



# Health Care Reform

**Presented by:**

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## **Objective:**

**The purpose of today's Webinar is to provide you with a comprehensive overview of the health care reform legislation and answer the following questions:**

- When will it roll out?**
- Who will it affect and what is the impact to taxpayers?**
- How will your current benefits be affected?**

*There will be a Q&A session at the end of the presentation. Please type your questions in the chat screen and we'll respond to as many as possible within the time allowed.*



# WHAT IS HEALTH CARE REFORM ALL ABOUT?



On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act passed by the Senate on December 24, 2009 and by the House of Representatives on March 21, 2010.



## **SOME IMPORTANT FACTS**

- Most individuals will be required to have health insurance beginning in 2014.
- Individuals who do not have access to affordable employer coverage will be able to purchase coverage through a health Insurance Exchange with premium and cost-sharing credits available to some people to make coverage more affordable. Small businesses will be able to purchase coverage through a separate Exchange.
- Employers will be required to pay penalties for employees who receive tax credits for health insurance through the Exchange, with exceptions for small employers.



## **SOME IMPORTANT FACTS – CONT'D**

- New regulations will be imposed on all health plans that will prevent health insurers from denying coverage to people for any reason, including health status, and from charging higher premiums based on health status and gender.
- Medicaid will be expanded to 133% of the federal poverty level (\$14,404 for an individual and \$29,327 for a family of four in 2009) for all individuals under age 65.
- The Congressional Budget Office estimates that the legislation will reduce the number of uninsured by 32 million in 2019 at a net cost of \$938 billion over ten years, while reducing the deficit by \$124 billion during this time period.



The new health insurance reform law will give families the relief they need from skyrocketing health insurance costs, and will ensure Americans have secure, stable, affordable health insurance.



# A Message from John Nelson

- **Legislation**
- **Inside Scoop**
- **Impact to Small Business Owners**



# HEALTH CARE REFORM TIMELINE



**2010**



## **SMALL BUSINESS TAX CREDITS**

Offers tax credits to small businesses to make employee coverage more affordable. Tax credits of up to 35 percent of premiums will be available to firms that choose to offer coverage.

*Effective beginning calendar year 2010.*

(Beginning in 2014, the small business tax credits will cover 50 percent of premiums.)



## **NO DISCRIMINATION AGAINST CHILDREN WITH PRE-EXISTING CONDITIONS**

Prohibits new health plans in all markets plus grandfathered group health plans from denying coverage to children with pre-existing conditions.

*Effective 6 months after enactment.*

(Beginning in 2014, this prohibition would apply to all persons.)



**HELP FOR UNINSURED AMERICANS WITH  
PRE-EXISTING CONDITIONS UNTIL EXCHANGE IS  
AVAILABLE**  
**(INTERIM HIGH-RISK POOL)**

Provides access to affordable insurance for Americans who are uninsured because of a pre-existing condition through a temporary subsidized high-risk pool.

*Effective in 2010.*



## **ENDS RESCISSIONS**

Bans insurance companies from dropping people from coverage when they get sick.

*Effective 6 months after enactment.*



## **BEGINS TO CLOSE THE MEDICARE PART D DONUT HOLE**

Provides a \$250 rebate to Medicare beneficiaries who hit the donut hole in 2010.

*Effective for calendar year 2010.*

(Beginning in 2011, institutes a 50% discount on prescription drugs in the donut hole; also completely closes the donut hole by 2020.)



## **EXTENDS COVERAGE FOR YOUNG PEOPLE UP TO 26TH BIRTHDAY THROUGH PARENTS' INSURANCE**

Requires new health plans and certain grandfathered plans to allow young people up to their 26th birthday to remain on their parents' insurance policy, at the parents' choice.

*Effective 6 months after enactment.*



## **HELP FOR EARLY RETIREES**

Creates a temporary re-insurance program (until the Exchanges are available) to help offset the costs of expensive premiums for employers and retirees for health benefits for retirees age 55-64.

*Effective in 2010.*



## **BANS LIFETIME LIMITS ON COVERAGE**

Prohibits health insurance companies from placing lifetime caps on coverage.

*Effective 6 months after enactment.*



## **FREE PREVENTIVE CARE UNDER NEW PRIVATE PLANS**

Requires new private plans to cover preventive services with no co-payments and with preventive services being exempt from deductibles.

