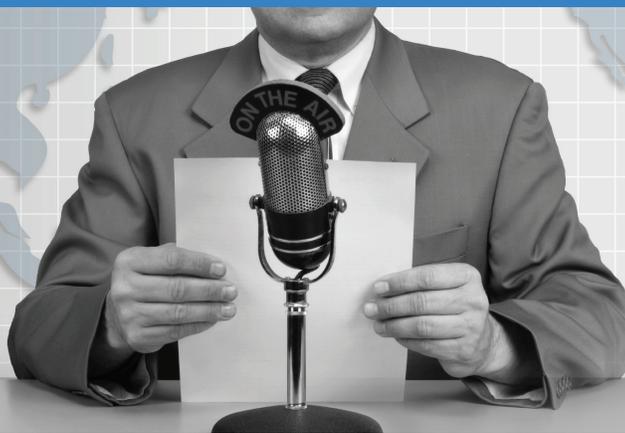


Employee Benefits Broadcast



Foley is pleased to provide you with a brief summary of the April 27, 2010 installment of the Employee Benefits Broadcast Web conference series.

In **Headline News**, Partners Gregg H. Dooge and Michael H. Woolever discussed the provisions of the Patient Protection and Affordable Care Act (PPACA) that are of immediate concern to employers. These include:

- The exemption from certain PPACA provisions for plans in effect on March 23, 2010 (called “grandfather” plans)
- The uncertainty regarding the exemption from many of PPACA’s provisions for retiree-only group health plans
- The 35-percent premium tax credit available starting in 2010 for small employers that purchase health insurance coverage on behalf of their employees
- The reinsurance program to be established in 2010 by the federal government that will reimburse employers for 80 percent of the amount of health benefits paid for retirees age 55 through 64 (subject to certain caps)
- The plan design changes that will be effective for group health plans, generally starting in 2011, including the:
 - Ban on certain lifetime and annual limits
 - Prohibition on rescission of coverage
 - Requirement that certain preventive services not be subject to cost-sharing provisions

- Requirement to continue coverage for dependent children to age 26
- Prohibition on reimbursement of over-the-counter drugs under medical flexible spending accounts

Partner Leigh C. Riley’s **Cram Session** discussed the interim final regulations issued under the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act of 2008. The key points are:

- The regulations are generally effective for plan years beginning on or after July 1, 2010, although there is a delayed effective date for plans subject to collective bargaining
- A group health plan subject to the law must ensure that the financial requirements and treatment limitations applicable to mental health and substance-abuse disorder benefits are no more stringent or restrictive than the predominant requirement or limitation that applies to substantially all of the medical and surgical benefits provided under the plan
- A group health plan is permitted to test whether it meets the parity requirements among six possible classifications such as in-network and out-of-network benefits, and in-patient and out-patient benefits
- The parity rules apply to both the plan’s terms and its operations

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For the **In the Spotlight** segment, Special Counsel Katherine L. Aizawa discussed the new payroll tax holiday and retained worker tax credit available to employers starting in 2010. Highlights of the discussion are:

- An employer is eligible for a payroll tax holiday and is potentially eligible for a tax credit with respect to each individual that the employer hires from February 3, 2010 through December 31, 2010 who certifies on the IRS Form W-11 that he or she has not been employed for more than 40 hours in the prior 60 days.
- The payroll tax holiday allows the employer to forego paying its portion of the OASDI portion of FICA taxes on wages paid to the eligible employee from March 18 through December 31, 2010.
- The retained worker tax credit is available if the employer retains the eligible employee in employment for 52 weeks, subject to some additional requirements. The tax credit is the lesser of \$1,000 or 6.2 percent of the employee's wages.

For additional information about the payroll holiday and the retained worker tax credit, please view our alert at http://www.foley.com/publications/pub_detail.aspx?pubid=6902.

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About the Employee Benefits Broadcast

The Employee Benefits Broadcast provides participants with needed information in the most efficient manner possible — only a telephone line and Internet access are required to participate — allowing employee benefits professionals to stay up-to-date with timely information from anywhere in the nation.

For more information, please visit Foley.com/EBB or contact Elie Harris at eharris@foley.com.

