
May 2019 | **No. 13**

# Global Legislative Updates

This document summarises recent legislative developments and trends relating to employee benefits and highlights recently passed and pending legislation that may require employers to take action to comply with new rules. This document should not be seen as exhaustive and any action should be taken in conjunction with your Global Benefits Consultant.

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## Countries covered in this update:

**Americas:** Canada and the United States

**Asia Pacific:** China and Hong Kong

**Europe:** France, Germany, Greece and Hungary

# Recent developments summary

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| **Canada** | The Ontario government will end Ontario Health Insurance Plan (OHIP+) drug coverage for young people with private drug plans |
| **China** | Revised regulations related to foreign investment law and cuts to social security contributions |
| **France** | Legal pension changes effective 1st January 2019 - a new system for complementary compulsory Arrco Agirc is now in force |
| **Germany** | The statutory health insurance paying agency procedure has been extended to all recipients of health care and to smaller paying agencies |
| **Greece** | Introduction of a new regulation from the National Healthcare System for the prompt diagnosis and prevention of serious illnesses and introduction of family doctor |
| **Hong Kong** | Voluntary Health Insurance Scheme (VHIS) will be launched from 1st April 2019 |
| **Hungary** | Hungary has eliminated almost all tax advantages for many fringe benefits from 1st January 2019 |
| **United States** | The Centers for Medicare & Medicaid Services (CMS) requires that employers submit a report about the creditable or non-creditable status of the employer-sponsored prescription drug plan |

# Americas

## Canada



### Ontario government will end Ontario Health Insurance Plan (OHIP+) drug coverage for young people with private drug plans

On 2nd January 2019, the Ontario government released a regulatory notice and a draft regulation that will make Ontario Health Insurance Plan (OHIP+) drug coverage only available to Ontarians under the age of 25 who do not have drug coverage through a private drug benefit plan. The changes will take effect in March 2019. Young people without private drug benefit coverage will continue to have OHIP+ coverage, which grants access to the approximately 4,400 drugs included in the Ontario Drug Benefit Formulary. The OHIP+ youth pharmacare initiative was introduced by the previous Ontario government effective 1st January 2018. The new Ontario government had previously announced its intention to amend the program in June 2018.

Individuals or families with private insurance that encounter significant out-of-pocket costs will once again be able to apply for additional financial support through the Trillium Drug Program. This was the case prior to the implementation of OHIP+ on 1st January 2018.

The impact of the change will vary from plan to plan, but employers and other drug plan sponsors should know that any cost savings they may have realized under the original OHIP+ youth pharmacare program will likely be negated.

The proposed regulations raise a number of questions. It is not clear how pharmacists and the government will confirm whether young people have private insurance and how the transition will occur in March 2019.

## United States



### Required report introduced for Medicare

In addition to requiring that employers provide a Medicare Part D notice to Part D eligible employees prior to 15th October each year, the Centers for Medicare & Medicaid Services (CMS) also requires that employers submit a report about the creditable or non-creditable status of the employer-sponsored prescription drug plan to CMS. This is related to all clients regardless of size or funding type and is required by 1st March, or 60 days after the policy/contract year begins.

# Asia Pacific

## China



### China to cut social security contributions

China will cut the share of enterprise contributions to urban workers' basic aged-care insurance from 20% to 16% starting 1st May. Cutting the rates for unemployment and work-related injury insurance will be extended to 30th April, 2020. The new policies will cut aged-care insurance fees by more than CNY 190 billion (USD 28.3 billion) and unemployment and work-related injury insurance by more than CNY 110 billion by the end of 2019. Measures will be adopted to lower the social security wage base; the upper threshold on which a wage earner's contributions to the pension fund may be imposed. The move will also pave the way for unified national management of the government pension insurance system.

### Revised regulations related to foreign investment law

The State Council, China's cabinet, said it was necessary to amend laws and supporting regulations and policies to ensure the implementation of the foreign investment law. Draft amendments for administrative licensing law, trademark law, construction law and electronic signature law were passed Wednesday at a State Council executive meeting. It was also decided at the meeting to submit the draft amendments to the Standing Committee of the National People's Congress, China's top legislature, for deliberation, according to a statement after the meeting. Suggestions for revisions include adding the principle of "non-discrimination" in administrative licensing, substantially raising the amount of compensation for infringing exclusive rights to use trademarks, and cutting approval time for applications for qualified construction permits. Last month, the National People's Congress passed the foreign investment law, a landmark legislation that will provide stronger protection and a better business environment for overseas investors. The law will become effective on 1st January 2020.

