

A healthy understanding

New health care law will bring changes in medical care for Boeing employees

By Jill Gulbrandsen

This article is the next in a series to help Boeing employees and their families understand how changes in health care may affect them in 2011 and beyond.

With the recent passage by Congress of the health care law, sweeping changes will be taking place in medical care that companies such as Boeing offer employees and their families.

The Patient Protection and Affordable Care Act became U.S. law in March and is intended to broaden access to care to more than 32 million uninsured Americans. Before the law's passage, Boeing participated in reform discussions with members of Congress and the administration through the company's Government Relations team and employer coalitions.

"Boeing is working to fully understand the intricacies of this legislation and preparing to implement the changes," said Rick Stephens, senior vice president, Human Resources and Administration. "The law did a good job providing access. Going forward, we will continue to press for cost and quality improvements in the health care system."

Highlights of the most significant changes that take effect over the next eight years include:

Effective Jan. 1, 2011

- Generally speaking, dependent children will be allowed to remain on their parents' plans until they turn 26. Specific details of this provision will be described in greater detail to employees during annual health benefit enrollment.
- Health plans can no longer impose lifetime benefit limits or certain annual limits.
- Employers must report the annual value of each employee's health insurance coverage on the employee's W-2 form for informational purposes. This information will first appear on W-2 forms issued in 2012 for 2011.

Effective Jan. 1, 2013

- Medicare prescription drug subsidies paid to employers will receive less favorable tax treatment.
- Individuals earning more than \$200,000 and couples earning more than \$250,000 per year will pay higher

Medicare taxes—an additional 0.9 percent on wages—and an additional 3.8 percent on unearned income.

Effective Jan. 1, 2014

- All individuals will be required to have health coverage or pay a penalty.
- Some individuals may qualify for government subsidies to purchase coverage.
- Insurers will be prohibited from imposing pre-existing condition limitations.

Effective 2018

- A 40 percent excise tax will be imposed on high-cost or so-called "Cadillac" plans, affecting employee plans valued in excess of \$10,200 per year for an individual or \$27,500 per year for a family.

"In many cases, the provisions simply expand the already excellent coverage Boeing currently provides," Stephens said.

For example, Boeing health plans now cover eligible dependent children up to age 25. Other changes, though, such as less favorable tax treatment for Medicare prescription drug subsidies, and adding an excise tax to high-cost plans, will add to Boeing's health care expenses and result in employees paying more for their health care, Stephens said.

Additional information about changes to health care benefits will be published in upcoming issues of Boeing News Now on the Boeing intranet and in *Frontiers*, as well as in health benefit enrollment materials that will be mailed to employees in November. ■

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Controlling health care costs

Boeing and its employees need to work in partnership to maintain access to an excellent level of health care benefits while reducing costs—in order to remain competitive in the marketplace, said Rick Stephens, senior vice president, Human Resources and Administration.

To that end, Boeing has been working to aggressively manage its growing health care costs through initiatives such as supplier management, dependent verification, and leveraging Boeing's size and Well Being programs. From 2006 to 2009, the company's actions saved more than \$590 million in health care costs.

Employees can:

- Understand that, though Boeing will continue to bear most of the financial burden for providing health care benefits, they will pay a greater percentage of their health care costs.
- Participate in Well Being programs and make healthy lifestyle decisions.
- Study health care benefit options and choose the medical plan that makes the best sense for them and their families.
- Address chronic health risks such as high blood pressure, obesity, diabetes and tobacco use to help do their part in reducing the \$1 billion spent on health conditions over which employees have some control.

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