

HR Newsletter



HR Newsletter is powered by BNA - the most accurate, current, comprehensive and trusted HR news provider in the industry since 1929.

Each week, HR News from around the nation is updated in the BNA section of HR Navigator.

To find more stories like those below:

1. [Click Here To Log into HR Navigator](#);
2. Click the Button that brings you to BNA's HR Library, HR Essentials.
3. Click on the News and Trends icon.

July 22, 2010

No. 12

HR Navigator – Access Best Human Resource Content on the Web



HR Navigator is the place to find simple and complex information that touch virtually every HR business issue you come across while running your organization or HR department.

[HR Essentials, powered by The Bureau of National Affairs \(BNA\)](#), delivers accurate, current, comprehensive resources on HR practices, legal compliance, employment issues, and policy matters. Along with concise law summaries, ready-to-use model policies and forms, fast answers on hundreds of questions faced every day by HR practitioners, and news and trends, you can find practical pointers and documents, that make it easier to put information into practice.

For example, looking for a model Employee Handbook? HR Essentials has one. Maybe you need to develop a Performance Appraisal – they have that covered. Maybe your industry requires an employee to sign a “non-compete” agreement. If you need assistance with the guidelines, HR Essentials can help.

You won't realize how much you are missing, unless you log into our HR Navigator service. Use your email address as the USER NAME and the PASSWORD is “agencyclient” and upon the welcome screen – click on HR Essentials. You will be glad you did!

Get More HR News:

[Log into HR Navigator](#) and check out the News and Trends Section of the BNA Library, HR Essentials for these stories:

Second Circuit OKs Norvatis Overtime Claims, Vacates Ruling Sales Representatives Were FLSA-Exempt

Department of Labor Posts Mental Health FAQs

HHS Releases Proposed HIPAA Rule Extending Mandate to Business Associates

OSHA Proposes Revisions to Rules Governing Respiratory Protection, Medical Records

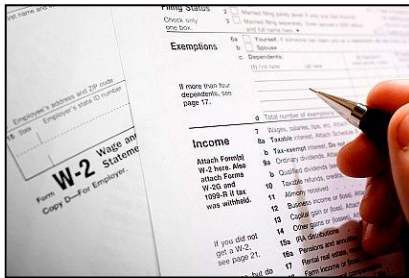
HHS Accepting Applications for Early Retiree Aid

More Employers Combine Leave in PTO Banks

SOX Provision Requires Actual Belief of Fraud

Justices to Review Arizona Immigration Law Decision

Coming in 2011 - Benefit Reporting on W-2's



For tax years after December 31, 2010, the recent Health Care Reform Bill requires employers to calculate and report the aggregate cost of employer-sponsored health insurance coverage on employees' W-2 Forms.

Employers will be responsible for reporting plan costs for Medical, Prescription, Executive Physicals, Medicare Supplemental policies, and Employee Assistance Programs. Coverage under dental and vision plans must also be included, **unless** they are a "stand-alone" plan.

The cost of coverage under Health Flexible Spending Accounts, Health Savings Accounts, and specific disease or hospital/fixed indemnity plans is excluded from the reporting requirement. The aggregate cost of coverage (including both the employee and employer portions of cost) is determined under rules similar to COBRA—minus the 2 percent administrative charge.

Furthermore, the reporting requirements seem to apply to former employees or dependents whom are provided with health coverage (retirees, terminated employees on COBRA and surviving spouses). This is a change as many of these individuals would not typically receive a W-2 Form from the employer at all, at least not for taxable years following their termination of employment.

Your payroll system will need to be updated by January of 2011. Your new W-2 Forms must reflect the new health insurance information by February 1, 2011 in the event an employee requests one.

Because of these new reporting requirements, it is expected that your overall W-2 reporting responsibilities may increase dramatically. Employers should begin working with their payroll departments immediately to ensure compliance with these new requirements.

Grandfathered vs. Non-Grandfathered Health Plans Under the Affordable Care Act: Striking the Right Balance

By Sara R. Collins, Ph. D; The Commonwealth Fund, June 22, 2010



Last week, the Departments of Health and Human Services, Labor, and Treasury issued interim final regulations that clarify the meaning of "grandfathered" health plans in the Affordable Care Act (ACA). Many provisions of the ACA apply to all health plans, both those in existence on March 23, 2010, when the ACA was signed into law—or "grandfathered plans"—and new health plans, or "non-grandfathered plans." But some provisions apply only to new health plans, exempting existing plans from making some changes right away. Because the ACA does not specify what changes a health plan can undergo over time and still maintain grandfathered status, the new regulations set out to do this.