## Hong Kong



### Voluntary Health Insurance Scheme to launch in April

A Voluntary Health Insurance Scheme (VHIS) will be launched from 1st April 2019. VHIS is a policy initiative introduced by the Hong Kong Food and Health Bureau (FHB) to regulate indemnity hospital insurance plans offered to individuals, with voluntary participation by insurance companies and customers.

Insurance companies participating in the VHIS (VHIS Providers) offer individual indemnity hospital insurance plans that are certified by FHB to comply with the minimum requirements of the scheme in product design (“Certified Plans”). Moreover, VHIS Providers must comply with a set of Code of Practices covering sales and marketing, handling of applications, after-sales services, etc.

The objective of the VHIS is to enhance the protection level of hospital insurance products and relieve the pressure on the public healthcare system. Certified Plans provide full coverage on unknown pre-existing conditions from the fourth year onwards, and treatment of congenital conditions which have manifested or been diagnosed after the age of 8, subject to policy terms that apply to unknown pre-existing conditions.

It is the choice of consumers whether to buy Certified Plans or not. To assist informed choice, comprehensive product and premium information of Certified Plans will be available on the websites of the insurance companies concerned.

The Inland Revenue Ordinance (Cap.112) gives effect to a new concessionary tax deduction under salaries tax and personal assessment to individuals who purchase Certified Plans for themselves or their specified relatives under VHIS after 1st April 2019. Where a taxpayer or their spouse is the policy holder of a policy issued under a Certified Plan of VHIS, they may claim tax deductions up to HKD 8,000 per insured person for the premiums paid in relation to the Certified Plan. The insured person of the Certified Plan should be the taxpayer or any specified relatives, which cover the taxpayer's spouse and children, and the taxpayer's or his/her spouse's grandparents, parents and siblings.

## France



### Pension schemes merge

Agirc-Arrco, the two complementary compulsory pension schemes have merged with effect from 1st January 2019.

The pension plan for executives, Agirc, and the pension plan for non-executives, Arrco are now one single plan, compulsory for all employees, and give the same rights to all. Over the last years, several changes have occurred, but both systems still required simplification and more transparency for their contributors.

Agirc's 4 million former participants and Arrco's 18 million participants will now have new rules applying to contribution rates and periods of contribution.

The first change requires a greater contribution effort from higher earners. A non-executive who earns EUR 2,200 a month, for instance, will have to contribute EUR 2 more per month (EUR 6 for his employer). For an executive earning EUR 4,700, the increase will be much higher, nearly EUR 20 (EUR 30 for the employer).

The second change is a Bonus-Malus system. This change is aimed at encouraging employees to work longer than their retirement age.

An employee aged 62, with a full period of contribution, will not get a full pension if they stop working at 62. A penalty will apply, reducing their pension by 10% over three years. If they leave at age 63, they will receive their normal supplementary pension. However, if they work until age 65, they will get an additional pension of 10% for one year. This bonus will amount to 20% if they work until age 66, and to 30% for a pension withdrawn at age 67.

The third change applies to the reversionary pension. Initially, Agirc and Arrco had a different age for survivors' pensions. Therefore, a choice had to be made for the new unified Agirc-Arrco pension scheme, and it was decided to apply the most favourable age, therefore the survivors' pension will be paid from the age of 55.

## Germany



### Small employers become paying agents

With the appointment Service- und supply law (TSGV), passed by the legislative on 14th March 2019, the statutory health insurance paying agency procedure has been extended to all recipients of health care and to smaller paying agencies. This also affects all employers who pay out company pensions.

An employer is regarded as a paying agent if it pays pension benefits to a company pensioner who also receives a pension from the statutory pension.

The consequence is that they are obliged to withhold the social insurance contributions from the pension benefits and pay them to the competent statutory health insurance fund (so-called paying agent procedure). However, smaller paying agencies that regularly pay pension benefits to fewer than 30 contributory members could previously be exempted from the obligation to pay contributions or the paying agency procedure upon request.

