

HEALTH CARE REFORM

by

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OVERVIEW

- Health Care Reform formally known as “Affordable Health Care Act” (ACA)
- Many changes occurring are not result of ACA, but written into prior bills
- ACA around 2,000 pages and very complex and confusing – constantly referring back to Sections of other bills which are changed – have to go back and forth between a number of bills
- Country is divided on acceptance of bill – about 1/3 think it makes us better off; about 1/3 think it makes us worse off; and 1/3 say it doesn’t make much, if any difference

OVERVIEW (CONT.)

- Largest current problem is ????? – money, of course – Just about everybody agrees that health insurance policies are too expensive and constantly increasing – average premium = almost \$14,000/annum – have doubled over last 9 years
- Next problem that exists currently are “holes” in system – people can be turned down for “pre-existing conditions”; small businesses charged extra if some workers are sick (policies become unaffordable); some policies have lifetime limit on benefits
- Another major problem is fraud, abuse and waste - \$350,000,000 added over next 10 years to fight fraud, waste and abuse – for every \$1 invested, it has been shown that there is \$4 return
- And another \$ problem – before ACA, Medicare fund expected to run out of \$ in 2017 – with ACA projected to add 17 years to 2029

WHAT ARE SOME OF SOLUTIONS?

- If single and earn >\$200,000 or married >\$250,000 will pay higher Medicare taxes (Note that increase for >\$85,000 in Part B premium is part of current Medicare and not ACA)
- Tie “quality of care” to hospital payments – things that should not happen in hospital (e.g. – infections, instruments left in body, etc.) will not be rewarded, as is current, with a higher payment rate – also provide for better care after discharge from hospital
- Provide tax incentives for children – can write-off premiums
- \$11 Billion for new Federally Qualified Health Centers (FQHC)
- Claim periods for original Medicare reduced to one year
- Part B premium increases tied to income – income levels frozen at 2010 levels thru 2019 (e.g. - \$85,000 level will not increase with cost-of-living) so one could receive a raise and have to pay a higher Part B premium

MORE SOLUTIONS

- Annual physicals – no co-pay or deductible
- Cap exception for physical therapy and occupational therapy extended
- Ambulance services extended
- Motorized wheel chairs no longer paid off as lump sum – pay rental fee over 13 months and then own
- New annual enrollment dates for Part D – 15 October to 7 December
- Closes “donut hole” until completely phased out in 2020
- Makes submitting complaints easier – form on www.medicare.gov
- Freezes payment rates to Medicare Advantage plans for 2011 at 2010 rates
- Extends Special Needs Program until 2014

STILL MORE SOLUTIONS

- Improves and extends provisions of Low Income Subsidy (LIS) program
- Protects and improves guaranteed Medicare benefits
- Provides that nothing in Act shall result in reduction of guaranteed benefits under Medicare
- Provides that savings generated under Act must be used to extend solvency of Trust funds; reduce Medicare premiums and other cost-sharing for beneficiaries; and improve or expand guaranteed Medicare benefits and protect access to Medicare providers
- Requires CMS to create Center for Medicare and Medicaid Innovation to research, develop, test and expand innovative payment and delivery models to reduce program expenditures while maintaining or improving quality of care
- Expands access to primary care physicians and general surgeons in areas with shortages – 10% Medicare payment bonus (5 year lifetime)

TIMELINE

2010

- Sets up a high-risk health insurance pool to provide affordable coverage for uninsured people with medical problems
- Starting 6 mos. After enactment requires all insurance plans to maintain dependent coverage for children until they turn 26; prohibits insurers from denying coverage to children because of pre-existing problems
- Bars insurance companies from putting lifetime dollar limits on coverage and canceling policies except for fraud
- Provides tax credits to help businesses with up to 25 employees get and keep coverage
- Begins narrowing the Medicare prescription coverage gap by providing \$250 rebate to seniors in the gap. To be fully closed by 2020
- Reduces projected Medicare payments to hospitals, home health agencies, nursing homes, hospices and other providers
- Imposes 10% tax on indoor tanning

TIMELINE (CON.)

2011

- Creates voluntary long-term care insurance program to provide a modest cash benefit helping disabled people stay in their homes, or cover nursing home costs
- Provides Medicare recipients in the prescription coverage gap with a 50% discount on brand name drugs and 7% discount on generics – balance goes into Medicare fund – all drug companies have agreed
- Provides 10% Medicare bonus to primary care doctors and general surgeons practicing in underserved areas
- Freezes payments to Medicare Advantage plans, the first step in reducing payments to the private insurers who serve about ¼ of seniors
- Boosts funding to community health centers which provide basic care for many low-income and uninsured people
- Requires employers to report health care benefits on employees' w-2 tax forms
- Imposes \$2.3 billion annual fee on drug-makers, increasing over time

TIMELINE (CONT)

2012

- Sets up program to create non-profit insurance co-ops
- Initiates Medicare payment reforms by encouraging hospitals and doctors to band together in quality-driven “accountable care organizations”
- Penalizes hospitals with high rates of preventable readmissions

TIMELINE (CONT)

2013

- Standardizes insurance company paperwork to reduce administrative costs
- Limits medical expense contributions to tax-sheltered flexible spending accounts. Raises threshold for claiming itemized tax deduction for medical expenses
- Increases Medicare payroll tax on couples making more than \$250,000 and individuals making more than \$200,000
- Imposes a 2.3% sales tax on medical devices. Many everyday items are exempt

TIMELINE (CONT)

2014

- Prohibits insurers from denying coverage to people with medical problems or refusing to renew their policy
- Coverage expansion goes into high gear as states create health insurance exchanges
- Provides income-based tax credits for most consumers in the exchanges, substantially reducing costs for many
- Medicaid expanded to cover low-income people up to 133% of the federal poverty line, about \$28,300 for a family of four
- Requires citizens and legal residents to have health insurance except in cases of financial hardship or pay a fine to the IRS
- Penalizes employers with more than 50 workers if any of their workers get coverage through the exchange and receive a tax credit

TIMELINE (CONT)

2018

- Imposes a tax on employer-sponsored health insurance worth more than \$10,200 for individual coverage, \$27,500 for a family plan – so-called “Cadillac Plans”

TIMELINE (CONT)

2020

- Doughnut hole coverage gap in Medicare prescription benefit is phased out