

# For your benefit



June 15, 2011

## **Health Reform 1099 Reporting Requirements Were Repealed**

On April 14, 2011, President Obama signed the repeal of the expanded 1099 reporting requirements included in last year's Health Care Reform bill. The provision would have required all businesses to submit a Form 1099 to the IRS for each vendor or supplier that the business paid at least \$600 a year for goods and services. The provision was to go into effect in 2012.

This also repeals the requirement that would subject individuals who received real estate rental payments to the same reporting requirement as businesses with respect to reporting to the IRS payments over \$600 made to a vendor.

For example: say that every Friday morning, you stopped at the same bakery and picked up donuts for your employees, and the total came to more than \$600 a year. That would mean that you would have to get the tax identification number of the bakery and then fill out a 1099 to give them.

By repealing this provision we are now able to avoid additional and unnecessary reporting.

## **Chapter 288 Non-Group Eligibility Changes for Individuals Eligible for COBRA**

Initially under Chapter 288 individuals who lost group coverage and were eligible for COBRA would not be eligible to participate in a non-group plan. They would have been required to elect COBRA. According to recent Division of Insurance (DOI) regulations, COBRA (and mini-COBRA for groups in MA under 20 lives) are not considered employer sponsored health plans for the purposes of determining MA non-group eligibility.

Individuals now will be considered to have lost eligibility for employer sponsored coverage and experienced a qualifying event that would make them eligible to enroll in non-group coverage outside of the new open enrollment period (July 1<sup>st</sup> of each year). The criteria for the qualifying event are:

- The individual has waived COBRA and the 60 day election period has expired, or;
- The individual elected COBRA and canceled after paying the full premium for at least 60 days, and;
- The individual applies for non-group coverage within 30 days of either of these qualifying events.

## **Employees Over Age 65 Who Are Terminating Coverage**

When an employee who has been eligible for their employer's group medical plan terminates employment, they do have the right to elect COBRA continuation. However, if the terminating employee has not enrolled in both Parts A and B of Medicare at the time they elect COBRA continuation or a group retiree plan, they will not be eligible to enroll in Part B until the next Medicare open enrollment date when their COBRA ends. Since COBRA is a voluntary plan, Medicare does not consider it a qualifying event for electing coverage outside of the open enrollment period. Open enrollment is January through March of each year with Part B coverage to start on July 1<sup>st</sup> of that year.

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### Voluntary Benefits

We are seeing the renewal rates of group medical plans in Massachusetts becoming more manageable than over the past few years. However, given the slow turnaround in the economy, many employers are reluctant to add employer paid benefits. The voluntary benefit market is fast growing as it gives the employee a choice of additional benefits they really want. And, the cost for most of the voluntary benefits is low. By offering these benefits to employees, the employer – at no cost – is giving his employees a more attractive benefits package. Most voluntary benefit carriers require a small minimum participation so this can work for almost any size group.

**If you have further questions at this time, please feel free to contact Rosalyn Seale at [rseale@proctorandcompany.com](mailto:rseale@proctorandcompany.com) or Brian Donovan at [bdonovan@proctorandcompany.com](mailto:bdonovan@proctorandcompany.com)**

*Roz Seale*  
Rosalyn Seale, RHU  
Executive Vice President

*Brian Donovan*  
Brian Donovan  
Senior Vice President