NATO of California/Nevada

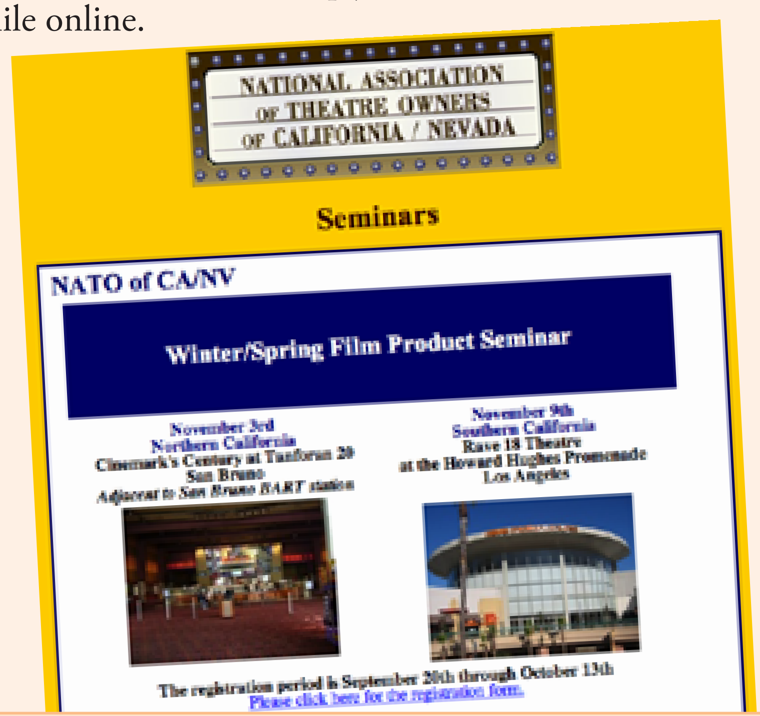
PREVIEWS

Information for the California and Nevada Motion Picture Theatre Industry

October 2010

Register Now for the Winter/Spring Film Product Seminar

Once there click the line Please click here for the registration form. After information has been entered in each of the fields hit the Book button once and the registration will be completed. A screen will pop up telling you: **Your booking was successful!** Repeat for each person being registered. Should you need help just call the NATO office at 310/460-2900 while online.



Seminar date and location information can be found in the Seminars and Meetings section at www.NATOCalNev.org. Attendance is limited to employees of member companies, with a limit of two guests per theatre location. There is no charge, but reservations are a must, no walk-ins will be admitted, and no-shows will incur a $25.00 charge. The registration deadline is Wednesday, October 20th at midnight.

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Not Your Grandfather's Health Plan

As employers know, implementation deadlines are coming up quick for some of the reform rules set in place by the federal health care reform law.

But employers also should know that the law that put health care reform in motion – known as the Patient Protection and Affordable Care Act (PPACA) – allows some existing health care plans to be "grandfathered."

It's an important label: grandfathered health plans can avoid some of the changes required under the new reform regulations.

The PPACA in Brief

Under the new health care reform law, all health plans, grandfathered or not, must provide certain benefits to employees, including:

- No lifetime limits on coverage.
- No rescission of coverage when people get sick.
- Extension of coverage to young adults under the age of 26.

Employers also may not impose coverage exclusions for children with pre-existing conditions. Beyond these basic requirements, the new reform laws treat health plans differently depending on whether the plans are considered "grandfathered."

Defining the Term

A "grandfathered" health plan is a group health plan that an employer offered prior to March 23, 2010 – the date that the PPACA was enacted.

Government regulations impose significant restrictions on employers' and insurers' ability to make changes to grandfathered health plans. If an employer or insurer does try to make changes, those plans are likely to lose grandfathered status.

To maintain grandfathered status, a plan may not significantly decrease its participants' health benefits or increase the participants' require contributions.

- Specifically, an employer's plan will no longer be grandfathered if the employer:
- Reduces benefits or eliminates coverage for a particular condition;
- Increases the percentage of an employee's co-insurance contributions;
- Increases co-payments by the greater of 15 percent or $5 (plus inflation);
- Increases deductibles or out-of-pocket limits by more than 15 percent (Plus inflation;
- Decreases employer contributions by more than 5 percent;
- Adds an annual cap on insurance payments, or reduces the amount of an existing cap; or
- Changes policies or carriers.

Employers may increase employee contributions or co-payments by the amount of medical inflation and may add new benefits or consumer protections without jeopardizing grandfathered status.

