

**2014 (continued)**

Increased Government Reporting Obligations for Employers	Employers are required to provide annual health coverage information reports to the government. <i>Pending further guidance, Administaff anticipates completing this reporting to remove the burden from our clients. We will provide necessary employee data to clients for reports they must complete on their own.</i>
Two More Years of the Small Business Tax Credit	This tax credit, which was first effective for the 2010 tax year, is now available only if a small business purchases coverage through a State Exchange, and the credit is limited to two years. <i>Administaff clients (that meet the requirements) will be eligible for the tax credit. Administaff will provide clients with the necessary reports to aid in calculating any tax credit that may apply, which means clients won't have to track this data themselves.</i>
Individual Health Coverage Mandate	Individuals who fail to maintain health coverage are subject to a monetary penalty. <i>Administaff offers many coverage options for eligible employees, so that they can satisfy this requirement in a way that suits their needs and budgets.</i>
Pay-or-Play Mandate	Employers that averaged 50 or more full-time employees during the prior calendar year will be required to provide coverage or pay a penalty for not doing so. <i>Administaff provides an easy, cost-effective way to provide health coverage and other benefits to our clients' employees, while relieving them of HR administrative burdens.</i>
No Pre-Existing Condition Exclusions	Pre-existing condition exclusions for covered individuals over age 19 must be eliminated. <i>Administaff will make changes to its group health plan to ensure compliance with this new requirement and communicate those changes to clients and their employees. That way, clients can keep their attention focused on achieving their goals.</i>
No Annual Dollar Limits	Health insurance plans may no longer impose any annual limits on essential health benefits. <i>Administaff will make changes to its group health plan to ensure compliance with this new requirement and communicate those changes to clients and their employees. That way, clients can keep their attention focused on achieving their goals.</i>
<b>2018</b>	
Excise Tax on Cadillac Plans	A 40% nondeductible excise tax is imposed on high-cost ("Cadillac") group health plans. <i>Administaff anticipates making any required plan design changes to avoid triggering the excise tax.</i>

*Health Care Reform Has Left  
Business Owners Wondering What's Next.*



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## With Administaff in your corner, you can rest easy and stay focused on what's important: achieving your goals

Since health care legislation was passed in March 2010, Administaff has been attentively sifting through the exhaustive details of the regulations. These efforts will help ensure that our group health plans and payroll services remain compliant – so when you become an Administaff client, you won't have to spend valuable time trying to figure it all out.

Administaff clients can rest assured that they will be well prepared for changes as they happen. Our duty is to help you:

- Understand how this legislation will affect you, so you can make the right choices for your company and your people
- Have the peace of mind that our payroll and group health plans will remain compliant so you don't have to worry
- Take advantage of any opportunities presented by the changes

Administaff monitors and responds to regulatory changes, so you can direct your attention to more important matters. This interactive timeline outlines the changes that will happen during the next several years – most of which Administaff will handle on your behalf. That way, you can stay focused on running a successful business and achieving your goals.

### Immediate and Short-Term Implementation Items and Actions

*More details available as guidance is received. Subject to revision pending final regulations.*

2010	
<b>Effective Immediately:</b>	
<b>Small Business Health Care Tax Credit</b>	A tax credit is available beginning with the 2010 tax year to qualifying small businesses offering health coverage. The credit is limited by the number of employees and average pay. <i>Administaff clients (that meet the requirements) will be eligible for the tax credit. Administaff will provide clients with the necessary reports to aid in calculating any tax credit that may apply.</i>
<b>Effective first plan year on or after Sept. 23, 2010:</b> <i>(For the Administaff plans, the effective date is Jan. 1, 2011)</i>	
<b>Adult Child Coverage to Age 26</b>	Plans that cover dependent children must make coverage available to any eligible adult child until that child's 26 <sup>th</sup> birthday, and may no longer condition eligibility for coverage on factors such as financial dependency, residency with the employee or marital status. <i>Administaff has revised its group health plan to ensure compliance with this new requirement. To help our clients and their employees avoid gaps in coverage for new college graduates and other young adults, coverage was proactively extended (as of June 1, 2010) for already-enrolled adult children under most Administaff coverage options. In addition, Administaff is offering a special enrollment period from Dec. 1 – 30, 2010 to allow enrollment of dependent children who are newly eligible for coverage under the relaxed eligibility rules. Administaff clients didn't need to negotiate with providers, notify employees, or administer a special enrollment period – Administaff handled all of this!</i>
<b>Patient Protections</b>	<b>No Lifetime Dollar Limits.</b> Health insurance plans may no longer limit the amount that can be spent on essential health care benefits during a person's lifetime. <i>Administaff understands that a person's benefits should give them peace of mind – not run out when they need them most. That's why, with limited exceptions, Administaff's health plans were already structured without lifetime limits on in-network health coverage. Administaff has taken the additional step of removing all lifetime limits from any coverage options where they may have previously applied. This change was communicated to clients and their employees in early November, allowing clients to keep their attention focused on achieving their goals.</i> <b>No Pre-Existing Condition Exclusions for Those Under Age 19.</b> Administaff has revised its group health plan to ensure compliance with this new requirement. This change was communicated to clients and their employees in early November, allowing clients to keep their attention focused on achieving their goals. <b>Cover Preventive Services Without Cost-Sharing Requirements.</b> Administaff has revised its group health plan to ensure compliance with this new requirement. This change was communicated to clients and their employees in early November, allowing clients to keep their attention focused on achieving their goals.
<b>Restricted Annual Dollar Limits</b>	Health insurance plans with annual limits on essential health benefits must set those limits at or above the dollar amounts established by the government. Additional guidance defining essential health benefits is expected. <i>Administaff has revised its group health plan to ensure compliance with this new requirement. This change was communicated to clients and their employees in early November, allowing clients to keep their attention focused on achieving their goals.</i>

