

# HEALTH CARE REFORM LEGISLATION

PATIENT PROTECTION AND AFFORDABLE CARE ACT  
PL 111-148

HEALTH CARE AND EDUCATION RECONCILIATION  
ACT PL 111-152

## OVERALL IMPACT ON PATIENTS

- EXPANDS COVERAGE TO 32 MILLION AMERICANS CURRENTLY UNINSURED
- CLOSING INSURANCE LOOPHOLES
  - PRE-EXISTING ILLNESS
  - ANNUAL/LIFETIME CAPS
  - COVERAGE FOR YOUNG ADULTS
- CLOSING MEDICARE PRESCRIPTION DRUG “DOUGHNUT HOLE” (§2830-6440)
- DOES NOT LIMIT PROVIDER CHOICE

## PATIENT TIME LINE - 2010

- IMMEDIATE
  - MEDICAID EXPANDED TO PARENTS AND CHILDLESS ADULTS UP TO 133% OF FPL
  - STATES ESTABLISH HEALTH INSURANCE CONSUMER ASSISTANCE MECHANISM

## PATIENT TIME LINE - 2010

- WITHIN 90 DAYS
  - ACCESS TO AFFORDABLE COVERAGE FOR UNINSURED WITH PRE-EXISTING CONDITIONS
  - INTERAGENCY COUNCIL ON PREVENTION AND PUBLIC HEALTH
  - 10% INDOOR TANNING TAX
  - WEBSITE FOR INSURANCE OPTIONS
  - REINSURANCE TO ASSIST EARLY RETIREE HEALTH PLANS

## PATIENT TIME LINE - 2010

- SIX MONTHS
  - NO PRE-EXISTING COVERAGE EXCLUSIONS FOR CHILDREN
  - COVERAGE FOR ADULT DEPENDENT CHILDREN TO AGE 26
  - FREE PREVENTION AND WELLNESS BENEFITS - MEDICARE
  - PRIMARY CARE PHYSICIAN CHOICE PROTECTION
  - INSURANCE APPEALS PROCESSES

## PATIENT TIME LINE - 2010

- SIX MONTHS
  - NO PRIOR AUTHORIZATION FOR OB/GYN VISITS
  - NO LIFETIME LIMITS ON COVERAGE
  - REGULATED ANNUAL COVERAGE LIMITS
  - NO RESCISSIONS WHEN CLAIMS ARE FILED
  - NO SALARY DISCRIMINATION USING ELIGIBILITY RULES

## PATIENT TIME LINE - 2010

- BY THE END OF THE YEAR
  - \$250 REBATE FOR “DONUT HOLE” – MEDICARE PART D
  - INCREASED ADOPTION TAX CREDIT AND ASSISTANCE

## PATIENT TIME LINE - 2011

- VALUE FOR PREMIUM PAYMENTS – 75-85% CLINICAL SERVICES
- VOLUNTARY PAYROLL DEDUCTIONS FOR LONG TERM CARE INSURANCE
- MEDICARE – FREE ANNUAL WELLNESS VISIT
- MEDICARE – COST SHARING WAIVED FOR PREVENTIVE SERVICES
- MEDICARE – 50% DISCOUNT FOR BRAND NAME DRUGS IN “DONUT HOLE”
- EMPLOYERS REPORT HEALTH COVERAGE COST ON FORM W-2
- MEDICAID HOME PROVIDER ASSISTANCE

## PATIENT TIME LINE - 2011

- STATES CAN REQUIRE JUSTIFICATION AND IMPOSE PENALTIES FOR INSURANCE PREMIUM RATE INCREASES
- MEDICAID TOBACCO CESSATION SERVICES FOR PREGNANT WOMEN
- MEDICAID FOR ALL ELIGIBLE CHILDREN, PREGNANT WOMEN AND ADULTS WITH INCOMES AT OR BELOW 133% OF FEDERAL POVERTY LEVEL
- CHANGE IN DEFINITION OF “MEDICAL EXPENSES” (HSA, FLEX ACCOUNTS)
- INCREASED PENALTY (20%) FOR NON-QUALIFIED USE OF HSA

## PATIENT TIME LINE - 2013

- MEDICARE PAYROLL TAX
  - 0.9% INCREASE FOR WAGES
    - >\$200,000 INDIVIDUAL
    - >\$250,000 JOINT FILING
- MEDICARE UNEARNED INCOME TAX
  - 3.8% INCREASE ON LESSER OF NET INVESTMENT INCOME OR MODIFIED ADJUSTED GROSS INCOME IN EXCESS OF
    - \$200,000 INDIVIDUAL
    - \$250,000 JOINT FILING
- \$2500 LIMIT ON HEALTH FSA SALARY REDUCTIONS
- INCREASED THRESHOLD FOR ITEMIZED DEDUCTION FOR UNREIMBURSED MEDICAL EXPENSES (10% AGI)