Corporate mergers and restructuring may also cause the loss of grandfathered status. If a regulatory agency determines that the main purpose of the merger or acquisition was to avoid complying with the PPACA, the agency will revoke that plan's grandfathered status.

Disclosures and Records

Employers with grandfathered health plans must disclose information to their employees that's not required of non-grandfathered plans.

Continued on page 3

Continued from page 2

All plan materials must include a statement describing the plan benefits and informing participants that the employer believes the plan is grandfathered. The statement must also give employees contact information for questions and complaints about grandfathered health plans.

The U.S. Department of Labor issued a model notice, available at www.dol.gov/ebsa/grandfatherregmodelnotice.doc, to satisfy the disclosure requirement.

Additionally, employers must comply with new federal laws on recordkeeping for grandfathered plans. Employers should maintain original (pre-March 23, 2010) plan descriptions, including contribution and benefit amounts, along with any documents demonstrating subsequent changes to the plan.

Employers must make these documents available to plan participants or government inspectors upon request so participants or inspectors can verify that the plan conforms to the grandfathering limitations.

Importance of Grandfathering

Under the PPACA's implementation schedule, on the first day of the first plan year that begins on or after September 23, 2010, non-grandfathered plans must offer their participants:

- An external review process;
- Mandatory 100 percent coverage of preventative care services, such as immunizations and mammograms;
- Removal of increased cost sharing for out-of-network emergency services;
- The freedom to choose any network doctor (such as a pediatrician or OB/GYN: as a primary care physician; and
- Equal health care benefits for all employees, regardless of job title or compensation (often referred to as nondiscrimination rules).

Many plans already offer the first four of these benefits so the PPACA won't immediately require employers to make many changes.

The nondiscrimination rules, however, could create challenges for California businesses.

Some employers currently offer more favorable health benefits to executives and other high-level employees. For example, executive employees might receive immediate coverage, while other employees must wait 90 days before coverage begins.

Other companies simply give their highest-paid employees better coverage at reduced cost, offering reimbursement for out-of-pocket expenses, lower deductibles or lower premiums.

Under the PPACA, companies will no longer be able to offer different levels of benefits to "highly compensated employees."

A "highly compensated employee" is defined as one of the five highest-paid officers, one who owns more than 10 percent of the company's stock or who is among the highest 25 percent of employees ranked by pay.

This final qualification means that, for every business, the highest paid 25 percent of employees will be deemed "highly compensated," regardless of how much (or how little) money they make.

Additionally, the requirements are not mutually exclusive: If one of the five highest paid officers is not within the highest paid 25 percent of employees, he or she is still included within the "highly compensated" category.

Government agencies are still finalizing the regulations on this issue, but current publications indicate that the final rules will be similar to those found in the Internal Revenue Code section 105(h) non-discrimination regulations.

Employers who currently offer different levels of benefits to different tiers of employees should consult their tax attorneys to determine whether they should implement policies to maintain grandfathered status.

Impact on Other Plans

Health plans that are subject to collective bargaining agreements will retain grandfathered status at least through the end of the agreement.

After the bargaining agreement terminates, the plan will be subject to the same grandfathering rules as other types of plans. The PPACA also specifies that collective bargaining plans will be subject to the same basic requirements as other types of health care plans.

Specifically, by the first date of the plan year after September 23, 2010, collectively bargained plans must include:

- No lifetime limits on coverage,
- No rescission of coverage when people get sick, and
- Extension of coverage to young adults under the age of 26.

Retiree-only plans and separate health and dental plans are exempt from the PPACA regulations.

The regulations implementing the PPACA are currently in "interim" format. The agencies drafting those regulations are soliciting public comments, and may make adjustments to the regulations prior to publishing the final rules.

In the meantime, employers with grandfathered health plans should conform to the interim rules, and stay aware of regulatory changes that may require them to take action if they wish to maintain that status.

Source: Michelle Galbraith, J.D. for California Chamber of Commerce California Employer Update

New Workers' Compensation Regulations must be posted by October 8th

California's Department of Worker's Compensation (DWC) released regulations that require all employers within the state to post a new 'Notice to Employees – Injuries Caused by Work.' You must post this notice, in a conspicuous location frequented by employees, by October 8, 2010. ***Failure to post the notice by the October deadline can result in a misdemeanor and up to $7,000 in civil penalties.***

Employers must also distribute a new 'Your Rights to Workers' Compensation Benefits' pamphlet to all new employees who start to work on or after October 8, 2010, at the time of hire or before the end of the first pay period.

***All California employers* must:**

- Post the new version of the 'Notice to Employees – Injuries Caused by Work' (dated 6/10/10) by October 8, 2010.
- Distribute a new 'Your Rights to Workers' Compensation Benefits' pamphlet to all new employees who start to work on or after October 8, 2010, at the time of hire or before the end of the first pay period.