## Greece



### Introduction of a new regulation from the National Healthcare System for the prompt diagnosis and prevention of serious illnesses

According to the new regulation, in order for the prompt diagnosis and the prevention of the onset and/or the avoidance of the appearance of serious medical conditions, insured members are being offered at no extra cost the following examinations under the National Healthcare System:

- Vaccinations of children and adults, according to the National Program for Vaccination approved by the Ministry of Health
- Prenatal special screening tests on women and men for the purpose of giving birth to healthy children
- For the early diagnosis of breast cancer: mammography every 2 years for women aged from 40 to 50 years, and every year for women over 50 years of age or in women over of 35 years, provided that they belong to high-risk groups in which case a prescription of a specialist doctor is required
- For the early diagnosis of cervical cancer: PAP tests every year in all women from the onset of sexually active life, or detection test for HPV-DNA type high-risk, every five years from the age of 21 years until the age of 60
- For the early diagnosis of colorectal cancer, microscopic examination of haemoglobin in faeces every two years in men and women aged 50 to 70 years, and colonoscopy every five years in males and females aged 50 years or more or each year in men and women aged 40 and above provided that they belong to a high-risk group. In the latter case, a prescription of a specialist doctor is required
- For the early diagnosis of prostate cancer, PSA every two years in men over 50 years and every year in men between 60 and 80 years old

- For the prevention of heart disease special laboratory tests, every five years in males and females from 15 to 30 years old and every three years in men and women over 30 years old
- For the prevention and diagnosis of diabetes mellitus, blood glucose tests, HBAlc and glucose tolerance test every five years in males and females from 15 to 50 years old and every three years in men and women over 50 years old. For high-risk groups, the examinations are offered every two years. These include:

  1) people with family history of diabetes [1st degree]

  2) people with MBI>30

  3) women with polycystic ovaries

  4) women with medical history of gestational diabetes

  5) patients suffering from arterial hypertension and dyslipidaemia

## Introduction of family doctor from the National Healthcare System as of 1st January 2019

The family doctor is a new, free operation of the NHS. It is the first point of contact of the individual with the National Healthcare System and acts as health consultant and navigator of the NHS.

The specialties that will comprise the family doctor system are: General Practitioner, Pathologist and Paediatrician.

At the moment there are 101 Local Health Units [LHU] and they are expected to reach 239 in the following years spread all over Greece.

Although the new system had been introduced as ‘mandatory’ for all Greek citizens as of 1st January 19, hence all Greek citizens had to be enrolled to the new system of family doctor in order for them to be able to use the NHS, the small number of doctors willing to participate and frame the new system led to the extension of enrolment. Therefore, until further notice, the National Health System continues to operate in the same manner as before the introduction of the family doctor.

## Gradual abolishment of printed healthcare booklets

According to a decision of the Labor and Health ministries, printed healthcare booklets will be gradually abolished and the insurance certification to cover the benefits in kind from NHS and the cash and other benefits from the Social Security Scheme will be made under the Social Security Registry Number. Recipients will be required to provide their official ID in order to confirm their personal data.

Especially for insured persons who receive high-cost medicines through NHS, it is foreseen that they keep their booklets for any information related to this provision.

Until the final abolishment of the booklets and until the electronic application that will replace the printed form of the booklet is completed, those who have ending booklets will not get new ones, but pages will be added in the existing ones if necessary.

## Hungary



### Elimination of tax advantages for fringe benefits

Hungary has eliminated almost all tax advantages for many fringe benefits from 1st January 2019. This is a significant development as employee benefits in Hungary have historically been structured as cafeteria-style programs specifically because of the tax favourability of such programs. Such programs allow employees to select among various tax advantage benefits within an allocated budget. The change will make previously tax-favoured benefits, such as pension contributions, health insurance, housing allowance, student loan repayment and cultural vouchers fully taxable as ordinary salary with respect to personal income and payroll taxes.

The insurance sector asked for a clarification from the Finance Ministry regarding Group policies. In those insurance policies where insured cannot be identified (group level is insured) the relevant tax is 40.71% (favourable taxation level). Tax advisor approval is needed case by case.

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