Overall, the regulations appear to strike the right balance between allowing people to "keep the plans they have," as President Obama promised, and ensuring that people will not be locked into plans that deteriorate significantly over time. Moreover, the regulations will allow people to benefit from the consumer protection provisions of the ACA over time.

Many important provisions of the ACA apply to all health plans, regardless of their grandfathered status, including:

- allowing adult children to stay on or come on to parents' policies until age 26;
- bans against lifetime limits and rescissions;
- bans against waiting periods of more than 90 days; and
- spending no less than 80 percent of premiums on medical costs (small group and individual markets) or 85 percent in large group employer plans.

Meanwhile, according to the regulations, some of ACA's provisions apply only to employer group grandfathered health plans. Grandfathered plans that people purchase on the individual market are exempt from provisions such as a ban on preexisting condition exclusions (which goes into effect this year for children only) and bans against unreasonable annual limits on coverage (with unreasonable to be defined in future regulations).

All grandfathered plans are exempt from certain requirements so long as employers do not significantly lower their premium contributions to employee plans and plans do not increase people's cost-sharing requirements beyond certain limits or reduce benefits. The grandfathered plans do not have to comply with the following provisions:

- offer an essential benefit package in the individual and small group markets and exchanges starting in 2014;
- eliminate cost-sharing for preventive services (this year);
- report on quality improvement activities; and
- guarantee access to emergency, pediatric, and ob-gyn services.

Health plans can retain grandfathered status if the changes they make do not reduce the comprehensiveness of a plan. Health plans are free to increase the number and type of benefits offered, make changes to comply with state or federal regulations, voluntarily adopt other consumer protections of the ACA, and make modest adjustments in benefits, cost-sharing, and premiums.

But health plans lose grandfathered status if they make any of the following changes:

- significantly cut benefits to diagnose or treat a specific condition;
- increase coinsurance above the level it was at on March 23, 2010;
- increase copayments by more than the greater of medical inflation plus 15 percentage points or medical inflation plus \$5.00;
- increase deductibles, out-of-pocket limits, or other fixed amount cost sharing other than copayments by more than medical inflation plus 15 percentage points;
- decrease premium contributions by more than 5 percentage points below the contribution rate on March 23, 2010; and
- change annual limits either by adding annual limits when none existed on March 23, 2010, adding annual limits that are lower than existing lifetime benefit limits, or decreasing the dollar value of an existing annual limit.

The interim regulations provide some transitional flexibility to ease health plans' ability to comply. For example, they allow changes made by plans that fulfill contractual obligations made prior to March 23, 2010, and provide a grace period for plans to revoke changes made this year that would cause them to lose grandfathered status.

Weighing the Options

Over the next three years, employers and health plans will weigh their option to maintain grandfathered status and keep cost-sharing within the parameters necessary to do so, or to relinquish grandfathered status and have greater flexibility to adjust to premium growth. Small employers who face more aggressive growth in premiums are probably more likely to relinquish grandfathered status than large employers. The agencies estimate that approximately 66 percent of small employers (those with under 100 employees) and 45 percent of large employers (those with 100 or more employees) will relinquish grandfathered status by 2013. In the individual market, where most enrollees are in health plans for short periods of time, the agencies estimated that between 40 percent and 67 percent of health plans will relinquish grandfathered status.

The estimated gradual movement away from grandfathered status among health plans will be a positive development for consumers and ultimately for the overall functioning of the insurance exchanges in 2014. As more plans relinquish their grandfathered status over time, more consumers will benefit from the provisions of the ACA that do not apply to grandfathered plans, particularly the full range of health benefits that the law requires plans to offer in the exchanges and in the individual and small group markets beginning in 2014. Restricting the ability to maintain grandfathered status over time also means that insurance carriers will be less able to keep grandfathered status for plans that are comprised mainly of healthy people and end grandfathered status for plans with sicker and older people. As a result, premiums in the exchanges might ultimately be lower than they would have been if no restrictions had been placed on grandfathered plan status. By helping to ensure all Americans will ultimately benefit from the new insurance protections, these regulations should serve consumers well.

Payrolls Up in 41 States, Jobless Rates Down in 37, BLS States



Nonfarm payroll employment grew in 41 states and the District of Columbia in May, while falling in five states and remaining the same in another four, according to figures released June 18 by the Labor Department's Bureau of Labor Statistics.

The largest increases in payroll employment occurred over the month in Texas (43,600), California (28,300), and New York (21,000). Although payrolls fell in five states, none of the decreases was significant in relation to the state's size.

At the same time, BLS reported, unemployment rates fell in May in 37 states and the District of Columbia, rose in six states, and held steady in seven. The District of Columbia posted the largest decrease (0.6 percentage point, from 11 percent to 10.4 percent), followed by North Carolina (0.5 percentage point, from 10.8 percent to 10.3 percent) and South Carolina (0.5 percentage point, from 11.5 percent to 11 percent).

