Health Care Reform: What’s Next?

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## Time Line

### Stages of Health Reform

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Grandfathered Plans

- Effective for plan years starting on or after September 23, 2010
- For most groups January 1, 2011
- Each benefit plan carries its own grandfathered status
- Hiring employees or covering new members does not affect status
- Change in carrier or TPA does not automatically un-grandfather a plan
Excise Tax on High-Cost Plans

- Sometimes referred to as the “Cadillac Tax”
- Begins in 2018
- Insurers or plan administrators pay the tax
- Taxes the amount the cost if the plan per enrollee exceeds the threshold
- Threshold is higher for early retirees, retirees and high-risk occupations
- Calculations consider both employer and employee contributions
Role of a Public Exchange

• Public exchanges are intended to provide a new online marketplace for consumers to shop, compare and enroll in health insurance coverage.

• Public exchanges are intended to create a more organized and competitive market for health insurance by:
  – offering a choice of plans
  – establishing common rules regarding the offering and pricing of insurance
  – providing information to help consumers better understand the options available to them
Exchanges – by State

Status of State Legislation to Establish Exchanges, as of January 2012

- State exchange in existence prior to passage of ACA
- Legislation signed into law post passage of ACA
- Legislation signed: intent to establish an exchange, creation of study panel or appropriation
- 2011 legislation passed one or both houses
- Legislation pending in one or both houses
- 2011 legislation failed/no gubernatorial action
- Governors pursuing non-legislative options
- Governors working with HHS on options
- Governor veto or decision not to establish exchange
- No legislative activity to date

This presentation is a high-level summary and for general informational purposes only. The information in this presentation is not comprehensive and does not constitute legal, tax, compliance or other advice or guidance.

**Exchange Implementation Timeline**

*Based on HHS Proposed Exchange Rule*

March 23, 2010
ACA enacted

August, 2010
HHS started awarding exchange grants to states

July 11, 2011
HHS proposed exchange rule issued

Early 2012 Final Regulations
Needed:
- Exchanges
- Essential benefits
- Risk Adjustment
- Insurance rules
- Subsidies

June 2012
Most state legislative sessions end

October 1, 2012
Latest a state could submit Exchange Plan (assuming 90-day approval**)

What is the deadline for states to send their Exchange Plan?

Jan 1, 2013
HHS determines whether state Exchanges will be ready by October 2013

Jan 1, 2014
Exchange coverage begins

**HHS suggests at least a 90 day review time. If HHS requests additional information, they suggest they would have an additional 90 days for review. It is unclear how much time a state would have or need in order to provide the requested information to HHS. (States typically have 90 days for Medicaid)
Public Exchange Market Segments

**Individuals**

- Can purchase health coverage through or outside of the exchange
- May be eligible for premium tax credit and cost-sharing subsidies for health coverage purchased through exchange if household income under 400% FPL

**Small Group**

- State flexibility to define as 1 to 50 (but only until 2016) or 1 to 100 employees
- Can purchase health coverage through or outside of the exchange
- Beginning 2014, must use exchange to purchase coverage to be eligible for tax credits
- No penalty for not offering coverage if employer has less than 50 full-time equivalent employees

**Large Group**

- Cannot purchase health coverage through SHOP Exchange prior to 2017 unless state gets a waiver
- May be allowed to use exchange beginning in 2017 if a state allows it
Moving ahead

- Intent legislation passed - Illinois Health Benefits Exchange Law
- Plans to establish a state-run exchange
- Awarded $1 million planning grant
- Awarded $5+ million to establish exchange

Can our state government infrastructure support the additional role they will play in administering the Exchange and assisting the increased insured population?

Can our current access to hospitals, clinics and physicians sustain the increased market demand?

Can our education system meet the need for more doctors, nurses and other practitioners?

Will we have enough time to get ready?

What mechanisms need to be put into place to guard against adverse selection?
Will the Health Care Reform Landscape be Changing?

• Legal
  – Supreme Court ruling on ACA’s individual mandate and other issues

• Political
  – 2012 Election
    • President
    • Congress
      – Control of Senate
      – Composition of each chamber
  – Deficit Reduction