



ALERT

December 9, 2010

Medical Expense Reimbursement Plans and Health Care Reform

As you are undoubtedly aware, there have been major legislative changes in the health care arena as a result of the passage by President Obama of the Health Care Reform Act. These changes affect a broad spectrum of employee welfare plans, including Medical Expense Reimbursement Plans (“MERP”) which cover two (2) or more employees. Many of these changes take effect as early as January 1, 2011.

If any of your clients have a MERP, that plan should be reviewed as soon as possible. Some possible compliance issues include:

- Required coverage of dependent children to age 26;
- Portability and notification requirements;
- New restrictions on annual/lifetime limits on the dollar amount of reimbursement for “essential health benefits” for plan years beginning after September 23, 2010;
- Non-discrimination rules;
- External review requirements;
- No reimbursement of over-the-counter drugs without a prescription;
- Prohibition of rescission except for fraud or intentional misrepresentation of fact.

As indicated above, if a company’s MERP covers two (2) or more employees, then many of these changes take effect as of January 1, 2011. Failure to comply in a timely manner may result in heavy penalties. **As time is of the essence, your clients should address these issues and consider amending their MERP’s by December 31, 2010. We would be happy to discuss this with you, if you have any questions or we may be of any assistance.**

Any tax advice contained in this communication (including any attachments) is neither intended nor written to be used, and cannot be used, to avoid penalties under the Internal Revenue Code or to promote, market or recommend to anyone a transaction or matter addressed herein.

©2010 Reish & Reicher, A Professional Corporation. All rights reserved. This *Alert* is published as a general informational source. Articles are general in nature and are not intended to constitute legal advice in any particular matter. Transmission of this report does not create an attorney-client relationship. Reish & Reicher does not warrant and is not responsible for errors or omissions in the content of this report.