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**Below is information on the Health Care Reform that was passed by the House of Representatives; this update may be important to your business.**

In a narrow vote, the US House of Representatives signed off on the Senate's national health care plan. The bill will now move onto the White House to presumably be signed by President Obama.

At a projected cost of \$940 billion over 10 years, the plan is intended to provide healthcare to over 30 million currently uninsured Americans.

**Under the plan:**

- \* Insurance for families of four making up to \$88,000 (or 400% of the federal poverty level) will be subsidized
- \* Medicaid is being expanded to cover those making up to 133% of the federal poverty level. For a family of four, that would be approximately \$29,000.
- \* Families earning over \$250,000 will see an increase in the amount of money they pay to Medicare from their paychecks.
- \* Insurance companies that provide high-end health plans (those valued at over \$8,500 for an individual or \$23,000 for families) will see a significant tax increase.
- \* You will be required to have health insurance or be fined either \$750 or 2% of your income. A compromise package, passed at the same time as the Senate bill, would change those numbers to \$695 or 2.5% of you income.
- \* Companies with more than 50 employees will be required to provide coverage or pay \$750 per employee that relies on government subsidies for their insurance. The compromise package ups this to \$2000 per employee.
- \* Any woman wishing to use federally subsidized coverage for an abortion--except in the case of rape, incest or danger to the mother's life--will have to pay out of pocket or seek private insurance.
- \* Parents will be permitted to keep their children on their health care plans until age 26 (BCBS of NC already does this).

What happens next (timeline):

**WITHIN THE FIRST YEAR OF ENACTMENT**

Insurance companies will be barred from dropping people from coverage when they get sick. Lifetime coverage limits will be eliminated and annual limits are to be restricted.

Insurers will be barred from excluding children for coverage because of pre-existing conditions.

Young adults will be able to stay on their parents' health plans until the age of 26. Many health plans currently drop dependents from coverage when they turn 19 or finish college.

Uninsured adults with pre-existing conditions will be able to obtain health coverage through a new program that will expire once new insurance exchanges begin operating in 2014.

A temporary reinsurance program is created to help companies maintain health coverage for early retirees between the ages of 55 and 64. This also expires in 2014.

Medicare drug beneficiaries who fall into the "doughnut hole" coverage gap will get a \$250 rebate. The bill eventually closes that gap which currently begins after \$2,700 is spent on drugs. Coverage starts again after \$6,154 is spent.

A tax credit becomes available for some small businesses to help provide coverage for workers.

A 10 percent tax on indoor tanning services that use ultraviolet lamps goes into effect on July 1.

### **WHAT HAPPENS IN 2011**

Medicare provides 10 percent bonus payments to primary care physicians and general surgeons.

Medicare beneficiaries will be able to get a free annual wellness visit and personalized prevention plan service. New health plans will be required to cover preventive services with little or no cost to patients.

A new program under the Medicaid plan for the poor goes into effect in October that allows states to offer home and community based care for the disabled that might otherwise require institutional care.

Payments to insurers offering Medicare Advantage services are frozen at 2010 levels. These payments are to be gradually reduced to bring them more in line with traditional Medicare.

Employers are required to disclose the value of health benefits on employees' W-2 tax forms.

An annual fee is imposed on pharmaceutical companies according to market share. The fee does not apply to companies with sales of \$5 million or less.

### **WHAT HAPPENS IN 2012**

Physician payment reforms are implemented in Medicare to enhance primary care services and encourage doctors to form "accountable care organizations" to improve quality and efficiency of care.

An incentive program is established in Medicare for acute care hospitals to improve quality outcomes.

The Centers for Medicare and Medicaid Services, which oversees the government programs, begin tracking hospital readmission rates and puts in place financial incentives to reduce preventable readmissions.

### **WHAT HAPPENS IN 2013**

A national pilot program is established for Medicare on payment bundling to encourage doctors, hospitals and other care providers to better coordinate patient care.

The threshold for claiming medical expenses on itemized tax returns is raised to 10 percent from 7.5 percent of income. The threshold remains at 7.5 percent for the elderly through 2016.

The Medicare payroll tax is raised to 2.35 percent from 1.45 percent for individuals earning more than \$200,000 and married couples with incomes over \$250,000. The tax is imposed on some investment income for that income group.

A 2.9 percent excise tax is imposed on the sale of medical devices. Anything generally purchased at the retail level by the public is excluded from the tax.

#### **WHAT HAPPENS IN 2014**

State health insurance exchanges for small businesses and individuals open.

Most people will be required to obtain health insurance coverage or pay a fine if they don't. Healthcare tax credits become available to help people with incomes up to 400 percent of poverty purchase coverage on the exchange.

Health plans no longer can exclude people from coverage due to pre-existing conditions.

Employers with 50 or more workers who do not offer coverage face a fine of \$2,000 for each employee if any worker receives subsidized insurance on the exchange. The first 30 employees aren't counted for the fine.

Health insurance companies begin paying a fee based on their market share.

#### **WHAT HAPPENS IN 2015**

Medicare creates a physician payment program aimed at rewarding quality of care rather than volume of services.

#### **WHAT HAPPENS IN 2018**

An excise tax on high cost employer-provided plans is imposed. The first \$27,500 of a family plan and \$10,200 for individual coverage is exempt from the tax. Higher levels are set for plans covering retirees and people in high risk professions. (Reporting by Donna Smith; Editing by David Alexander and Eric Beech)