

Nuts and Bolts of Health Care Reform

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Health Care Reform is now Health Care Law and does anyone really know what it all means? WBA Insurance Services and our partner, Diversified Insurance Services, would like to shed some light on the Senate bill that was passed on Sunday March 21, 2010. Although some provisions of the bill will take effect immediately most of the changes are set to take effect beginning in 2014. Below are some of the important provisions of the law that will affect your businesses and families in 2010 and 2011. For more information on the new health care laws, watch for the Health Care Update newsletter provided by WBA Insurance Services, powered by Diversified. This newsletter will hit your e-mail in May 2010 and will be posted on our website; www.wbainsurance.org

2010

- **Business tax credits:** Businesses with no more than 25 employees and average annual ages of \$40,000 would get tax credits to help provide insurance to employees. The credit would be up to 35% in 2010 of the employer's contribution if the employer pays 50% of the total premium cost. Effective 2010, with the tax credit increasing to up to 50% in 2014
- **Temporary reinsurance program:** A \$5 billion program would be created for employers to provide coverage for retirees over the age of 55 who are not eligible for Medicare. Effective June 2010 (expires Jan. 1, 2014).
- **Temporary high-risk insurance pool:** A \$5 billion pool would be created to provide health to individuals with pre-existing medical conditions who have been uninsured for at least six months. Effective June 2010 (expires Jan. 1, 2014)
- **Pre-existing conditions:** Insurers would be barred from denying coverage to children who have pre-existing medical conditions.
- **Adult dependent children:** Insurance companies would have to provide coverage for dependent children up to the age of 26.
- **Insurance coverage limits:** Insurance plans would be prohibited from placing lifetime limits on how much they pay out to individual policyholders and from rescinding coverage except in cases of fraud.
- **Preventive services:** Health insurance plans would be required to cover preventive services such as immunizations for children and cancer screenings for women.
- **Medicare drug rebates:** Medicare patients who face a gap in prescription drug coverage would receive a one-year, \$250 rebate to help pay for medication. Effective immediately.
- **Consumer Information:** Requires the Secretary of DHHS to develop information portal options for state residents to obtain uniform information on sources of affordable coverage, including an Internet site. Information must be provided on private health coverage options, Medicaid, CHIP, the new high-risk pool coverage and existing state high-risk pool options.

2011

- **Tax changes on health care savings accounts:** The federal tax on individuals who spend money from health-care savings accounts on ineligible medical expenses would double to 20%. Effective Jan. 1, 2011.
- **Community health centers:** Funding would increase by \$11 billion for community health centers that provide medical care to patients who can't afford it. Effective Oct. 1, 2011.
- **Medicare "doughnut hole":** Drug companies would provide a 50% discount on brand name prescription drugs for seniors who face a gap in drug coverage. Effective Jan. 1, 2011.
- **Primary care:** Primary care doctors and general surgeons practicing in areas that lack primary care doctors would receive a 10% bonus payment under Medicare. Effective Jan. 1, 2011 through 2015.
- **New annual fees on drug makers:** A total annual fee of \$2.5 billion would be imposed on pharmaceutical manufacturers. Effective Jan. 1, 2011.
- **Insurance rebates:** Creates a minimum loss ratio requirement that applies to all fully insured plans. Health insurance companies would be required to provide rebates to enrollees if they spend less than 85% for large group plans and 80% for individual and small group plans (100 and below) of their premium dollars on health care as opposed to administrative costs. Effective Jan. 1, 2011.
- **W-2 Reporting:** 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.
- **Standardizing the Definition of Qualified Medical Expenses:** Conforms the definition of qualified medical expenses for Health Savings Accounts (HSAs), Flexible Spending Accounts (FSAs), and Health Reimbursement Arrangements (HRAs) to the definition used for the itemized deduction. An exception to this rule is included so that amounts paid for over-the-counter medicine with a prescription still qualify as medical expenses.