



March 24, 2010

Given the recent announcement of the passing of the Health Care Reform bill, many are questioning what this means for SRS and its employees. The Health Care Reform Legislation (Patient Protection and Affordable Care Act (H.R. 3590) and the Health Care and Education Reconciliation Act of 2010 (H.R. 4872) may impact SRS in several different ways.

Please note however, that although the Act has been signed, there may still be a reconciliation process before becoming law (which could change some of the components including design and effective dates). In addition, the Act has various components with various effective dates going out through 2018. Effective dates are typically the first of the Plan Year following the enactment of the law. The general information below is taken from the best sources that are currently available to us. The detail about any firm changes to our plan will be communicated in the future, once the employer-specific rules and regulations are passed down to us.

How You May Be Affected in 2011

- The eligibility rules for dependent children would increase to age 26 (regardless of whether or not they're in school.)
- Flexible Spending Accounts could no longer be used for purchasing over-the-counter drugs. (They can be reimbursed only if a prescription is provided.)
- Maximum lifetime limits on health plans can no longer be imposed. Additionally, no annual limits would be permitted starting in 2014. (SRS currently has a \$1 million per person, per year maximum medical benefit.)

How You May Be Affected in 2012-2013

- Health Care Flexible Spending Accounts will be limited to \$2,500 annually. (SRS currently has a limit of \$4,000 on FSA's.)
- Medicare payroll taxes will be increasing for individuals earning more than \$200,000 and couples earnings more than \$250,000. A 3.8% Medicare tax would also be imposed on unearned income.

How You May Be Affected in 2014

- Most Americans would be required to purchase health insurance or pay an annual fine.
- Companies with greater than 50 employees would also pay a fine if any of their full time employees qualified for federal health subsidies.

By 2018, a 40% excise tax would be imposed on health care plans that cost more than \$10,200 for individual plans and \$27,500 for family plans. SRS will need to carefully review existing plans, and the Prime Medical Choice will be in jeopardy.

The Benefits Team is attending teleconferences to keep abreast of the progress. However, we will not be able to identify specific impacts until the legislation is finalized. (Remember that even after enactment, there are typically additional guidance bulletins sent out later).