

The Highlights of Health Reform

The Patient Protection and Affordable Care Act (often referred to as the ACA) that was signed into law on March 23, 2010 is the official name for the health reform law. It is a complex piece of legislation but some of its highlights, grouped by category, are set forth below. Several provisions of the law have already taken effect and others will be implemented over the next few years.

Health Insurance Mandates

- Require most U.S. citizens to have insurance coverage and the penalties for lack of coverage will be phased-in beginning at \$95 in 2014. Hardship and religious exemptions will be allowed.
- Require employers with more than 50 employees to contribute to insurance coverage for employees.
- Require employers with over 200 employees to automatically enroll employees in health plans, though employees can opt out.

Private Insurance

- Establish a process for reviewing increases in health insurance premiums and require private insurers to justify increases. Provide funding to states to review insurance plan premiums and require states to conduct such reviews.
- Provide coverage for children up to the age of 26 for all individual and group insurance policies.
- Prohibit insurance companies from placing a lifetime limit on benefits.
- Prohibit insurance companies from excluding from coverage children who have a preexisting medical condition.
- Establish websites to assist consumers in identifying health coverage options and create standards for insurers to use in providing coverage and benefits information.

Health Insurance Exchanges

The insurance exchange is a new model for the purchase of health insurance. States will be expected to set up organizations, either government-run or non-profit entities, for the competitive sale of health insurance mostly to small businesses or individuals for whom insurance tends to be prohibitively expensive at present. The exchange concept contemplates benefit categories and is designed for easier access to and information about various insurance options so that consumers will be able to make informed choices.

There are requirements for outreach programs to find individuals who are currently uninsured and assist them with insurance choices. There are also requirements for transparency and plain language regarding the cost of insurance, the benefits provided, eligibility for enrollment, and claims denial information. The federal government will provide assistance to the states in setting up these exchanges for the target date of 2014.

Insurance premium and cost-sharing subsidies of various amounts will be available through the Exchange program for individuals and families meeting certain income guidelines in order to facilitate the affordable purchase of health insurance.

Public Insurance

Medicaid is the public insurance program for certain eligible individuals with low incomes. Medicaid is funded by both the federal and state governments and each state varies in its eligibility requirements and the types of coverage provided. Medicaid currently covers most children in low-income families, pregnant women, and older and disabled adults.

- The ACA expands Medicaid coverage to all individuals under age 65 who have incomes up to 133% of the Federal Poverty Level (133% of FPL is currently \$29,326.50 for a family of four).
- Newly eligible persons are guaranteed a benefits package that provides essential health benefits.
- States are entitled to greater federal funding to assist in covering costs for increase in persons eligible to receive Medicaid benefits.
- Payments to primary care providers of Medicaid-eligible patients are 100% of the Medicare payment rates for 2013 and 2014 and states will receive 100% federal financing for those payments.

Medicare is the public insurance program for all persons, regardless of income level, over the age of 65.

- Provide a \$250 rebate to Medicare beneficiaries who reach the Part D (prescription drug program) coverage gap (the “doughnut hole”) in 2010.
- Gradually reduce the coinsurance amounts in the Part D coverage gap.
- Freeze the income-related thresholds for Medicare Part B premiums and reduce the subsidies to higher-earning individuals and couples.
- Expand Medicare coverage for certain individuals who have been exposed to environmental health hazards.
- Provide bonus payments to primary care physicians and general surgeons practicing in areas where there are provider shortages.
- Reduce the amount of reimbursements paid to hospitals for preventable readmissions and hospital-acquired conditions in order to encourage quality improvement.
- Create a new Innovation Center within the federal Centers for Medicare and Medicaid Services in order to explore various payment structures that will contribute to quality improvements and cost containment.
- Establish an Independent Advisory Payment Board that will make recommendations to the President and to Congress on reducing the growth of Medicare spending.

Quality Improvement

- Establish a non-profit Patient-Centered Outcomes Research Institute to conduct clinical effectiveness research on certain medical treatments so that physicians and patients can have more information about treatment options.
- Provide funding for pilot projects to test alternative payment arrangements between health care providers and the state and federal government under the Medicare and Medicaid programs in order to achieve increased quality and cost savings.

- Establish a national strategy on health quality improvement to focus on health outcomes, population health, and improvements in the delivery of health care.

Wellness

- Establish a National Prevention, Health Promotion and Public Health Council and a national strategy to improve the health of our nation.
- Create a Prevention and Public Health Fund and task forces to study disease prevention and public health strategies.
- Establish a grant program to fund wellness services and prevention activities.

Source: The Henry J. Kaiser Family Foundation

Mary Lou Cioffi, Esq. is an attorney and the Administrator of HillHouse Assisted Living, an age-in-place elder care facility located in Bath, ME. She is also a graduate student of health policy at the Muskie School of Public Service at the University of Southern Maine.