## PATIENT TIME LINE - 2014

- INSURERS REQUIRED TO COVER PEOPLE WITH PRE-EXISTING CONDITIONS
- STATE-BASED HEALTH INSURANCE EXCHANGES
- FEDERAL TAX CREDITS OR VOUCHERS FOR ASSISTANCE OBTAINING COVERAGE
- IMPLEMENT ESSENTIAL BENEFITS PACKAGE AND IDENTIFY COVERAGE LEVELS
- PRIVATE HEALTH INSURANCE CANNOT BE DENIED

## PATIENT TIME LINE - 2014

- EXCISE TAX FOR NON-COVERAGE
  - GREATER OF \$695 PER “FAILURE” OR 2.5% OF HOUSEHOLD INCOME IN EXCESS OF THE THRESHOLD AMOUNT REQUIRED FOR INCOME TAX FILING
  - CANNOT ANNUALLY EXCEED 300% OF PER ADULT FILING PENALTY (695X3) OR THE NATIONAL AVERAGE PREMIUM OF “BRONZE LEVEL” HEALTH PLANS
  - EXEMPTIONS
    - LOW INCOME
    - RELIGIOUS
    - MEMBERS OF INDIAN TRIBES
  - ELIGIBILITY BASED ON INFORMATION RETURNS SUBMITTED BY HEALTH PROVIDERS

## PATIENT TIME LINE - 2018

- EXCISE TAX ON HIGH COST INSURANCE
  - 40% ON PLANS EXCEEDING THRESHOLDS
    - \$10200 INDIVIDUAL
    - \$27500 FAMILY
  - INSURER PAYS THE TAX BUT CAN PASS COST ON TO CONSUMER

## PATIENT TIME LINE - 2020

- MEDICARE – “DONUT HOLE” ELIMINATED

## IMPACT ON PROVIDERS

- QUALITY/OUTCOMES
- QUANTITY AND DISTRIBUTION OF PROVIDERS
- STREAMLINING PROCESSES

## IMPACT ON PROVIDERS

- IMMEDIATE
  - PATIENT-CENTERED OUTCOMES RESEARCH INSTITUTE
  - NEW STANDARDS FOR NON-PROFIT HOSPITALS
  - ESTABLISH A NATIONAL HEALTH CARE WORKFORCE COMMISSION
  - NEW THERAPY INVESTMENT INCENTIVES
  - HEALTH CARE FRAUD PROVISIONS

## IMPACT ON PROVIDERS

- THISYEAR
  - 5% MEDICARE INCENTIVE FOR MENTAL HEALTH SERVICES
  - GPCI PAYMENTS REESTABLISHED AND ADJUSTED UPWARD TO BENEFIT 56 LOCALITIES IN 46 STATES
  - CONTINUED PQRI INCENTIVES (NEGATIVE IMPACT STARTS IN 2015)
  - MEDICARE PAYMENT PROTECTION FOR RURAL PROVIDERS
  - ESTABLISH A NATIONAL HEALTH CARE WORKFORCE COMMISSION

## IMPACT ON PROVIDERS

- 2011-2016
  - 5 YEAR GRANT PROGRAM FOR MEDICAL LIABILITY REFORM INITIATIVES 2011
  - 10% INCENTIVE PAYMENTS FOR PRIMARY CARE PHYSICIANS AND GENERAL SURGEONS 2011-16
  - NATIONAL QUALITY STRATEGY – HHS 2011
  - FUNDING FOR CONSTRUCTION AND EXPANSION OF COMMUNITY HEALTH CENTERS 2011
  - INCREASED FUNDING FOR SCHOLARSHIPS AND LOAN REPAYMENTS FOR PARTICIPANTS OF NATIONAL HEALTH SERVICE CORPS 2011

## IMPACT ON PROVIDERS

- 2011-2016
  - ENCOURAGES FORMATION OF ACCOUNTABLE CARE ORGANIZATIONS - 2012
  - MEDICAID PAYMENTS RAISED TO MEDICARE LEVELS FOR PRIMARY CARE 2013-2014 (FUNDED)
  - ESTABLISH “INDEPENDENT PAYMENT ADVISORY BOARD” – REDUCE MEDICARE GROWTH RATE
  - STANDARDIZED HEALTH INSURANCE CLAIMS PROCESSING REQUIREMENTS 2013-16
  - 10% INCENTIVE FOR GENERAL SURGEONS PRACTICING IN HEALTH CARE SHORTAGE AREAS 2011-16
  - NEW RULES ON PHYSICIAN OWNED HOSPITALS

## SMALL BUSINESSES

- TAX CREDITS - 2010
  - 35-50% OF COST OF PREMIUM FOR SMALL BUSINESSES THAT OFFER HEALTH INSURANCE
  - TAX EXEMPT (501(c)) CREDIT MAY BE USED AGAINST PAYROLL TAX (25-35%)
- GRANTS FOR WELLNESS PROGRAMS – 2011
- EXEMPT FROM REQUIREMENT TO PROVIDE COVERAGE
- SMALL BUSINESS HEALTH OPTIONS PROGRAM (SHOP)