



**CLIENT MEMO
SUMMARY OF MAJOR PROVISIONS OF HEALTH CARE BILL
AND EFFECTIVE DATES**

Listed below are a summary of the important provisions of the health care bill that may have an impact on you, and the effective dates:

<u>Provisions</u>	<u>Effective Date</u>
2010	
Adoption credit increased (to \$13,170 from \$12,170 in 2010), extended through 2011 and made refundable.	after 12/31/09 and before 1/1/12
An insurance credit is allowed to small employers paying at least 50% of employees' health insurance costs. The average annual wage of employees must be under \$25,000. The credit is as high as 35% (50% after 2013).	after 12/31/09
50% credit provided to small business for investments in certain qualifying therapeutic discovery projects for 2009 and 2010.	amounts paid or incurred for tax years after 12/31/08
Income exclusion for employer-provided health insurance extended to children under age 27.	after 3/30/10
Exclusion for employer-provided adoption assistance increased by \$1,000.	after 12/31/09
Self-employed health insurance premium includes premiums paid by taxpayer for child under age 27.	after 3/30/09
Penalty increased to 20% for nonqualified HSA and FSA distributions after 2010.	after 12/31/09
10% excise tax on indoor tanning services.	performed after 7/1/10



2011

FSA, HSA, HRA, and MSA qualified distributions include withdrawals for prescription drugs and insulin only, no over-the-counter drugs.	after 12/31/10
Establish simple cafeteria plans for small employers.	after 12/31/10
Cost of employer-sponsored health coverage must be shown on W-2.	after 12/31/10

2012

Information reporting is required for payments of \$600 or more for property or services to a non-tax-exempt corporation.	after 12/31/11
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2013

Medical expense deduction increases to 10% after 2012, after 2017 for people 65 or older.	tax years after 12/31/12
FSA contributions limited to \$2,500.	after 12/31/12
Medicare premium increases by 0.9% for taxpayers whose AGI exceeds \$200,000 single and \$250,000 MFJ.	after 12/31/12
Medical expense deduction increases to 10% after 2012, after 2017 for people 65 or older.	after 12/31/12
.09% employee Medicare tax increase on wages over \$200,000 (\$250,000 combined wages MFJ).	after 12/31/12
New 3.8% Medicare tax assessed on net investment income of individuals, estates, and trusts with income over \$200,000 single and \$250,000 MFJ.	after 12/31/12



2014

Individuals between 100% and 400% of federal poverty level will qualify for refundable tax credit (“premium assistance credit”) to offset exchange-purchased health insurance premiums.	after 12/31/13
Exclusion from income of free choice vouchers.	after 12/31/13
Deduction allowed to employer for free choice vouchers.	after 12/31/13
Employers with at least 50 full-time employees may be subject to penalty if not providing health insurance coverage to employees.	after 12/31/13
"Shared responsibility penalty" assessed against taxpayers who do not have health coverage. Penalty is phased in over 3 years starting in 2014 at \$95 per individual (\$285 per family); in 2015 at \$325 per individual (\$975 per family); and in 2016 at \$695 per individual (\$2,085 per family).	after 12/31/13
Reporting of employer health insurance coverage.	after 12/31/13

2018

40% excise tax assessed against "Cadillac" employer-sponsored health plans where the premium exceeds \$10,200 for individual coverage and \$27,500 for family coverage.	after 12/31/17
If you have any questions regarding the above health care bill provisions, please do not hesitate to contact us.	

FISHMAN, BLOCK + DIAMOND, LLP

16830 Ventura Boulevard, Suite 400
Encino, California 91436
Tel 818.783.7140 310.284.8267
Fax 818.783.3706
Web www.fbc.com