



CHAMBER INSURANCE TRUST HEALTHCARE REFORM SUMMARY

President Obama signed into law the Patient Protection and Affordable Care Act, the largest expansion of the public health care system since the passage of legislation in 1965 that created the Medicare and Medicaid programs. The table below outlines the implementation timeline for key employer-related provisions that go into effect almost immediately in 2010 and 2011.

THIS UPDATE IS PART OF A SERIES

This update is part of a series to provide you with the information needed for your employer clients and their employees to satisfy the newest reforms

2010 Timeline

- Provides immediate access to high-risk pools for people who have no insurance due to pre-existing conditions (**Effective 90 days following enactment until January 1, 2014 when exchanges are operational**)
- Extends dependent coverage to both unmarried AND married children up to age 26 for all individual and group health plans (**Effective for new plan years that begin on or after September 23, 2010**)
- Group and individual health plans prohibited from imposing lifetime limits on the dollar value of coverage, and prior to 2014 plans may only impose annual limits as determined by the Secretary of the US Department of Health & Human Services (**Effective for new plan years that begin on or after September 23, 2010**)
- Prohibits insurers from rescinding coverage except in cases of blatant fraud
- Requires insurers to cover pre-existing conditions in children
- **Provides a tax credit to small businesses with 25 or fewer employees and average annual wages less than \$50,000 that provide health insurance to their workforce**
- Creates a temporary reinsurance program for employers that provide coverage to early retirees ages 55-64 who are not yet eligible for Medicare
- Requires health plans to report the proportion of premiums spent on clinical services, quality, and other costs and provide rebates to consumers for the amount of the premium spent on clinical services and quality that is less than 85% for large group plans and 80% for small group and individual plans (requirement to report medical loss ratio (MLR) effective for plan year 2010; requirement to provide rebates effective January 1, 2011)
- Establishes a federal premium rate review process and requires insurers to justify rate increases. States are also required to report on trends in premium increases and recommend whether certain plans should be excluded from the exchange

REVIEW CHAMBER INSURANCE TRUST'S ENHANCED PORTFOLIO

- Group Health Insurance
- Individual Insurance
- Medicare Advantage
- Life Insurance
- Long Term Disability
- Short Term Disability
- Dental Insurance
- Health Savings Account
- Health Reimbursement Arrangement (HRA)
- Pet Insurance
- Individual Disability
- Health Advocacy
- Cobra Administration
- Worksite Homeowners & Auto
- Walmart RX Discount Plan

Medicare and Medicaid

- Provides a \$250 rebate to Medicare Part D beneficiaries who reach the “doughnut hole” coverage gap
- Reduces annual market basket updates for inpatient hospital, home health, skilled nursing facility, hospice, and other Medicare providers, and adjust for productivity

Tax Changes

- Imposes a 10% tax on the amount paid for indoor tanning salons
- Limits the deductibility of executive and employee compensation to \$500,000 per applicable individual for health insurance providers

2011 Time Line

Employer Reporting Requirements

Requires employers to disclose the value of the benefit provided by the employer for each employee's health insurance coverage on the employee's annual Form W-2

Long-Term Care

Establishes a voluntary long-term care program, the “CLASS ACT”

Wellness/Prevention/Quality Improvement

- Begins program that provides grants for up to five years to small businesses that establish wellness programs
- Establishes the National Prevention, Health Promotion, and Public Health Council to develop a national strategy to improve the nation's health
- Requires chain restaurants and food sold from vending machines to disclose the nutritional content of each item
- Develop a national quality strategy that includes priorities to improve the delivery of health care services, patient health outcomes, and population health

Medicare & Medicaid

- Requires pharmaceutical manufacturers to provide a 50% discount on brand-name prescriptions filled in the Medicare Part D coverage gap
- Provides a 10% Medicare bonus payment to primary care physicians and to general surgeons practicing in underserved areas
- Establishes a new CMS Innovation Center to test innovative payment and service delivery models to reduce health care costs and enhance quality of care
- Reduces payments to Medicare Advantage (MA) plans by setting payments to different percentages of Medicare fee-for service (FFS) rates
- Establishes the Community Care Transitions Program to provide transition services to high-risk Medicare beneficiaries
- Prohibits federal payments to states for Medicaid services related to hospital-acquired conditions (HAC)

Tax Changes

- Imposes new annual fees on the pharmaceutical manufacturing sector
- Increases the tax penalty for HSA and Archer MSA withdrawals that are not for qualified medical expenses to 20%
- Excludes the costs for over-the-counter prescriptions drugs not prescribed by a doctor from being reimbursed through an HRA or health FSA and from being reimbursed on a tax-free basis through an HSA or Archer