The states with the highest unemployment rates in May were Nevada (14 percent), **Michigan** (13.6 percent), and California (12.4 percent). Counting these three, 16 states plus the District of Columbia had jobless rates of 10 percent or higher for the month.

Over the year ended in May, payroll employment fell in 39 states and the District of Columbia, but only 11 of the decreases were significant in relation to the state's size. The largest drops occurred in California (244,900), Georgia (67,300), and Illinois (44,600).

The only significant increase in payroll employment over the year was in North Dakota (5,300).

About HR Navigator: HR Policies, News, Laws And Forms

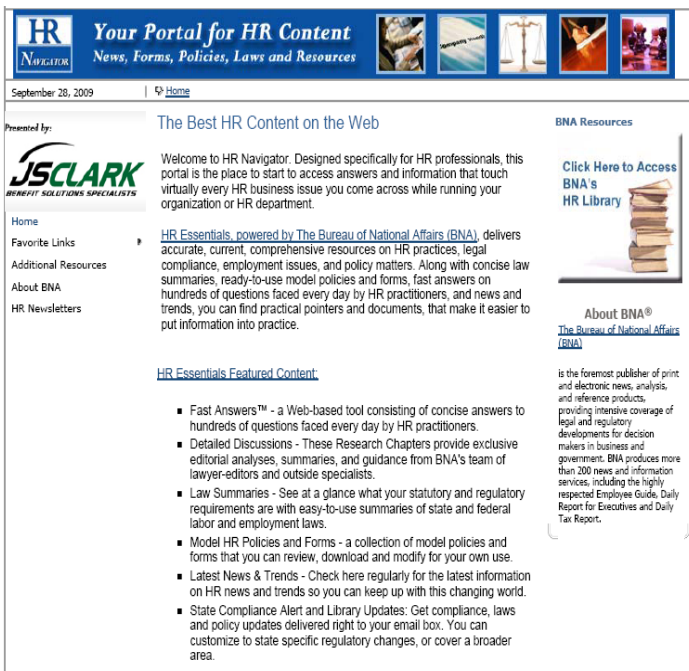
While running your organization, you come across tough HR business issues. HR Navigator helps managers in small and mid-sized private companies save time and resources while ensuring their firm stays in compliance with this easy-to-use online tool.

Powered by the Bureau of National Affairs (BNA), this online service is the place to start when looking for guidance on benefits and compensation; compliance issues; employee relations; performance productivity; recruiting, selection, staffing; safety and health.

The product also provides law summaries, ready-to-use model policies and forms, fast answers on hundreds of questions faced every day by HR practitioners, State Compliance Alerts, an HR Policies Handbook tool and news and trends.

The information is regularly updated, easily accessible with plain English searching by topic or document type, and can be browsed by document type or subject area.

For more information about the HR Navigator Service, please contact your J.S. Clark Agency Account Manager at 248.355.9600.



The screenshot shows the HR Navigator website header with the title "Your Portal for HR Content" and a navigation menu. The main content area is titled "The Best HR Content on the Web" and features a welcome message from J.S. Clark. A sidebar on the left lists navigation options like "Home", "Favorite Links", "Additional Resources", "About BNA", and "HR Newsletters". The main text area contains a list of featured content items, including "Fast Answers™", "Detailed Discussions", "Law Summaries", "Model HR Policies and Forms", "Latest News & Trends", and "State Compliance Alert and Library Updates".

About BNA



The Bureau of National Affairs (BNA) is the foremost publisher of print and electronic news, analysis, and reference products,

providing intensive coverage of legal and regulatory developments for decision makers in business and government. BNA produces more than 200 news and information services, including the highly respected Daily Report for Executives and Daily Tax Report.

Headquartered in Washington, DC since 1929, BNA is an independent publisher and the oldest wholly employee-owned company in the United States.

BNA's subsidiary companies offer customers the same high-end coverage in ways tailored to their specific needs - using different publishing technologies, price points, and delivery mechanisms to help them do their jobs better.

BNA's more than 600 reporters, lawyers, and editors based in the nation's capital, plus correspondents across the country and around the world, deliver the highest editorial quality in the industry. Experienced reporters with expertise in specialized fields get their information from high-level sources.

Timely, comprehensive, focused coverage means users spend less time on reading and research.

BNA content is free of bias, opinion, and jargon. Editorial advisory boards offer the real-world perspectives of outside experts and practitioners. Careful attribution of sources is a requirement at BNA.

J.S. Clark Agency, Inc.

25900 W. Eleven Mile Road, Suite 210
Southfield, MI 48034-8203
Fax: 248.355.3145

248.355.9600

www.jsclarkagency.com