Employers within an existing Medical Provider Network (MPN) must also:

- Create a complete MPN Notice and post it next to the revised 'Notice to Employees – Injuries Caused by Work' poster by October 8, 2010. Give the same complete MPN Notice you've created to any employee injured at work on or after October 8, 2010.

Employers who are implementing, changing or terminating an MPN must also:

- Post a complete MPN Notice next to the 'Notice to Employees – Injuries Caused by Work' poster by October 8, 2010. Give the Complete MPN Notice to any employee injured at work on or after October 8, 2010.
- Give all employees notice that you are implementing, terminating, or changing the MPN.

Small Business Jobs Act Summary

President Obama last week signed into law the Small Business Jobs Act (H.R. 5297), which aims to help small businesses access capital and stimulate investment in small businesses. The measure passed the House of Representatives 237 to187 on a mostly party-line vote after clearing the Senate 61 to 38.

The measure includes the following provisions to help small businesses grow and create jobs:

Small Business Lending Fund. The legislation establishes a Small Business Lending Fund of $30 billion to provide capital investments to small community banks to increase small business lending. The fund is limited to banks that hold less than $10 billion in assets.

SBA Lending Provisions. The legislation extends the American Recovery and Reinvestment Act small business lending program that eliminates the fees normally charged for loans through the SBA 7(a) and 504 loan programs, and increases the government guarantees on 7(a) loans from 75 percent to 90 percent. The bill also increases 7(a) loans from $2 million to $5 million, 504 loans from $1.5 million to $5.5 million, and microloans from $35,000 to $50,000.

Increase of Section 179 Expensing. Under current law, taxpayers may elect to write-off the costs of certain tangible personal property that is purchased for use in the active conduct of a trade or business in the year of acquisition in lieu of recovering these costs over time through depreciation. Under the measure signed by the president, taxpayers may write off up to $500,000 of capital expenditures subject to a phase-out once these capital expenditures exceed $2 million for the taxable years beginning in 2010 and 2011. Within those thresholds, the legislation allows taxpayers to expense up to $250,000 of the cost of qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property.

Extension of Bonus Depreciation. Businesses are allowed to recover the cost of capital expenditures over time according to a depreciation schedule. Congress temporarily allowed businesses to recover the costs of certain capital expenditures made in 2008 and 2009 more quickly than under ordinary depreciation schedules by permitting those businesses to immediately write-off 50 percent of the cost of depreciable property placed in service in those years. This bill extends the additional, first-year 50 percent depreciation for qualifying property purchased and placed in service in 2010.

Self-Employment Tax on Health Care. This legislation allows a one-year self-employment tax deduction on the cost of health insurance incurred in 2010. Under current law, business owners are not permitted to deduct the cost of health insurance for themselves and their family members for purposes of calculating self-employment tax.

Additional provisions of the Small Business Jobs Act can be found on the White House and Senate Finance Committee websites by clicking here and here, respectively.

Scottsdale-Based Harkins Wants to Ban Texting During Movies

Reprint from The Arizona Republic *by Sonu Munshi*

You may identify with this one. You pay your $10 to forget about the world outside and enjoy a movie. But instead of the bright lights of the silver screen and the crackle of munching popcorn, it's the guy or gal sitting next to you with a Blackberry screen flickering that's got all your fuming attention.

Officials at Harkins Theatres hope to gently steer patrons away from what has become an all-too-common practice. The Scottsdale-based chain is accelerating a campaign against texting during movies. The campaign includes replacing promotions of coming attractions in poster cases with "No Texting During Movie" signs. The Arrowhead Harkins near Bell Road and Loop 101 had one inside the lobby this week. More are expected the weekend of Sept. 24.

Harkins' nationwide campaign will run through Christmas.

"We're asking that moviegoers have respect for other guests around them," Harkins spokesman Bryan Laurel said.

The chain has heard from "plenty of people" whose moviegoing experience was ruined by texters, he said.

"People feel they aren't disturbing others but someone getting on Facebook or Twitter, that quick burst of light can be distracting," Laurel said. "You wouldn't text in church or in an important meeting, and we're trying to create some social rules here, too."

Outside the Arrowhead Harkins, Peoria seniors Merrill and Pat Harlan smiled aplenty when asked for their thoughts about the campaign.

"Texting is irritating," Merrill said. Holly Gibson, 32 of Glendale, and step-daughter Elizabeth Hampton, 12, couldn't agree more

"It's so rude," Elizabeth said. She said classmates text a lot at school and she acknowledged she loves to text too, but there are lines. "Not when you're watching a movie," she said.

