



Negotiating Medical Insurance in the Era of Health Care Reform

A Question and Answer Look at the Patient Protection and Affordability Care Act

President Obama signed the PPACA, comprehensive Health Care Reform, into law on March 23, 2010. The new law may impact the negotiations of health insurance between North Dakota Schools and NDEA locals. In an effort to assist local in navigating the parts of the law that impact public sector employees and employers, NDEA is developing a list of frequently asked questions. The questions come from local negotiators. The answers will come from NDEA. Before the answers are posted, they will be reviewed by the Health Policy Consultants of the National Education Association.

Local Association negotiators, insurance committee members, and officers are encouraged to submit questions to the UniServ Directors. The UniServ Directors will add new questions to this page and the answers will be posted following an appropriate review to insure the accuracy of the responses.

When does the law go into effect? The law was signed by the President on March 23, 2010. Some provisions went into effect on January 2010. Other provisions are being implemented between January 2010 and 2018.

Is there a limit on Flexible Spending Accounts? Yes, the PPAA creates a cap of \$2,500 on health FSAs. The cap is effective for taxable years starting after December 31, 2012. Technically, the law says: "For purposes of this section, if a benefit is provided under a cafeteria plan through employer contributions to a health flexible spending arrangement, such benefit shall not be treated as a qualified benefit unless the cafeteria plan provides that an employee may not elect for any taxable year to have salary reduction contributions in excess of \$2,500 made to such arrangement" (ACA Sections 9005 and 10902). The law indexes the cap to inflation after 2013.

To date regulations on this part of the law have not been written. For employers that have non-calendar-year FSAs and allow more than \$2,500 in contributions some fine-tuning will clearly be necessary to get ready for the transition year in 2013. The assumption is that the regulations will address this type of situation.

What is a Grandfathered Plan? Grandfathered status is available only for plans in effect as of March 23, 2010. Grandfathered plans do not have to comply with certain sections of the new law. Generally Grandfathered plans have a lower premium than non-grandfathered plans.

Does the reform law limit that amount an employer can contribute to the plan cost? No. However the Act requires that an employer not **decrease** their contribution to the health insurance premium by more than 5% from what was paid on March 23, 2010 to **maintain** the Grandfathered status of the plan.

Are there any advantages to a non-grandfathered plan? Yes, while the premium is higher the law places limits on deductibles and out-of-pocket maximums. It also requires that the plan cover essential benefits which include an expanded list of preventative services. Your insurance underwriter can provide you with a list of benefits provided under grandfathered and non-grandfathered plans.

Don't see your question here, contact your UniServ Director to get your question posted and answered here.

Visit www.ndea.org/legisaltive often as NDEA will continue to develop this list of FAQs related to negotiating health insurance in the new health care environment.