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Current State of Health Reform: What Happens Now?

The Patient Protection and Affordable Care Act is now the law of the land and many questions continue to surround this momentous piece of legislation. Cypress Benefit Administrators is working diligently to keep you informed and in compliance. At this point, the Department of Labor (DOL), Treasury and Health & Human Services (HHS) are working around the clock in an attempt to release, at the minimum, superficial guidance by the end of April on the provisions that will go into effect for plan years beginning on or after September 23, 2010. While this guidance will provide some clarity, many changes, interpretations, and possibly even more legislation, or “fixes” will occur. Employers should continue to be patient.

Significant changes to the legislation will likely be ahead. In addition to the private sector, even members of Congress find the bill difficult to interpret. A senior House staffer has said that key players in the House recognize that the Senate bill is not well written and few on the Senate side seem to have a grasp of what is in the legislation. The House staffer continued to distance his office by not claiming ownership or knowledge of the contents. Meanwhile, on the Senate side, the original Baucus bill was re-written by Speaker Reid, and then the House-drafted Reconciliation made many changes. The thinking in the House is that if DOL, Treasury and HHS cannot quickly make sense of this, the legislation will undergo changes by Congress.

What should we do now? Be prepared for abrupt and surprising changes. It is possible that it will take 4-6 weeks to decide if the current law is workable, and then perhaps months to come up with a “solution”. At this point, it is suggested that our clients and friends take a wait-and-see approach in order to avoid a lot of confusion by learning this version or reacting to existing analysis and advice which may be dramatically changed in a few months.

COBRA Subsidy

The Senate is expected to take action on a COBRA subsidy bill after returning from Spring break on April 12. The subsidy extension recently expired for employees involuntarily terminating after March 31. There are two different bills in play: one would extend the subsidy for involuntary terminations through April 30 and another one would extend the subsidy through the end of 2010. The DOL is preparing to respond to any new legislation and prepare more notices for plan sponsors.

HHS Releases Retiree Reinsurance Fact Sheet

HHS recently released a fact sheet on the new early retiree reinsurance program, created under the Patient Protection and Affordable Care Act.

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As noted in the fact sheet, the early retiree reinsurance program provides \$5 billion for temporary assistance to employment-based plans for a portion of the cost of providing health insurance coverage to early retirees (as well as spouses, surviving spouses and dependents). The fact sheet states that the program will be available no later than June 23 and applications will be available in June. The program ends on January 1, 2014, when early retirees will be able to select from options in the newly created health insurance exchanges. The program will be first come, first served, and when the money runs out, the program will be over. Therefore, it is possible that the program may not last until January 1, 2014.

Please refer to the [Early Retiree Reinsurance Program fact sheet](#) (90 KB PDF) contained in this issue of *Cypress Solution eNews*.