

How the Health Care Reform Legislation Will Impact Your Individual and Employer Clients

IN 2013

- New federal premium tax on fully insured and self-insured group health plans to fund comparative effectiveness research program begins. It imposes an annual fee on private insurance plans equal to two dollars for each individual covered.
- FSA contributions for medical expenses will be limited to \$2500 per year, with the cap annually indexed for inflation.
- The Medicare payroll tax increase of 0.9% on self-employed individuals and employees with respect to earnings and wages received during the year above \$200,000 for individuals and above \$250,000 for joint filers will go into effect. The income eligibility levels for the tax are not indexed for inflation. The new tax does not change the employer's tax obligations, but self-employed individuals are not permitted to deduct any portion of the additional tax. In addition, there will be a new 3.8% Medicare contribution on certain unearned income from individuals with AGI over \$200,000 (\$250,000 for joint filers).
- For those who itemize their federal income taxes, the threshold for deducting unreimbursed medical expenses will increase from 7.5% of AGI to 10% of AGI. The increase would be waived for those ages 65 and older through 2016.
- All employers must provide notice to their employees informing them of the existence of the state-based exchanges.