

Health Care Reform & You

Part of an ongoing series about the impact of Health Care Reform

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AvMed Health Plans Regional Offices

CENTRAL REGION

Orlando Market
(407) 539-0007

Tampa Market
(813) 281-5650

NORTH REGION

Jacksonville Market
(904) 858-1303

Gainesville Market
(352) 372-8400

SOUTH REGION

Miami Market
(305) 671-5437

Fort Lauderdale Market
(954) 462-2520

www.avmed.org

This information is a service to our partners. It is not intended to be a comprehensive summary of recent health care legislation nor does it serve as legal advice.

Should you have additional questions, please contact the Small Group Support Center or your Client Service Representative.

Changes Impacting Consumer-Driven Accounts

We want to remind you about the changes impacting all Consumer-Driven Accounts (Health Savings Accounts (HSAs), Health Reimbursement Arrangements (HRAs) and Flexible Spending Accounts (FSAs). As a result of Health Care Reform, employers who offer these accounts should make sure employees know about the changes. AvMed's partner, Health Equity, will administer this change and communicate directly with members about their accounts. If the account is administered with someone else, then it is the employer's responsibility to ensure employees are aware of the changes.

Changes:

Effective January 1, 2011, "over-the-counter" (OTC) medications will no longer be reimbursable as a "qualified medical expense" through a health care account: HSAs, HRAs and FSAs.

Exceptions:

Insulin and OTC medications that require a prescription can still be reimbursed or purchased tax free through these accounts.

Enforcement/implementation:

HRA/FSAs accounts will not process any transaction for OTC medication (except insulin). HSA accounts will allow the transaction but there are tax implications for the insured if audited. OTC medications will not be allowed as a "qualified medical expense" after December 31, 2010.

Changes affecting Flexible Spending Arrangements only:

The new legislation requires a new annual limit on contributions made by employees to flexible spending arrangements (FSAs) for health care. The legislation limits contributions to no more than \$2,500 annually and is indexed to inflation for future years.

Informing employees:

Health Equity will administer this change and communicate directly with members. Please direct employees with specific questions about their account to Health Equity at 1-866-346-5800.

Health Care Reform and Wellness Initiatives

The new federal health reform law contains incentives to establish workplace wellness programs. It includes a program making available \$200 million in grants to employers with fewer than 100 employees who work 25 or more hours per week. The grants will be available for 5 years, beginning fiscal year 2011. They are designed to help small employers initiate comprehensive wellness programs such as nutrition, smoking cessation, physical fitness and stress management that include counseling and coaching services.

The grants will be administered by the Department of Health and Human Services. Only new wellness initiatives, those launched by qualifying employers after the date the health reform bill was enacted, are eligible for these grants.

We want to make this transition as seamless as possible for you as Health Care Reform changes are rolled out. You can view additional "Health Care Reform & You" updates on our Web site at www.avmed.org. If you would like to explore additional resources, visit America's Health Insurance Plans (AHIP) at www.ahip.org and the National Association of Health Underwriters (NAHU) at www.nahu.org.