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## Health Reform and You

*The Patient Protection and Affordable Care Act (PPACA) was signed into law on March 23, 2010. This act, along with the Health Care and Education Reconciliation Act, signed on March 30, 2010, make up the health care reform of 2010.*

*For months prior to the law passing and almost a year later there is rarely a day that passes that we don't hear about it in the news. The law is already facing legal challenges. But what does this mean to me as the consumer? How will my health care change? This Health Issues Brief outlines the major changes you will face as a consumer.*

Most of the PPACA law will be implemented over time with some measures starting immediately and some taking five years to go into effect. Below are some of the major changes you will see as an individual.

- Beginning in 2014, each of us will be required by law to have health insurance and to attach proof of insurance to our tax returns.
- Those who fail to have insurance will face fines. The penalty starts at \$95 but rises to \$695 per person or \$2,085 per family in 2016, or 2.5% of adjusted gross income, whichever is greater.
- If an employer fails to offer health insurance, the employer can be fined as much as \$2,000 per employee per year.
- The minimum coverage levels and out-of-pocket costs, including co-pays, deductibles and the employee's share of the premium, will all be determined by federal regulations, rather than by you and your employer.
- If you are not covered by an employer plan, Medicare, Medicaid or other government plans, you will be required to buy insurance in a government-regulated health insurance exchange. Competing insurers will offer the government-mandated health insurance benefit package.

### Individual Coverage

In 2010, more than 50 million people were uninsured. That means one in six U.S. residents have no health insurance

Two changes have already gone into effect:

- Dependent coverage until age 26

- No denials for pre-existing conditions

In 2014,

- Medicaid will expand to cover all childless adults with incomes less than 133% of FPL.
- Health Insurance Exchanges are state-run insurance exchanges designed to help small businesses and individuals buy affordable health insurance.

Health insurance will not become portable for most people. The majority of people with private insurance will continue to have job-based insurance, meaning that, like now, a change in employment or job status will likely mean a change in insurance.

### **Exchanges - How they will work**

The Congressional Budget Office estimates that 24 million people will get their insurance through state health insurance exchanges by 2019. The exchanges are a critical element of the health reform law, aimed at helping individuals, families and small businesses shop for and purchase health insurance on their own with additional assistance for lower-income individuals and families. All states must either create their own exchange or participate in a federal exchange by 2014. Florida was awarded a \$100,000 grant to explore the possibility of operating its own exchange. In order to be ready for the 2014 date, Florida will have to decide soon whether it will do an exchange.

### **Coverage Requirements**

PPACA creates four benefit categories of plans, plus a separate catastrophic plan, that will be offered through the exchange and individual markets. The plans are outlined below:

- Bronze Plan – represents minimum creditable coverage and provides the essential health benefits, covers 60% of the benefits cost of the plan with an out-of-pocket limit of \$5,950 for individuals and \$11,900 for families
- Silver Plan – covers 70% of the benefits cost of the plan with the same out-of-pocket limit in Bronze plan
- Gold Plan – covers 80% of the benefits cost of the plan with the same out-of-pocket limit in Bronze plan
- Platinum Plan – covers 90% of the benefits cost of the plan with the same out-of-pocket limit in Bronze plan
- Catastrophic Plan – available to those up to age 30 or those who are exempt from the mandate to purchase insurance, provides catastrophic coverage only.

### **Premium Costs**

The Congressional Budget Office estimates the average individual insurance premium in 2016 will cost \$5,800 for an individual and \$15,000 for a family of four.

There will be premium subsidies available for those who earn 133% to 400% of the Federal Poverty Level. The subsidies will be determined on a sliding scale. For example, a family of four earning 150% of the poverty level, or \$33,075 a year, will have to pay 4% of its income, or \$1,323, on premiums. A family with income of 400% of the poverty level will have to pay 9.5%, or \$8,379.

In addition, for those with incomes below 400% of the poverty level, out-of-pocket health expenses will be capped.

## Physician Access

While more individuals will have medical care coverage, the demand for physicians is likely to exceed the supply. At current physician graduation and training rates, the nation could face a shortage of as many as 150,000 doctors in the next 15 years, according to the Association of American Medical Colleges. Florida may experience an even greater shortage due to the state's high population of elderly people, as well as an inadequate number of residency slots and costly malpractice premiums.

Current Medicaid patients will attest to difficulty finding physicians to care for them. Many physicians do not accept Medicaid because of its very low reimbursement rates. Newly eligible Medicaid clients, and the "newly insured" who purchase coverage through the Insurance Exchanges, have no guarantees that physicians will accept their plans or have capacity in their offices for more patients.

## Quality

PPACA focuses heavily on national quality improvement strategies that include priorities to improve the delivery of health care services, patient health outcomes, and population health. Below are some examples of the quality provisions found in PPACA:

- **Interagency Working Group on Health Care Quality** - Creates a working group comprised of 23 federal departments and agencies to coordinate and streamline federal quality activities that are consistent with the national strategy.
- **Physician Compare Website** - Requires the HHS Secretary to develop a website database containing comprehensive information on physicians and other eligible professionals who participate in the Medicare Physician Quality Reporting Initiative.
- **Quality Reporting for Providers** - Places certain providers on a path toward value-based purchasing by requiring the HHS Secretary to implement a quality reporting system for such providers. Providers who do not successfully participate in the program are subject to a two-percentage point reduction in their annual market basket update (which adjusts hospital payments for inflation).

## Prevention and Wellness

Of the more than \$2 trillion the United States spends on health care each year, only four cents out of every dollar is invested in prevention and public health, despite studies showing that disease prevention can effectively reduce health care spending.

The Health Reform Law has many provisions that support and promote prevention and wellness. The law allocates more than \$15 billion over ten years to the Prevention and Public Health Investment Fund. Some of the prevention measures found in the law are:

- **Preventive Services** - Insurers will be required to provide certain preventive services with no cost to the consumer.
- **Employer Wellness Programs** - Employers may offer incentives through their health plans.
- **Improving Women's Health** - Establishes the Office of Women's Health that will focus on goals for women's health, establish a National Women's Health Information Center, and coordinate efforts to promote women's health programs and policies within the private sector.
- **Annual Medicare Wellness Visit** - Provides Medicare beneficiaries access to "personalized preventive plan services," including an annual wellness visit, a comprehensive health risk assessment, and the creation of a personalized prevention plan.

- Nutritional Labeling of Standard Menu Items - Chain restaurants (defined as having 20 or more locations doing business under the same name) must display calorie and nutritional information of regular menu items adjacent to the name of the menu item.

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