2011	
<b>W-2 Reporting of the Value of Employees' Health Coverage</b>	The IRS recently announced that the requirement to report the cost of employer-provided group health plan coverage on a W-2 will not take effect until 2012, one year later than originally reported. <i>Employees of Administaff clients participating in Administaff-sponsored group health plans will receive a W-2 for 2012 and subsequent tax years in compliance with this new reporting requirement.</i>
<b>No Reimbursement of Over-the-Counter Medicines</b>	Account-based health plans, such as flexible spending accounts, can no longer reimburse over-the-counter medicines unless prescribed. <i>Administaff revised its flexible spending account plan to ensure compliance with this new requirement and communicated this change to clients and their employees in late October.</i>
<b>Group Health Plan Nondiscrimination Testing</b>	Fully insured group health plans that don't satisfy the criteria for a "grandfathered" plan are now required to perform nondiscrimination tests under Internal Revenue Code Section 105(h) to ensure that the plan is not favoring highly compensated individuals. <i>Administaff will be performing these tests on its group health plan for plan year 2011.</i>
2012	
<b>Summary of Coverage and Benefits</b>	Employees must be provided with a four-page, non-technical explanation of plan provisions. <i>Administaff will work with its insurance carriers to provide these summaries for each coverage option offered under Administaff's group health plan. Zero administrative headaches for clients with zero time spent.</i>
<b>W-2 Reporting of the Value of Employees' Health Coverage</b>	Employers will be required to report the cost of employer-provided group health plan coverage on a W-2. The new reporting requirement is intended to be informational only and to provide employees with greater transparency into overall health plan costs. <i>Employees of Administaff clients participating in Administaff-sponsored group health plans will receive a W-2 for 2012 and subsequent tax years in compliance with this new reporting requirement.</i>

### Looking Ahead: Future Implementation

*More details available as guidance is received. Subject to revision pending final regulations.*

2013	
<b>Medicare Payroll Tax Increase for High-Wage Employees</b>	This is an additional tax on earned and unearned income applicable to high wage employees. <i>Clients can rest assured that Administaff's payroll system will be updated to comply with these changes.</i>
<b>Cap on Salary-Reduction Contributions to Health Care Flexible Spending Accounts</b>	The maximum annual contribution will be limited \$2,500. <i>Administaff will make changes to its flexible spending account plan to ensure compliance with this new requirement. We will communicate the news to employees during the flexible spending account open enrollment period.</i>
<b>Employee Notification of Health Benefits Exchanges</b>	Employers are required to provide notice to employees of State Health Benefit Exchange coverage and options. <i>Administaff will work with our client companies to ensure that employees receive the required notice.</i>
2014	
<i>Being an Administaff client in 2014 will be a huge benefit to your company, because our clients will be spared the overwhelming administrative headaches, paperwork and risk for noncompliance penalties that may result from the many health care changes taking effect that year. We'll alleviate the administrative burdens, help clients navigate changes and ensure compliance for our benefit plans and payroll services. This gives our clients a distinct competitive advantage – with much more time to dedicate to driving business forward.</i>	
<b>State Health Benefit Exchanges Operational</b>	States are required to establish Health Benefit Exchanges to facilitate the purchase of health insurance for individuals and small employers (defined as employers with fewer than 100 employees – states may set this number at 50 or fewer employees).
<b>Free-Choice Vouchers</b>	Employers offering health coverage may be required to provide vouchers to purchase health insurance through a State Exchange for employees who satisfy certain income thresholds. <i>Pending further guidance, Administaff anticipates working with clients to provide vouchers to employees – to help relieve clients of this administrative burden.</i>

*Continued on back.*