

Healthcare Reform 2010

KEY PROVISIONS 2010—2012

Your business' financial health will be impacted by this new legislation. Begin planning now for changes effective through 2012.

Does your business qualify for tax credits of employer health premiums?

Are you aware of the new W-2 disclosure requirements?

Are your systems prepared to handle the expanded 1099 reporting?

Stay informed.

See the other side for more details on the short-term financial provisions. Visit our website at www.ckco-cpa.com or email Tim Kenyon at tkenyon@ckco-cpa.com for more details about the longer-term provisions and other legislation that may impact you and your business.

RESOURCES FOR YOU

You can count on CK&Co. for help:

Cost-Benefit Analysis of Provisions

Employee Benefit Plan Compliance

Cost-Impact Calculations

ROI Analysis

Payroll System Procedures Review

Implementation Planning

And more...

REFORM

Patient Protection & Affordable Care Act
Healthcare and Education Affordability
Reconciliation Act of 2010

Signed into law in March 2010

IMPACTS

Cost: \$940 Billion over 10 years

Coverage: 32 Million+ by 2019

2010

Changes to group health plans
Tax credits for small employer health
premiums

2011

W-2 reporting requirements
New SIMPLE cafeteria plans

2012

Expanded 1099 reporting--**Repealed in 2011**
Fees on self-insured plans

2013

Increased Medicare on earned income
Medicare surtax on unearned income
Schedule A medical deduction threshold
Contribution cap on FSA's

2014

Individual mandate to obtain coverage
Employers must "pay or play"
Employer 'shared responsibility' penalty
Free-choice vouchers
State health insurance exchanges

2018

Excise tax on high-cost employer plans
Fees assessed on prescription drug, medical
device, and insurance companies



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Key Financial Provisions thru 2012

2010

PROVISION	ELIGIBILITY	NOTES
<p>Tax Credit for Small Employer Premiums</p> <p>(Encourages small businesses and tax-exempt to offer health insurance to employees). Specifically targets employers with low- and moderate-income employees)</p>	<ul style="list-style-type: none"> Less than 25 FTE's, may qualify for partial credit Average annual payroll per FTE is less than \$50,000 Employer contributes 50% or more of employee HC premium Less than 10 FTE's, with average annual payroll per FTE less than \$25,000, entitled to full credit 	<ul style="list-style-type: none"> Depends on qualified plan Applies to Taxable and Exempt 501(c) Employers Tax credit varies for years 2010-2013 vs. 2014-2015 Credit limited to 'small group state average' IRS is mailing postcards
<p>Therapeutic Discovery Project (TDP) Grants and Tax Credits</p> <p>(New therapies, address unmet needs, advance goal to cure cancer in 30 years)</p>	<ul style="list-style-type: none"> 250 or fewer employees 3 categories of TDP projects 50% tax credit of project cost for tax years 2009 and 2010 Grants can be issued to startups 	<ul style="list-style-type: none"> IRS to review and certify TDP's Applications postmarked between June 21— July 21, 2010 Projects certified Oct 2010

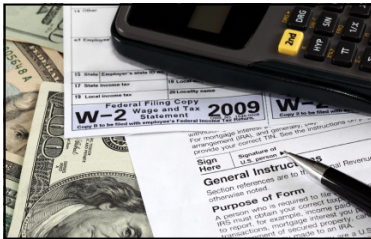
TAX CREDITS



2011

PROVISION	ELIGIBILITY	NOTES
<p>W-2 Reporting Requirements</p>	<ul style="list-style-type: none"> W-2 must disclose cost of employer-provided health benefits 	<ul style="list-style-type: none"> Includes medical, dental and vision plans, and self-insured arrangements No reporting for employee salary-reduction FSA's or employer HSA funding
<p>New SIMPLE Cafeteria Plans</p>	<ul style="list-style-type: none"> 100 or fewer employees Employer funds either 2% of employee compensation OR lesser of 2x employee contributions or 6% of compensation 	<ul style="list-style-type: none"> Avoids discrimination testing of regular cafeteria plans

EXPANDED REPORTING



VOID		CORRECTED	
PAYER'S name, street address, city, state, ZIP code, and telephone no.		1. Name	
2. Federal identification number		2010 Miscellaneous Income	
3. Other income		4. Federal income tax withheld	
5. Withholding allowances		5. Medical and health care payments	
6. Withholding tax		6. Substantiated in lieu of ordinary income	
7. Recipient's name		8. Other income (check all that apply)	
8. Recipient's address (including apt. no.)		9. Other income (check all that apply)	
9. City, state, and ZIP code		10. Other income (check all that apply)	
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2012

PROVISION	ELIGIBILITY	NOTES
<p>Expanded 1099 Reporting —</p> <p>*THIS PROVISION WAS REPEALED IN 2011*</p>	<ul style="list-style-type: none"> Effective for payments in 2012 and after Business must issue payment for PROPERTY over \$600 Also, a 1099 must be issued to any corporation (but not to tax-exempt) for any property or services over \$600 	<ul style="list-style-type: none"> Prepare systems in 2011 Purchases made by credit card may not apply Housing Assistance Tax Act 2008, effective 2011, may address credit and debit card payments, in addition to third-party processors (Paypal, etc.)
<p>Fees on Self-Insured Health Plans</p>	<ul style="list-style-type: none"> For plan years ending after September 30, 2012 	<ul style="list-style-type: none"> \$2 fee assessed per person



Cummings, Keegan & Co., P.L.L.P.
Certified Public Accountants and Business Advisors

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