



H.R. 3962, "Affordable Health Care for America Act"
Passed November 7, 2009 – 220 to 215

Employers

- All employers with payrolls over \$500,000 are required to provide "Qualified Health Benefits" for their employees and their dependents or pay a tax of up to 8 percent of total payroll (Section 413 & Section 551)
- Employers must pay an 8 percent penalty for any employee who opts out of the employer plan once the Health Insurance Exchange is established (Section 512)
- Allows dependent children of employees under the age of 27 to remain on an employer's plan at the employee's discretion (Section 105)
- Employers are required to pay 72.5 percent of premiums for their employee and provide dependent coverage along with paying 65 percent of the premiums (Section 412)
- Limits the maximum amount of savings in a Flexible Savings Account (FSA) that an employee can accrue to \$2,500, adjusted for inflation beginning in 2013 (Section 532)
- Health Savings Accounts (HSAs), FSAs, and Health Reimbursement Arrangements (HRAs) will no longer be allowed for over the counter medical purchases without a doctor's consent (Section 531)
- Increases the penalty from 10 percent to 20 percent for non-qualified distributions from HSAs (Section 533)
- All plans (including those covering individuals initially grandfathered into the exchange under old plan specifications) will be required to meet the definition of what the federal government defines as a "qualified health benefits plan" after five years under the legislation (Section 202), meaning there will be no more design flexibility for ERISA plans

- Prohibits employers from making any changes to their current retiree health benefits unless the employer institutes changes for active beneficiaries (Section 110)
- Institutes no lifetime coverage limits for all health plans (Section 109)
- All employers (small and large) must have mental health parity (Section 251)
- Repeals the current tax deductibility of subsidies provided to companies offering prescription drug coverage to retirees (Section 534)