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# The Future of Health Care Reform

CPEhr Webinar

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INSURANCE SERVICES

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# The Future of Health Care Reform

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# The Future of Health Care Reform

## **Patient Protection and Affordable Care Act (PPACA, or ACA)**

- Signed into Law March 23, 2010
- Supreme Court will hold hearings beginning March 26, 2012 on the constitutionality of the Act. Ruling expected July 2012

## **Highlights**

- Requires US citizens and legal residents to have health insurance,
  - Penalties for not having Health Insurance,
  - Creates State Based Health Exchanges,
  - Premium credits for low income individuals
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# The Future of Health Care Reform

## **What has happened to date**

2010

- No lifetime or annual limits,
- 100% coverage for preventative coverage,
- Dependent coverage for adult children to age 26,
- No pre-existing condition exclusions for children,
- No prior authorization or higher cost sharing for emergency services out of network,
- Nondiscrimination in favor of highly compensated employees (delayed)

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# The Future of Health Care Reform

## What has happened to date

### 2011

- No pre-tax reimbursements from “health accounts” for non-prescribed, over the counter medications,
- 20% tax on nonqualified HSA withdrawals,
- Reporting the value of employer sponsored coverage on w-2's (delayed 2012)
- Automatic enrollment in Long Term Care program, employer may opt out (program cancelled),

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# The Future of Health Care Reform

## What has happened to date

2012

- Uniform explanation of coverage (pending),
- Pre-enrollment document sent explaining benefits and exclusions (pending)
- 60 day notice for material modifications, if not provided in uniform explanation of coverage (pending)

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# The Future of Health Care Reform

## A Year by Year Look at Health Care Reform

### 2013

- FSA contributions limited to \$2,500,
- New federal employer tax, \$2.00 per covered individual,
- Medicare payroll tax increase from 1.45% to 2.35%,
- Employer notice to employees of exchanges, premium subsidies, and free choice vouchers,

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# The Future of Health Care Reform

## A Year by Year Look at Health Care Reform

### 2014

- Individual mandate,
- Individual penalties for not purchasing coverage,
- Guaranteed issue,
- Standard benefit plans, (bronze, silver, gold, platinum),
- State health exchanges effective,
- Waiting period not more than 90 days,
- Employer penalties for not offering coverage or at least one FTE receives a tax credit,
- Health insurance company fees: \$8 billion 2014, \$14.3 billion 2018, 2019 prior year amount increased by premium growth rate.

### 2018

- Cadillac Tax. 40% tax on plans value in excess of \$10,200 single, \$27,500 family.

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# The Future of Health Care Reform

## Employer Requirements – Effective 2014

### **Employers with >50 employees:**

- If coverage is not offered by employer and one FTE receives a premium tax credit, will pay a fee of \$2,000 per FTE, excluding the first 30 ee's.
- If “affordable” coverage is not offered and one FTE receiving a premium tax credit, lesser of \$3,000 for each employee receiving a tax credit or \$2,000 for each FTE. Affordable coverage is employee cost less than 9.5% of household income and actuarial value of plan is at least 60%. Voucher required if employee contribution exceeds 8% of household income.

### **All Employers:**

- Employers that offer coverage are required to provide a free choice voucher to employees with incomes less than 400% FPL, whose share of premium exceeds 8% but less than 9.8% of their income and who chose to enroll in a plan in the Exchange.
- Voucher equal to what employer would have paid to provide coverage under employer's plan. Employer providing free choice vouchers is not subject to penalties.

### **Employers with 200 or more employees**

- Required to automatically enroll employees into health plans offered by employer. Employee may opt out.

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# The Future of Health Care Reform

## Employer Survey on Health Care Reform

**Percentage of employers that will stop offering coverage in 2014**

**Congressional Budget Office: 7%**

**Mercer Survey Nov 2011: <500 20%      500+ 9%      10,000+ 4%**

**McKinsey Survey June 2011: Overall 30%      High Awareness 50%**

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## Health Care Trends

<b>Medical care cost 2012:</b>	<b>National 10%*</b>	<b>California 12%**</b>
<b>Consumer Direct Plans:</b>	<b>National 32%***</b>	<b>California 18%**</b>
<b>California HMO:</b>	<b>76% of plans have copays of \$10 - \$20, &lt;1% \$5 copay**</b>	
<b>California PPO:</b>	<b>65% of plan have copays \$10-\$20, &lt;1% \$5 copay**</b>	
<b>California Plans:</b>	<b>45% have a high deductible (\$1,000+) plan**</b>	
	<b>17% offer Health Savings Account</b>	
	<b>1% offer Health Reimbursement Account</b>	

**Source: \* AonHewitt 2011 Health Care Trend Survey**

**\*\* California Health Care Foundation Annual Survey December 2011**

**\*\*\* Mercer Employer Survey November 2011**

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# The Future of Health Care Reform

## Health Care Trends

### **Accountable Care Organizations**

Integrated, coordinated and accountable health care delivery

### **Micro Market Networks**

Networks with access to a single health care delivery system

### **Insurance Company Purchasing Providers**

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Thanks for attending.