*Effective 6 months after enactment.*



## **NEW, INDEPENDENT APPEALS PROCESS**

Ensures consumers in new plans have access to an effective internal and external appeals process to appeal decisions by their health insurance plan.

*Effective 6 months after enactment.*



## **PROHIBITS DISCRIMINATION BASED ON** **SALARY**

Prohibits new group health plans from establishing any eligibility rules for health care coverage that have the effect of discriminating in favor of higher wage employees.

*Effective 6 months after enactment.*



## **HEALTH INSURANCE CONSUMER** **INFORMATION**

Provides aid to states in establishing offices of health insurance consumer assistance in order to help individuals with the filing of complaints and appeals.

*Effective beginning in fiscal year 2010.*



**2011**

YOUR FUTURE—OUR COMMITMENT

[www.momentousins.com](http://www.momentousins.com)



## **FREE PREVENTIVE CARE UNDER MEDICARE**

Eliminates co-payments for preventive services and exempts preventive services from deductibles under the Medicare program.

*Effective beginning January 1, 2011.*



## **COMMUNITY HEALTH CENTERS**

Increases funding for Community Health Centers to allow for nearly a doubling of the number of patients seen by the centers over the next 5 years.

*Effective beginning in fiscal year 2011.*



## **INCREASES THE NUMBER OF PRIMARY CARE PRACTITIONERS**

Provides new investments to increase the number of primary care practitioners, including doctors, nurses, nurse practitioners, and physician assistants.

*Effective beginning in fiscal year 2011.*



## **HOLDS INSURANCE COMPANIES ACCOUNTABLE FOR UNREASONABLE RATE HIKES**

Creates a grant program to support States in requiring health insurance companies to submit justification for all requested premium increases, and insurance companies with excessive or unjustified premium exchanges may not be able to participate in the new Health Insurance Exchanges.

*Starting in plan year 2011.*



**The previous key provisions stipulated  
that are effective immediately in 2010  
and 2011 were obtain from  
[www.healthreform.gov](http://www.healthreform.gov)  
(MAIN SOURCE FOR UPDATED NEWS)**



# Timing of New Requirements



# Regulations

When a federal law is enacted, many times there are provisions in the law needing clarification.

Federal agencies are responsible for issuing federal regulations (also called federal rules) that interpret the federal law and provide clarification. Regulations, once final, have the force of law.



Many of the provisions in the act instruct federal agencies such as Health and Human Services and the IRS to define details, issue implementation guidelines or regulations, and resolve ambiguities.

Such a process is typical with enacted legislation, and while a few guidelines have been issued, many of the provisions with near-term implementation dates have yet to be defined.



It is important to note that most of the provision that will have a major impact on the health insurance marketplace—such as the new framework for health insurance products and the employer mandate to offer coverage—are scheduled to go into effective 2014.



# FREQUENTLY ASKED QUESTIONS



## **Can I place my dependent child back on my group insurance plan, as he or she is age 25?**

Answer: This is expected to be put in place in 2010, which insurance carriers must comply with this law and will send out a notice to all employers once the law is put in place. This law will allow dependent children to be covered up to age 26 regardless if a full-time student or not.



## **When do Small Employer's obtain a tax credit?**

Answer: Beginning in 2010 small employers with less than 25 employees and meeting average salary and premium thresholds may qualify for a 35% tax credit towards their premiums.