Not everyone's sold on what others think is a noble cause.

"I mean, c'mon," said Goodyear resident Cherryl Hardy. "You don't want the baby to cry or someone talking loudly on their cellphone, but a cellphone light shouldn't bother anyone."

Hardy said she'd hardly call herself the texting type, but she wouldn't be offended if anyone sitting nearby did so as she watched a movie

"Freedom of speech, isn't it?" Hardy said.

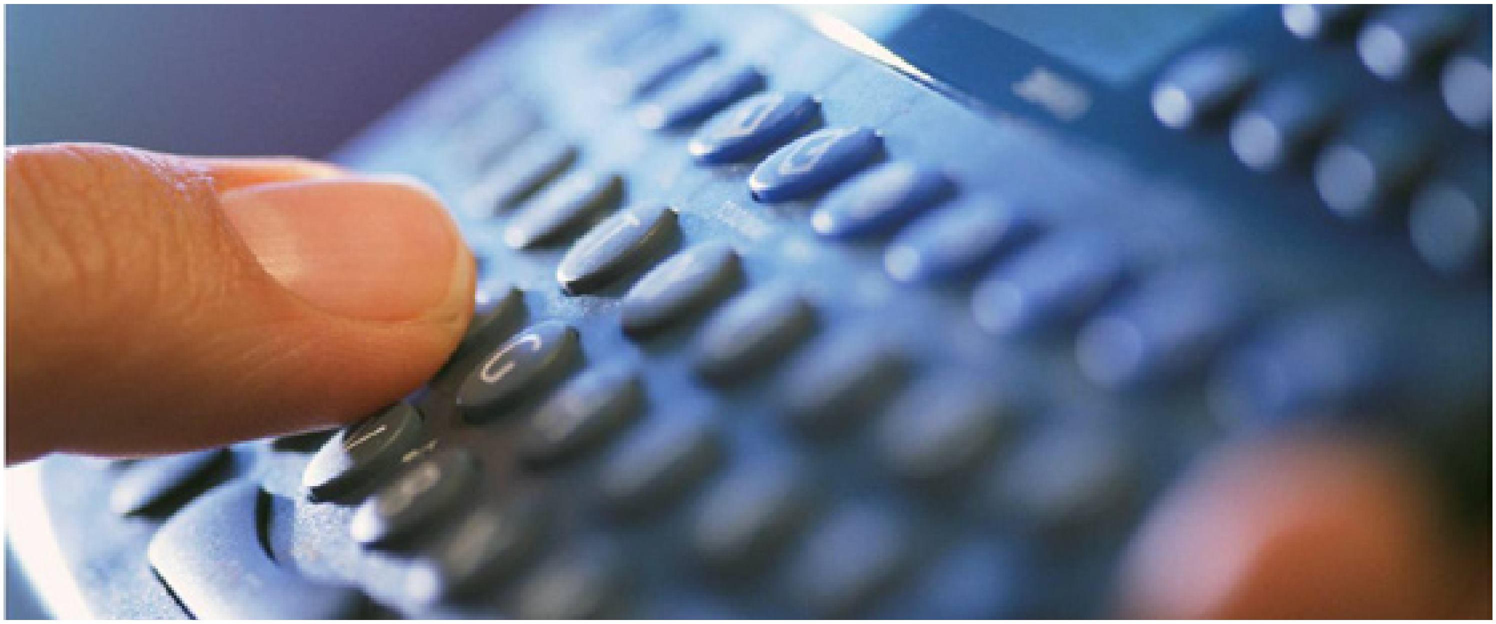
Still, other Arizona theater chains try to keep texting at bay.

"We have proactive programs as well as security guards and ushers who patrol our theaters and enforce behavior policies such as cellphone use, talking during movies and loitering," AMC Entertainment spokesman Justin Scott said.

UltraStar Cinemas manager Hope Cunningham said onscreen ads ask guests to switch off phones and refrain from texting during movies.

Harkins' Laurel hopes moviegoers embrace the campaign's spirit.

"It's like every time new technologies emerge, social rules need to be established," Laurel said.



CALENDAR of EVENTS & HOLIDAYS

Columbus Day Observed
October 11

Food Safety Certification Course Southern California
October 19

Food Safety Certification Course Northern California
October 21

Halloween
October 31

Election Day
November 2

Northern California Film Product Seminar
November 3

Daylight Savings Time Ends
November 7

Southern California Film Product Seminar
November 9

Veteran's Day
November 11