowne Plaza Hotel, 11228 Lone Eagle Drive, Bridgeton, MO 63044-2739

Date: August 19, 2010

Time: 8:00 AM – 11:30 AM

Dena Robbins and Teri Morton of Maloney Wright & Robbins, CPAs were in attendance at the above mentioned seminar and would like to provide some insight into this Act and how it may affect our clients as presented by the Missouri Society of CPAs. While these items are currently expected to take place, please keep in mind that as time passes it is very likely that some of these changes will be altered as new legislation is enacted. (The most highly anticipated change regarding the requirement of employers to provide health insurance takes place in 2013 and is outlined below.)

Changes for 2010:

- Medicaid subsidies will be increased.
- Health plans will now cover dependents up until the child turns age 26 effective September 23. Additionally, the child no longer has to be supported by or live with the parents who hold the coverage. This is only true if the child is not eligible for insurance by another employer such as the child's.
- Group insurers will no longer be able to exclude coverage for children under 19 due to pre-existing conditions. (Individual insurers will no longer be able to exclude coverage for these children under 19 beginning 2014.)
- Lifetime limits are no longer allowed.
- Emergency treatment will now be covered regardless of whether the treatment was done in-network or out-of-network.
- A tax is now in place for 10% of the cost to tan at an indoor tanning operation.
- Small businesses (those with 10 or fewer employees earning less than \$25,000 a year on average) and medium companies (those with 11 to 25 employees earning less than \$50,000 on average) are eligible for tax credits toward health insurance costs paid on behalf of their employees. The employer must be paying at least 50% of the employees' total health insurance cost to be eligible. This credit can be claimed on 2010 tax returns.
- Investments in new health care therapies are now eligible for tax credits in 2009 and 2010.
- Seniors that fall into the Medicare Part D gap will receive a rebate of \$250 in 2010 and will see a significant decrease in the gap beginning in 2011.
- Top heavy health insurance plans have now been eliminated.
- Funding for community health centers and training for health field professionals have been increased.

Additional items included in legislation that are not directly related to health care reform.

- Auto insurance is expected to decrease as the personal injury coverage will no longer be a burden solely bared by auto insurers.

- The adoption credit will increase from \$10,000 to \$13,170 and will become a refundable credit.
- The program that supported private student loans has been removed and has been replaced with a new program for government controlled student loans.

Changes for 2011:

- W-2s filed for 2011 (in 2012) will have to include the value of health care benefits provided to employees by employers. This is for informational purposes only and will not be added to wages or treated as additional taxable income.
- Small employers will be able to set up new SIMPLE cafeteria plans. This will allow the employees' SIMPLE contributions to be excluded from not only federal and state income tax but from the Social Security and Medicare tax as well.

Change for 2012:

- The rules that required 1099s to be issued to any non-corporate payee who received \$600 or more per year have changed. The new requirement is that any payee, corporate or not, receiving any proceeds for property or services be issued a 1099.

Change for 2013:

- Beginning January 1, 2013 any large employers (those with an average of 50 full time employees during the preceding year) who do not offer affordable, more than essential coverage to all full time employees will face an annual penalty of \$2,000 per full time worker.

Change for 2014:

- Americans who do not acquire health insurance will be assessed a penalty starting at \$95 and rising to a cap of \$695 per person. Families will be assessed half of that amount per child with a cap of \$2,250 per family.