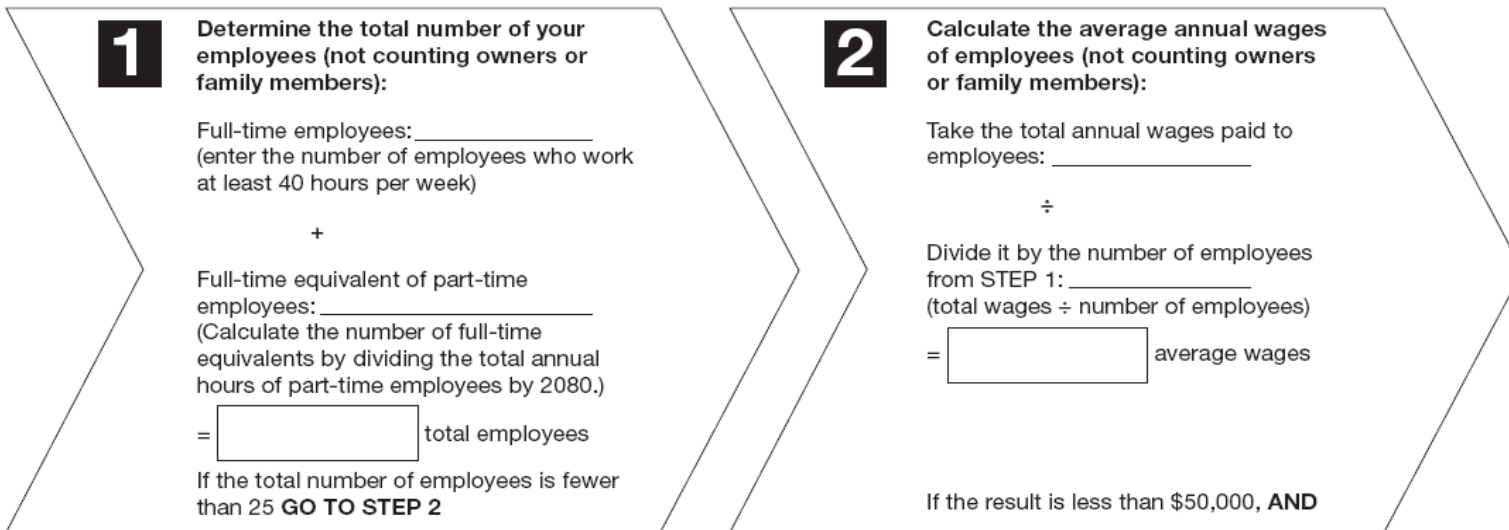
## Small Business Health Care Tax Credit

- The new health reform law gives a tax credit to certain small employers that provide health care coverage to their employees, effective with tax years beginning 2010.
- The IRS has developed a simple, 3-step worksheet to help employers determine if they may qualify for the Small Business Health Care Tax Credit (available at [www.momentousins.com](http://www.momentousins.com)).



### 3 SIMPLE STEPS

If you are a small employer (business or tax-exempt) that provides health insurance coverage to your employees, determine if you may qualify for the **Small Business Health Care Tax Credit** by following these three simple steps:



» you may be able to claim the **Small Business Health Care Tax Credit**. Find out more information at **IRS.gov**





## **Small Business Health Care Tax Credit**

The following questions and answers provide information on the credit as it applies for 2010-2013, including information on transition relief for 2010. An enhanced version of the credit will be effective beginning in 2014.



## Employers Eligible for the Credit

Small employers that provide health care coverage to their employees and that meet certain requirements (“qualified employers”) generally are eligible for a Federal income tax credit for health insurance premiums they pay for certain employees.

In order to be a qualified employer, (1) the employer must have fewer than 25 full-time equivalent employees (“FTEs”) for the tax year, (2) the average annual wages of its employees for the year must be less than \$50,000 per FTE, and (3) the employer must pay the premiums under a “qualifying arrangement.”



## **What is the average premium for the small group market in a State (or an area within the State)?**

Answer: The average premium for the small group market in a State (or an area within the State) will be determined by the Department of Health and Human Services (HHS) and published by the IRS. Publication of the average premium for the small group market on a State-by-State basis is expected to be posted on the IRS website by the end of April.



## **Remember....**

Legislation will be phased in over several years, and many provisions require federal agencies to issue more detailed regulations.

Insurance Carriers are focused on implementing the new requirements and forthcoming regulations.



Momentous is committed to providing ongoing updates as we learn more.

Visit [www.momentousins.com](http://www.momentousins.com) to stay current on Health Care Reform and/or feel free to contact us directly.



# Contact Us

**For additional Information or questions related to this webinar, please contact:**

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# Resources

- This is an official U.S. Government Web site managed by the U.S. Department of Health & Human Services.  
<http://www.healthreform.gov/index.html>
- Register now with the Health Action Network and join others in our industry who want their opinion heard by lawmakers: <http://www.healthactionnetwork.com/>
- Learn more about the new tax credit and read an FAQ published by the IRS.  
<http://www.irs.gov/newsroom/article/0,,id=220839,00.html>