

Compliance Update

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Judge Strikes Down Healthcare Reform Law

A U.S. District Court judge has ruled that in the Florida healthcare reform lawsuit that the reform law's so-called individual mandate requiring that Americans start buying health insurance in 2014 or pay a penalty is unconstitutional. Judge Roger Vinson voided the entire act because he found the individual mandate exceeded Congress' powers and was not "severable" from the rest of the law. The Obama administration has said it would appeal. This case, along with cases in Virginia, is expected to be heard eventually by the U.S. Supreme Court.

WI Eliminates Tax on HSA Contributions

The Wisconsin legislature has passed a law adopting federal tax rules for Health Savings Accounts (HSAs). The measure adopted by a special session of the legislature applies to individual and employer HSA contributions. The change is effective for taxable years beginning on January 1, 2011. Wisconsin had been one of only four states that did not follow federal tax rules for HSAs.

2011 Form W-2 Instructions Include Voluntary Cost of Coverage Reporting Code

The 2011 Form W-2 instructions have been released by the IRS. Code DD has been added to box 12 to allow for voluntary reporting of the cost of employer-sponsored health coverage. Employers are not required to report the cost of coverage until 2012, but may do so voluntarily in 2011. The instructions do not address how to calculate the cost of coverage, but further guidance is expected.

Reporting Requirement for Health Reimbursement Arrangements (HRAs)

Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA) (P.L. 110-173) added new mandatory reporting requirements for group health plan arrangements and for liability insurance (including self-insurance), no-fault insurance, and workers' compensation. A Responsible Reporting Entity (RRE) which includes insurers, third-party administrators, employers and plan administrator (for self-insured benefit plans) must exchange eligibility data with CMS. On a quarterly basis, RREs must submit group health plan (GHP) entitlement information about employees and dependents to the CMS Coordination of Benefits Contractor (COBC). Employers who self-administer HRAs must be sure to comply with the quarterly reporting requirement or face fines. Information is available at: <http://www.cms.gov/MandatoryInsRep>.

HCTC-TAA Assistance Extended

Congress recently extended the health HCTC provisions of ARRA through February 12, 2011. The Health Coverage Tax Credit (HCTC) helps certain trade-affected workers, retirees and their families pay their health insurance premiums. The HCTC was created as part of the Trade Act of 2002. Congress created the HCTC Program to help workers who lost their jobs due to trade and qualified for Trade Adjustment Assistance (TAA) or Alternative Trade Adjustment Assistance (ATAA). The Trade Adjustment Assistance Health Coverage Improvement Act was passed as part of the American Recovery and Reinvestment Act of 2009 (ARRA). This part of ARRA made changes to the HCTC. ARRA increased the tax credit from 65 percent to 80 percent of qualified health insurance premiums. The increased percentage was set to expire on December 31, 2010. Due to the extension, the tax credit will remain 80 percent for January and February 2011 payments.

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