

Assumptions about calendar plan year timeline for health reform

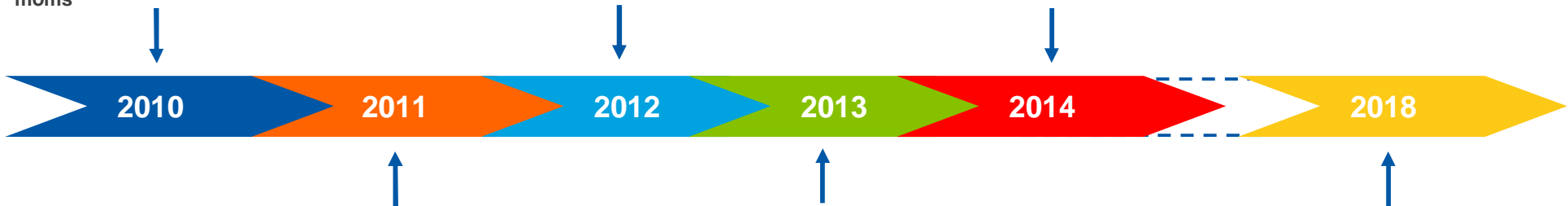
April 13, 2010

- Change in tax treatment for over-age dependent coverage
- Accounting impact of change in Medicare retiree drug subsidy tax treatment
- Early retiree medical reinsurance
- Medicare prescription drug “donut hole” beneficiary rebate
- Auto-enrollment of full-time employees (effective TBD)
- Break time/private room for nursing moms

- Employers must distribute uniform benefit summaries to participants
- Employers must provide 60-day advance notice of material modifications (TBD)
- Form W-2 reporting for 2011 health coverage

- Health insurance exchanges
- Individual coverage mandate
- Financial assistance for exchange coverage of low-income individuals
- Medicaid expansion
- New health plan regulations
- HIPAA wellness limit increases
- Shared responsibility penalties
- Free-choice vouchers
- Additional reporting and disclosure

- Dependent coverage to age 26 for any covered employee’s child**
- No annual dollar limits**
- No pre-existing condition limits**
- No waiting period over 90 days**
- Additional new standards for new or “non-grandfathered” health plans, including limited cost-sharing
- Health insurance industry fees begin



- *Dependent coverage to 26 (no other employer coverage available)**
 - *No lifetime dollar limits**
 - *Restricted annual dollar limits**
 - *No pre-existing condition limitations for children up to age 19**
 - *No rescissions**
 - *Additional standards for new or “non-grandfathered” health plans, including non-discrimination provisions for insured plans and mandatory preventive care with no cost-sharing*
- No health FSA/HRA/HSA reimbursement for non-prescribed drugs
 - Increased penalties for non-qualified HSA distributions
 - Voluntary long-term care “CLASS” program slated to start
 - Pharmaceutical manufacturers’ fees start
 - Medicare, Medicare Advantage benefit and payment reform
 - Insurers subject to medical loss ratio rules*

- \$2,500 health FSA contribution cap (indexed)
- Medical device manufacturers’ fees start
- Higher Medicare payroll tax on wages exceeding \$200,000/individual; \$250,000/couples
- New Medicare tax on net investment income for taxpayers with incomes exceeding \$200,000/individual; \$250,000/couples
- Research fees begin
- Change in Medicare retiree drug subsidy tax treatment takes effect

- Excise tax on “high cost” or Cadillac plans

** Applies to all plans, including “grandfathered” plans, effective for plan years beginning on or after Sept. 23, 2010 (Jan. 1, 2011, for calendar year plans). Collectively bargained plans may have a delayed effective date.*

*** Applies to all plans, including grandfathered plans, effective for plan years beginning on or after Jan. 1, 2014.*