

Community Living Assistance Services and Supports Program Repealed

Community Living Assistance Services and Supports (CLASS), the voluntary long-term care insurance program established by the Affordable Care Act, has been repealed by Section 642 of the federal [American Taxpayer Relief Act of 2012](#) (the "Fiscal Cliff" law), which was signed into law on January 2, 2013.

Employer-Provided Notice Regarding Health Insurance Exchanges

No later than March 1, 2013, employers must provide [written notice](#) informing each **current employee**:

- Of the existence of an Exchange, including a description of the services provided by such Exchange and how the employee may contact the Exchange to request assistance;
- That the employee may be eligible for a premium tax credit and a cost sharing reduction if the employee purchases a qualified health plan through the Exchange, if the employer plan's share of the total allowed costs of benefits provided under the plan is less than 60% of such costs; and
- If the employee purchases a qualified health plan through the Exchange, the employee may lose the employer contribution (if any) to any health benefits plan offered by the employer and that all or a portion of such contribution may be excludable from income for federal tax purposes.

Beginning March 1, 2013, employers must provide this written notice to **new employees** at the time of hiring. The U.S. Department of Labor is expected to release final regulations, as well as a model notice for employers that may be used to satisfy this requirement.

Health FSA Contribution Limits

Effective for plan years beginning on or after January 1, 2013, the amount of salary reduction contributions to a health flexible spending account (FSA) is [limited to \\$2,500 annually](#), adjusted for inflation. An amendment to a written cafeteria plan reflecting this change may be adopted at any time through the end of calendar year 2014.

The \$2,500 limit does not apply to contributions or amounts available for reimbursement under other types of FSAs, health savings accounts (HSAs), or health reimbursement arrangements (HRAs), or to salary reduction contributions to cafeteria plans used to pay an employee's share of health coverage premiums.

Medicare Tax Increase for High Earners

For taxable years beginning after December 31, 2012, individuals will be liable for an Additional Medicare Tax (at the rate of 0.9%) if the individual's wages, other compensation, or self-employment income, together with that of his or her spouse if filing a joint return, exceed the threshold amount for the individual's filing status. The IRS has released [Questions and Answers](#) related to the increase. [Proposed rules](#) have also been issued regarding implementation of the Additional Medicare Tax. Taxpayers may rely on the proposed rules for tax periods beginning before the date that final regulations are published in the Federal Register.

An employer is required to withhold the Additional Medicare Tax on wages or compensation it pays to an employee in excess of \$200,000 in a calendar year. There is no "employer match" for the Additional Medicare Tax (unlike the regular Medicare tax) and there is no requirement that an employer notify its employees when it begins withholding the Additional Medicare Tax.